Demoralisation causes immense collateral damage to the quality, reputation and competitiveness of any institution, and persistent demoralisation is often terminal. It is therefore a matter of considerable public importance that Australia’s universities are displaying symptoms of deep demoralisation. A profound sense of disillusionment, bordering on despair, besets them. Many fine academics are deeply pessimistic about the future of the institutions to which they have devoted long and unflagging loyalty. They have a highly developed sense, often largely intuitive, of what authentic universities should be like, and of the scholarly values, academic traditions, and intellectual assumptions that such institutions have inherited from more than 900 years of continuous institutional development.

That enduring legacy now seems vulnerable. Universities are confronting a higher education revolution that is likely to be swifter and more intrusive than anything they have faced before. The very idea of a university seems fragile. In such circumstances, it is scarcely surprising that an insidious mixture of disappointment, bewilderment and betrayal shapes the emotional responses that many current academics bring to the contemporary higher education environment.

At one level, I can offer these increasingly alienated colleagues little solace. At another, I want to challenge and, if possible, mobilise them, explaining that there has never been a more creative time to be involved in higher education. If it is change they fear, they are right to be fearful. The world is changing. The institutions they cherish may survive, but they will not stay the same. I sometimes give such colleagues advice via an arcane historical allusion to the industrialisation of the textile industry around 200 years ago. ‘Remember the handloom weavers,’ I warn them.

To cut a long story short, in the mid-18th century, handloom weavers were part of an ancient and apparently immutable craft. As long as people needed textiles for clothing and myriad other purposes, handloom weaving promised to be a vital and valued skill. But the handloom weavers’ world was changing. It was not that people stopped wanting textiles. Quite the contrary. In the early industrial age more and more people wanted textile products with an urgency that sent demand spiralling in unprecedented ways.

I am reminded of that demand spiral when I consider market projections forecasting exponentially growing demand for advanced education and sophisticated training in the emerging 21st century knowledge economy. Humankind was investing around US$1.5 trillion on all forms of education in 1999, but so steep is the educational demand curve that the figure is estimated to be US$3 trillion by 2006, and US$6 trillion by 2012. The figures are rubbery, