



Nation-building universities in a global environment: The case of Australia

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Abstract. The mass system of higher education in Australia is a product of the publicly financed nation-building strategies of the 1955–1990 period. The nation-building university is now undergoing a three way crisis brought on by the governmental retreat from nation-building and from the funding that sustained it, the stand-off between corporate and academic practices inside universities, and the need for new strategies in a globalising environment, in which national policies are relativised but remain important. The crisis is exacerbated by Australia's location on the American 'periphery', associated with global vulnerability and fluctuating economic and cultural dependence. In response the primary strategy should not be to imitate American universities, a course of action which is likely to deliver modest returns, but to strengthen the academic identity and place-based identity of Australian institutions, enabling them to make a distinctive contribution to global higher education underpinned by a renewed partnership between nation and university.

Keywords: diversity, funding, global strategy, globalization, nation-state, neo-liberalism, policy

Introduction

Between the mid 1950s and the late 1980s, a period of less than two generations, a high participation university system of good quality was constructed in Australia.

In 1955 in a national population of nine million people there were only 30,792 higher education students. Most doctoral students were enrolled in the UK or the USA on the other side of the world. The eight universities were small and weak, overshadowed by their stronger British forebears. The nation spent 0.25 per cent of GNP on higher education.

By 1989 the situation was completely different. There were 441,074 students and enrolments were growing rapidly. The rate of participation was in the top third of the OECD region, and similar to North American levels when non-university enrolments in technical and further education were included. A higher education system of 20 universities and 50 colleges of advanced education was being turned into 36 doctoral universities (Marginson 2000). Several fields of science-based research had a strong

Table 1. Growth of Australian higher education, 1955–1995

	1955	1965	1975	1985	1995
Total number of students	30,792	83,1320	273,137	370,016	604,177
Number of doctoral universities	9	13	19	19	38
Public spending (1955 = 100)	100.0	n.a.	4076.6	3829.5	5469.5
Public spending per student (1955 = 100)	100.0	n.a.	459.6	318.7	278.8

Spending at constant prices; calendar year 1955, financial years 1975–1976, 1985–1986 n.a. means data not available

Source: Australian government statistical data for public (government) expenditure on education (ABS 1999) and student enrolment in higher education (DETYA 1999b), and their predecessor statistical publications.

global presence, including medicine, agriculture, geo-sciences, mathematics, astrophysics and parts of engineering. Australia with 0.3 per cent of world population published 2.5 per cent of world research papers (DETYA 1999a). Academic communities were partly self-reproducing, and while largely mono-lingual were mobile within English-speaking countries. Many professorial chairs were held by local graduates and Australian-trained academics worked in British and North American universities.

The heyday of nation-building

The construction of the modern Australian university system was largely a function of government policies and financed by state revenues. Mass higher education developed within the framework of Keynesian policies of national demand management, insulated from global economic pressures by fixed exchange rates under the Bretton Woods regime, and underpinned by the long economic boom from 1950 to 1975 which enabled a progressive increase in the size and role of government. In the two decades after 1955–1956 national expenditure on education rose from 2.4 to 6.2 per cent of GDP. Direct private costs almost disappeared, except in the small number of high fee private secondary schools. The public share of education funding peaked in 1975–1976 at 94.4 per cent.

In higher education fees were low and were waived for an increasing proportion of students to facilitate community access and system growth, and were abolished in 1974. There was a major investment in new sites and buildings, and academic labour. In the six years from 1969–1970, government spending on higher education rose by 82.9 per cent in constant price terms, reaching 1.5 per cent of GDP in 1975–1976 (Marginson 1997a). In exchange

rate parity terms Australian academic salaries were similar to those prevailing in the USA and the UK. After the jettisoning of Keynesian policies of demand management and public sector expansion in the second half of the 1970s the growth of enrolments slowed and public spending levels were frozen until rapid growth commenced again in the late 1980s. But by then the national system of higher education was well established.

Today's university sites mostly derive from 1955 to 1990. The six 'Sandstone' institutions (Marginson 1999) are older, with roots in the provision of a colonial English education to a would-be gentry in exile, but were remade by public money and national policy. The Australian universities continued to follow the British model of self-governing institutions and autonomous academic disciplines, rather than the European model of universities as a department of state. Even so, in Australia as in Britain, the British model could never have sustained itself without state support. The Australian university was an autonomous self-governing institution because this was what government wanted.

The building of the national university system was sustained by an elite political consensus on the need for such a system, for the public financing that supported it, and for the academic communities it nurtured. The universities were internationally linked but closely tied to national purposes, as outlined in the two major reports of the system-building period (Murray 1957; Martin 1964). The university was seen as a principal tool of modern nation-building. The central rationality of government was grounded in the notion of 'investment in human capital', whereby the population was understood as a national resource to be harboured and developed. It was believed that more spending on education and research would generate a corresponding rise in GDP (Denison 1962). More tangibly, the universities were expected to provide the growing number of professionals and business persons needed for production, mass consumption and public programs. It was expected also that the Australian university would sustain the humanities and the arts, as befitted a civilised nation; and would foster psychology, economics, sociology and other social sciences necessary to administration and public order. Above all, the universities were the home of the sciences and technologies, seen by Australian governments of the day – like all governments throughout the world, after Hiroshima – as the key to military and economic competitiveness, industrial development and social progress.

The nation-building university also enjoyed strong popular resonances and made good electoral politics. An ever-expanding capacity in higher education created ever-expanding opportunities for children from professional and white-collar families, and some working class families as well. The expanding supply of publicly-funded places fed the demand for those places,

and was fed by demand in turn. In the context of its democratisation, higher education was readily defined as a public good financed from the common taxation pool.

The crisis of the nation-building university

This long-standing governmental project, that of the nation-building Australian university, is now in deep crisis. The crisis is both particular to the national university as an institution (Readings 1996), and particular to Australia. The crisis began to show itself in Australia at the end of the 1980s. It has three elements, mutually reinforcing but distinct:

- the crisis of global position and global strategy: how do Australian universities navigate a globalising university environment?
- the crisis of government commitment to the nation-building role of the universities, manifest especially in a weakening resource base;
- the crisis of academic identity brought on by the ‘corporatisation’ of internal university systems and cultures.

Each element is now considered, drawing partly on an Australian Research Council-financed study of ‘Management practices in higher education, Australia’ (Marginson and Considine 2000), including studies of 17 of the 37 public doctoral universities.¹

Crisis of global position and global strategy

Globalisation in higher education

Though Australian universities were always internationally networked and sensitive to Anglo-American and some European currents, the global era creates a more extensive and intensive engagement. Global communications and knowledge systems, and global markets in degrees, impinge with new directness. Global models shape thinking. In many disciplines there have long been world circuits in which particular knowledges circulate, are augmented and re-formed. These circuits are now larger in reach, ‘thicker’ in the traffic they carry, and more immediate and determining in their local effects. In the global era the role of major universities is proactive as well as reactive. Their own practices are shaping that era. Correspondingly there is a new dimension of position and strategy they must address. This is more so in university systems located in countries that are internationally vulnerable, such as Australia, than in the domestically-referenced US universities.

Here the terms ‘global’ and ‘globalisation’ refer to world systems that are distinct from the nation-state, crossing its boundaries and sometimes but

not always displacing it. The 'global' incorporates phenomena understood as economic, technological, social, cultural and political (Held et al. 1999). World-wide financial markets with instantaneous screen-based transactions have facilitated an unprecedented mobility of capital, the final death-blow for the old Keynesian policies of closed national economic management. The effects of electronic communications, complex data transfer and the Internet do not have to be spelled out to anyone working in higher education. More people than ever are moving around the world for business, labour, study and migration.

In higher education global markets in on-site and on-line education are growing, there is ever more people movement and ever more communications. The world-wide number of international students has grown from one million per annum in 1980 to almost two million. On-line education across national borders hastens the cultural inter-penetration of nations and higher education institutions. This is not a free exchange of equally weighted cultures. It is often noted that globalisation is associated with two contrary trends: a trend to convergence, homogeneity, and a trend to diversity via more extensive and complex encounters with cultural 'others' (Keyman 1997). In higher education, the dominant trend appears to be convergence. Commercial business and information technology courses are forming a global elite, steeped in common Anglo-American languages and practices. Web-pages, travel and communications systems impart to the strong American universities a new level of visibility and a new salience in policy and practice elsewhere.

Place-bound identities in the global environment

In the neo-liberal imagination, global higher education is conceived as a network of stand-alone universities scattered across every country of the world, trafficking with each other and competing with each other (and hence similar to each other). This vision is influential, but it is simplistic and misleading. Institutional identity is constituted by more than global systems: it is a product of history and retains national, local and disciplinary roots. The global dimension does *not* subsume the whole of the national dimension which enabled the modern university. Place-bound identities still matter, and in higher education are partly framed by national agents and systems. National government provides a large part of higher education funding, and nation-based businesses and national elites remain the principal users of the universities. What has happened is that the national dimension has become inter-penetrated with the global dimension in complex ways.

In piloting a strategic path through the global environment, the positioning of universities within the global system is crucial, and local factors such

as national identity and disciplinary speciality are among the factors that determine success. In *The Condition of Postmodernity* (1990) Harvey remarks that

. . . the more unified the space, the more important the qualities of the fragmentations become for social identity and action. The free flow of capital across the surface of the globe, for example, places strong emphasis upon the particular qualities of the spaces to which that capital might be attracted. The shrinkage of space that brings diverse communities across the globe into competition with each other implies localised competitive strategies and a heightened sense of awareness of what makes a place special and gives it a competitive advantage. This kind of reaction looks much more strongly to the identification of place, the building and signaling of its unique qualities in an increasingly homogenous but fragmented world. (Harvey 1990, p. 271)

The old nation-building project has not disappeared, it has been refocused on position and strategy in a global context. Globalisation relativises the nation, without abolishing it. It highlights the constructed nature of national identity. It emphasises the changeable, precarious nature of all identity. The transition from a nation-dominated world to a global/national world constitutes a sorting out period, in higher education and elsewhere. Some national traditions will disappear. Others will claim a global role. Others will survive as the local variants of larger themes. In the global era, with its shorter timelines and one externally-administered shock after another there is a new urgency to the nation-building role of governments and universities. Globalisation poses not only the question of the universities' own survival and evolution, but the question of their effects in national-governmental strategy, and their contribution to long term national positioning.

In some industries, global corporations may detach themselves from their founding national context and operate in the same manner anywhere. Universities are too context dependent for this. Even when partly globalised, they remain grounded in 'thick' and complex relations within the local societies they serve. Their appeal to international users is grounded in their specific national and disciplinary attributes. Thus, for example, the US enjoys a world-wide reputation in business education, and science and technology; Germany is also seen as strong in science and technology; the UK is known for finance, and history and culture; France is another country strong in the humanities; and so on.

On the American periphery

Australia's per capita GDP is similar to most of western Europe but like Canada and New Zealand, it occupies a subordinate place in the Anglo-American group. In terms of culture, politics and much of economic life it was shaped by Britain but is now positioned on the periphery of the United States. The strategic layout is complicated by Australia's strong trading presence in East Asia, its engagement in South-East Asia, its southern European migrant communities, and the continued salience of British examples in government. Nevertheless, American capital inflow is crucial to the stability of the foreign account; American-led credit rating agencies and money markets set the limits of fiscal and monetary policies; American products, icons, communications and entertainment dominate Australian popular culture; American business practices are increasingly imitated.

In their location on the American periphery Australia, Canada and New Zealand share certain advantages. They are English-language countries with stable political, legal and civil institutions – they offer a cleaner and safer environment than some American cities – and these factors work in their favour in marketing international education. Nevertheless, the lack of cultural distance from the USA makes it difficult to carve out a distinct identity and *modus operandi*. Governments and institutions are all too readily drawn into isomorphism, that is, strategies of mimicry. In this the subordinate Anglo-American countries have something in common with developed nations of Latin American where US influences are increasingly salient, such as Mexico, Chile and Argentina.

Nations on the American periphery have ambiguous potentials. They are strong enough to assert a distinctive polity and culture, in the manner of the countries of Western Europe. At times they create self-referenced institutions, as in the 1955–1990 nation-built universities in Australia. At other times they are pulled back by the American penetration of their economies and institutions, the partly derivative character of national and corporate leadership, and a chronic, deep-seated and almost instinctive dependence.

A case in point is contemporary Australian higher education policy. It is widely and deeply felt that Australian institutions should steer more closely to the cost structures and missions, and the separation from government, seen to characterise American universities. (The imagined ideal type American university approximates the elite private universities rather than the state universities). The isomorphism is never made explicit, but reform proposals are permeated by it (for example West 1998). However, when nations on the periphery compete with institutions of the 'core' on the terms of the core, the outcome is not global success but weak imitation. Global higher education is not a level playing field. It is impossible for institutions on the periphery

to compete successfully on homogeneous quality, because if their quality *is* superior this is unlikely to be recognised, precisely because they are located on the periphery. A more effective strategy is to devise specialisations or innovations identified with the 'peripheral' nation. This requires a national effort. No single institution can invest on the scale required, no single institution can shape the patterns of global demand, and national identity is integral to global reputation.

Crisis of government commitment

Public funding

The crisis of global position and strategy has unfolded in Australia at a time when the capacity to address that crisis is reduced. There has been a partial breakdown of the consensus about the nation-building role of higher education, manifest in a faltering fiscal commitment.

Between 1975–1976 and 1997–1998 student load in higher education grew by 126.8 per cent but government expenditure on higher education rose by only 4.5 per cent. The outcome was a 54.1 per cent decline in public expenditure per student. In the five years from 1996, Australian universities will lose more than 25 per cent of the constant price value of government grants.

The funding base of higher education has been switched from public funding to mixed public and private funding, as in many higher education systems. In 1983, 91 per cent of total institutional revenues were provided by government. In 1998 the figure was 52 per cent, with 17 per cent derived from deferred fees under the government's Higher Education Contribution Scheme (HECS), and 16 per cent from other fees and charges, more than half from international students. However most of the commercial revenue is absorbed by the infrastructure needed to sustain it, such as marketing activities; and it favours the disciplines of business education and computing, which have experienced a mini-boom. Other fields have endured declining educational conditions. Comprehensive data on trends in material standards are lacking, but the overall student-staff ratio rose from 12 to 1 in 1983 to 18 to 1 in 1999 (DETYA 1999b), squeezing undergraduate teaching and basic research. In November 1999 a paper from the office of the Australian Minister for Education, Training and Youth Affairs acknowledged the seriousness of the resource crisis (Kemp 1999a). In comparative resource terms, Australian universities share with Canada and New Zealand a decline *vis a vis* US universities. Academic salaries are at two thirds of US levels, and in terms of recent

Table 2. Government expenditure on higher education compared to student load, Australia 1975–1976, and 1979–1980 to 1997–1978 (constant 1997–1998 prices)

	Total government expenditure on higher education 1997–1998 prices USD \$ million	Total effective full-time students (student load) average over financial year	Expenditure per unit of student load 1997–1998 prices USD \$	Expenditure per unit of student load 1975–1976 = 100.0
1975–1976	2634	228,950	11,506	100.0
1979–1980	2561	249,850	10,249	89.1
1980–1981	2523	251,450	10,103	87.8
1981–1982	2569	254,550	10,094	87.7
1982–1983	2563	256,756	9,984	86.8
1983–1984	2574	261,081	9,858	85.7
1984–1985	2580	269,761	9,564	83.1
1985–1986	2691	282,359	9,529	82.8
1986–1987	2781	296,888	9,367	81.4
1987–1988	2764	316,401	8,734	75.9
1988–1989	2652	341,603	7,501	65.2
1989–1990	2856	365,379	7,816	67.9
1990–1991	2693	399,543	6,741	58.6
1991–1992	2886	427,799	6,748	58.6
1992–1993	3058	437,045	6,996	60.8
1993–1994	3298	442,746	7,449	64.7
1994–1995	3404	453,247	7,510	65.3
1995–1996	3377	475,032	7,110	61.8
1996–1997	3190	501,352	6,363	55.3
1997–1998	2753	521,783	5,276	45.9

Constant 1997–1998 prices derived from Australian GDP deflator; converted to USD using OECD 1997 Purchasing Power Parity (1 USD = 1.3016 AUD).

Government expenditure includes consumption and capital expenditures and some further items; and excludes student assistance payments and advances to persons for Higher Education Contribution Scheme purposes. It measures expenditure on the supply of higher education, while excluding expenditure related to effective demand for higher education. The table measures the trend in the annual government contribution to the resources provided for teaching and research in higher education, i.e. to the material quality of higher education.

Source: ABS 1999; DETYA 1999b.

acquisitions library holdings even in the strongest Australian universities are weaker than in the top 100 American universities.

Neo-liberalism in Australia

Why has the Australian government turned its back on its own nation-building university system? The easy explanation is to refer to the dominance of neo-liberal policies of 'small government' and marketisation of the public sector since the mid 1980s (Marginson 1997a, 1997b). Nevertheless, 'small government' policies are common to the OECD region. This factor is not sufficient to explain the *degree* of decline in the public funding of Australian universities. The shift away from free or low cost publicly provided education, towards user payments and commercialism is greater than elsewhere. Other factors are at work.

The distorted scale of neo-liberalism in Australia is a sign of the dynamics of neo-liberal globalisation on the American periphery. In Australia, as New Zealand (especially) and Canada, market liberal policies have been applied with an unusual singularity and thoroughness of approach, in a spirit of global-abstract universality that has ridden over the top of local political agendas to a degree unthinkable in the USA or even the UK. The key echelons of Australian government are mostly occupied by economists trained in neo-classical econometrics rather than political economy and Australian history (Pusey 1991). Australia, like New Zealand, provides a stable political environment in which to conduct neo-liberal experiments in regulation. International finance and global consulting companies have a remarkable impact, confirming the strain of dependency in Australian public culture. Australian government is all too easily persuaded to hanker after status in the American or the British context rather than the local context.

Thus neo-liberal policies are associated with a declining commitment not only to Keynesian nation-building, but nation-building of *any* kind. There has been a faltering of mission and identity. The nation-building project has proven to be brittle; not as brittle as in some neo-colonial regimes, but more brittle than in Western Europe, for example. The purpose of 'good government' has become that of undermining and undoing the nation-building projects and institutions of the recent past, especially elements specific to Australia, such as government-owned public utilities, mostly privatised; industrial arbitration, partly deregulated; universal national pensions, part-replaced by occupational superannuation; universal health coverage, surviving with difficulty; and non-commercial national broadcasting, losing ground. Institutions and policies from which Australia derives much of its culturally distinctive character are now in question, including the universities.

This change in national government cannot be attributed *en bloc* to globalisation, any more than neo-liberalism. Other nations that are active players in globalisation and share the neo-liberal settings of selective deregulation, marketisation, low tax and fiscal restraint – for example France, Germany and Japan – are not winding down and folding up their nation-building institutions. They have not decided that national basic science and national public culture no longer matter. The French advocacy of nationally specific institutions is legendary. The Japanese are building up a domestic capacity in basic research so as to be less dependent on imported science. The Malaysian government has designed a sophisticated strategy for projecting national cultural identity into cyber space.

The university as stand-alone global corporation?

Once seen as an investment in the nation, Australian universities are now seen primarily as a source of fiscal savings used to retire debt and sustain the nation's global credit rating. According to the neo-liberal world-view, this does not matter: the national-public character of the universities is obsolete; if they are to survive and prosper they must re-fashion themselves as self-supporting global corporations. Continuing ties to government are a sign of inadequacy and obsolescence: universities should compete in the global market on a full-cost basis. Apart from the purchase of commercial services, government funding is as a distortion of free trade and economic efficiency. If the quality of the individual university is good enough (often this means 'if its management and marketing are good enough'), it will succeed against the global competition. In this framework policy objectives such as the provision of free access for local populations, or the maintenance of the basic sciences and humanities, become defined as exceptional rather than integral to the functioning of universities. Any and every reduction in untied government funding becomes desirable.

The neo-liberal vision has advocates within Australian universities, such as the vice-chancellor of the University of Melbourne, Alan Gilbert. But the conception of university as universal corporation neglects Harvey's point about the place-bound nature of identity and its salience in competitive strategy, and fails to taken into account either the context-bound character of universities, or their continuing part-dependence on non-commercial funding, in every country in the world. Finance companies or mining companies can relocate, major universities cannot. The neo-liberal prescription would be less regressive if the goods concerned were homogenous invariant goods such as processed zinc, or TV sets, which are much the same whatever the country in which they are produced. In the university sector it is a recipe for flattening out all the place-bound components of identity.

The test of the market liberal vision is whether it is possible for *any* university operating individually from the American periphery, even the strongest, to compete equally with American universities on the global scale. Under even the most optimistic scenario it is hard to envisage any 'Harvards of the Antipodes' or 'Stanfords of the South'. The vision of university-as-stand-alone-corporation fits with the strong American universities, benefiting from unique levels of private wealth and underpinned by American economic, technological and cultural hegemony. These universities do not need an explicit policy alliance with government: they are supported *de facto* by a national network of public and private organisations whose leaders were trained in the Ivy League institutions. They do not need to develop an explicitly global strategy: American universities are unique in that the world must come to them and accept the terms of their national culture. But these conditions of American success cannot be lifted out of the national American context and transplanted elsewhere in the world, no matter how good the management and the marketing! The dynamics of the American universities are neither universal, nor universalisable. They are rooted in local American attributes.

On the other hand, it *is* possible for universities and university systems outside the USA to develop successful strategies powered by their own self-determining identity.

Crisis of academic identity

It is therefore of serious concern that the identity of Australian universities is riven by an destructive stand-off between academic cultures and the culture of corporate management. Like the decline of public funding, this academic/corporate tension is both common to national university systems throughout the world, and seems extreme in Australia. The trend to business-like forms of organisation has been rapid and far-reaching, no doubt facilitated by the equally rapid develop of commercial operations.

Universities that mean business

Meek and Wood (1997) provide data on academic/corporate tensions. Their findings are confirmed by Marginson and Considine (2000) whose case studies focused on institutional governance and strategies. The 17 case studies found that forms of university governance and academic identity which survived the long engagement with nation-building government are now under more direct assault. Whereas in the heyday of nation-building policies government protected the special character of universities from the sharp end of economic fluctuations, neo-liberal government welcomes the

directive effects of market forces and corporate practices, not least because they soften the universities for reductions in public funding. In the inner life of universities major changes are taking place.

First, a new and stronger kind of executive leadership has emerged. Increasingly the role of the vice-chancellor is that of strategic director and change agent, obliged to reinvent the university, its management structures, its internal culture, and sometimes its core business, at ever shortening intervals. Universities are no longer run by the legislative *fiat* of collegial bodies, but like corporations, are determined by formulae, incentives, targets and plans. With better mechanisms for information gathering and performance measure from a distance, with the greater internal transparency, and with the power of patronage in a resource-starved environment, the executive leader becomes partly detached from the network of relations and cultural commitments below. Most universities prefer to appoint outsiders as VCs precisely because they are *not* organically linked to the institution. These 'semi-detached' VCs are supported by a phalanx of deputies and executive deans with primary loyalties to the university centre rather than its disciplines and faculties.

Second, there has been a partial transformation of governing councils into corporate boards, academic boards have been sidelined, and other traditional collegial structures closed or marginalised. Alongside this is the rise of flexible executive-directed systems for internal consultation and communication, from vice-chancellor's advisory groups to internal market research; and new corporate structures in key areas such as international education, intellectual property, and work-based training for industry. Resources are controlled not by collegial bodies but by senior managers or corporations. Universities once derived their institutional identities from their collegial bodies and their governing councils, mixing elite and participatory forms. Now their institutional identities and strategies are controlled by full-time managers, whose discourse is that of the university-as-corporation. Discipline-based identities survive as islands of varying size in a sea of business-speak.

Third, there has been a partial breakdown of disciplinary forms of institutional organisation. This shows itself in the creation of schools rather than discipline-based departments, for teaching purposes; and in the limited life research centres, sponsored from above, where the majority of research is now conducted. Research centres are often cross-disciplinary, and management uses homogenising systems for assessing performance and distributing funds which flatten the diverse traditions of the disciplines, with their varying outputs and norms of good practice.² Many executive managers describe the disciplines not as a medium through which the university fashions its success, but an obstacle to be broken down. The disciplines block the flexible movement of resources, and the sudden changes in priority that markets and

managers require; and as a power heterogenous to the new systems they are a potential rallying point for disaffected academics.

Thus even as institutional identity has been corporatised in Australian universities, so the well-springs of academic identity have been weakened. The balance between corporate-institutional purposes and academic-educative purposes has been tipped towards the former. The trend is sharper in recently-established universities than in the older and academically stronger 'Sandstone' institutions (Marginson 1999), but it is common to all.

Leadership by imitation

The change in organisational cultures has implications for organisational strategies and the kind of innovations that are pursued. Here senior manager-leaders display a striking degree of isomorphism. They often prefer to imitate their competitors rather than innovate, and they innovate only within a narrow band of standard options: internationalisation, hyper-commercialism and distance education. There is little evidence of new institutional strategies centred on the content of teaching or research. Managerial thinking is shaped by generic models drawn from business-based reforms in public administration, with little recognition of the specific character of universities, and by idealised models of US higher education. No one talks about features of Australian higher education which might be distinctive in world terms (Marginson and Considine 2000). At a time when Australian universities might have helped to pioneer new, creative organisational structures and indigenous 'learning cultures' capable of great flexibility, they often appear to have surrendered to derivative and dependent notions of themselves.

In contrast the American doctoral universities retain a more robust sense of themselves as embodying an academic mission, from which they derive their distinctive social purposes. Corporate development is often in tension with academic practices, but at the same time, the two 'sides' also seem to recognise that they need each other. Synergies between them are constantly reworked. Here, again, the withdrawal of government funding has played a crucial role in Australia. Managers are employing hard corporate methods of fundraising and internal control, and steam-rolling the cultural obstacles in their path, because they have little room to move, despite financial autonomy. In a stronger system the urgings of a manager class with a sharp eye for new methodologies would be balanced within a matrix of strong professions, tough-minded disciplinary traditions and independent students. But in organisations depleted by under-investment and declining career opportunities, the imitate-or-perish imperative meets less resistance.

The outcome is that universities in Australia seem less sure of themselves. They are constantly being reinvented, 're-engineered' in the corporate

sense, yet less capable of genuine self-production than before. The danger is that by becoming a corporation, the Australian university is ceasing to be a university – that is, that the relationship between corporate practice and academic practice is a zero-sum relationship. Management-driven change is pitched against academic practices. On the institutional scale academic identity is asserted as a negative, closing out managerial ‘interference’ as much as possible, though it might be fighting a losing battle.

The Australian university is in danger of weakening or losing distinctive aspects of its mission – the primary orientation to the production, circulation and transmission of knowledge; the pastoral approach to the formation of personality; preparation for work in a broad intellectual setting where student exploration is encouraged; a longer term and critical eye towards social developments; and an explicit role in building national institutions and identity.

Yet the corporate and the academic do not have to be mutually exclusive; and in a successful institution it is not so. Partial separation is necessary, and tension is inevitable, but it should be possible to be both university and corporation, to redesign the university so as to enhance its academic character within a knowledge economy. Academic identity must be at the heart of any strategy for handling the global environment. The weakening of the academic factor in identity implies a serious loss of capacity.

Implications and conclusions

The loss of government confidence in the nation-building mission, the partial withdrawal of funding, and the faltering of academic identity, undermine the capacity of Australian universities in the global environment. If academic identity is deteriorating more quickly in universities on the periphery than universities in the global metropolis, this underlines the difficulties now facing what was a relatively strong Australian system. Solutions require:

- a complex engagement with the global higher education environment;
- the reforging of the nation-university synergy, underpinning this with renewed public investment in core capacity;
- a more effective synergy between the corporate and academic sides of the university, and a decisive strengthening of the academic side;
- the identification of potential national strengths to take into the global environment, and vigorous investment in those areas by government and universities.

Engagement with the global

Following the deregulation of fee charging for international education in 1985 there was a swift but partial internationalisation of Australian universities. International student numbers rose from 24,998 in 1990, to 83,047 in 1998 (12.1 per cent of all students). The main sources were Hong Kong, Singapore, Malaysia and Indonesia. Most students were from Chinese families. Two thirds were in business or computing. 22,583 were located outside Australia. Australia became the third largest provider of international education in the world, after the USA and the UK, and with more than double the enrolment of Canada. Australian universities also negotiated numerous cooperative agreements with international universities, particularly in South-East Asia and China – most of these agreements have yet to generate actual projects – and generalised electronic communications among staff, facilitating cross-national research and teaching collaborations. A number of Australian universities are gearing up to play a major role in on-line education, three have campuses in Malaysia, and one, Monash University, is building a campus in South Africa.

Australian global engagement also has its limits. More so than the American it is governed by commercial concerns (Slaughter and Leslie 1997), and by imitation behaviour within the commercial realm. From the late 1980s onwards international education was conceived by government and institutional manager-leaders as an economic market rather than a teaching and learning site. In 1998 it generated \$450 million (8.3 per cent of all university revenues). In one large Australian university, international students provided \$42 million out of \$177 million annual income (DETYA 1999b). Sustaining that flow of income has become essential to the day-to-day survival of core operations, shifting resources from teaching to marketing and reducing the capacity for educational innovation.

There is much talk about cultural exchange and the ‘internationalising’ of the curriculum, but few Australian students travel abroad, and though on some campuses more than a third of students are from families where English is not the main language spoken, there is little evidence of profound curriculum change. Ironically, the lack of cultural depth and diversity limits the economic potential of Australian international education. It pulls the universities back to the template common to all Anglo-American countries.

University and nation

Here the romantic neo-liberal conception of the university-as-global-company again emerges as a serious handicap. In the first stages of development of international education, the Australian government regulated prices

and subsidised early marketing efforts in South-East Asia. After that it largely confined itself to the legal regulation of the market, the relationship between study and migration, and limited coordination of recruitment. Recently it undertook to establish a national system of quality assurance (Kemp 1999b). But the decisive question of the nature of the *product* – what it is that Australia offers to the world, aside from a generic Anglo-American training in business, computing and engineering – has received little policy attention. This is too big an issue for individual universities to take on, and it has lapsed, reinforcing the tendency to imitating behaviour. In other words, because the university-nation synergy is undeveloped, the capacity for nationally distinctive strategies and products is limited. This suggests that the question of global strategy is not (as portrayed by policy makers) one of appropriate university strategies. It is a question of appropriate *university/government* strategies.

Some university leaders reckon that their best course is to move away from national government; which has sought to manipulate the internal life of universities with a new degree of intensity. However, in the long run a break with government would be self-defeating. The better course for the Australian university is not to cut loose from the nation-building project, but to contribute to the reforging and restrengthening of that project in the global environment: to use the resources of government and universities to build a university sector with distinctive attributes, one that can develop genuine comparative advantages on the world scale; thus building the nation in the global context.

Academic and corporate

The ‘core business’ of universities lies in teaching and research, and the associated services and products, including curricula, delivery systems, books, software and other intellectual artefacts. To treat the university as if it is just another large business is no more sensitive than treating it as if it is just a government department. It is to lose sight of why universities exist, why they are economically and culturally productive, and why they command popular support. Recent reform in Australia has proceeded on the assumption that the main danger is that academic tradition will retard the drive to greater efficiency, external engagement and globalisation. In contrast, the foregoing argument suggests that the Australian university is increasingly efficient and engaged; and the greater danger is the extinction of its academic personality, through the weakening of the disciplines and the institutional forms that sustain them. A return to the slow conservative rhythms of collegial decision-making and light accountability requirements is not in prospect.

What is needed is selective changes to re-strengthen academic identity, in all its disciplinary variations.

Better government funding is an important part of this. When institutions become heavily dependent on commercial funding, the tense balance between corporate and academic objectives is upset, and it becomes difficult to sustain basic disciplines with little market value, such as philosophy or pure mathematics. In research, more resources should be shifted into long term research support for open-ended investigations rather than short-term projects with limited objectives. It is also important to develop indicators of teaching and research performance that vary by discipline; and to foster managers that are organically linked to specific academic areas rather than being merely generic.

Areas of global strength

In a text much cited in Australian universities in the early 1990s Michael Porter (1985) argued that organisations seek competitive advantage in two ways. First, by competing on price, producing a standardised product at high volume with superior efficiency. Second, through differentiation: producing a product that is either unique or of superior quality. Competition on price is unattractive to universities committed to academic excellence (except perhaps in on-line education). For universities on the periphery to compete with the peak Anglo-American institutions on quality alone is to court global failure, for as noted, the national-contextual advantages enjoyed by American and British institutions cannot be replicated. Likewise, to aim for global leadership in all disciplines is unlikely to be successful. This leaves specialisation or innovation as the best global strategy.

Australian higher education offers a stable social and political setting and the peaceful management of cultural plurality, albeit in a monolingual environment. Australia is also a nation of European origins with a strong interest in South-East Asia. These national specificities do not constitute a global strategy and by themselves are insufficient to constitute comparative advantage. The content of teaching and research is also essential: the crucial element is the link between content specialisation, and national identity.

One global strategy would be to develop linguistic capacity and bi-cultural curricula so as to engage more deeply with East and South-East Asia, strengthening the 'gravitational pull' of that region relative to the USA and EU. Another global strategy is to expand investment in research areas where Australian universities have been relatively strong, such as medicine, the geosciences, agriculture and environment. It needs to be emphasised that research rarely pays its way and must be underpinned by targeted support. In Australia as in most countries that means government support. Any strategy to sustain

comparative global advantage requires substantial public funding in order to attract, hold and service world leading researchers in sufficient number, over a long period.

Notes

1. Note that the private sector in Australian higher education is minor, with two small doctoral university and a variety of specialist providers, and enrolling only 2 per cent of students. However, commercial incomes play a very significant role in the public institutions. See Marginson 1997b, 1997c.
2. For example, the dominant approach to distributing funds for research support within universities is modelled on the national governments 'research quantum' measure. This measure gives priority to the quantity of research income raised, and to a lesser extent the quantity of publications, at the expense of considerations of the quality of the ideas and findings deriving from research and scholarship.

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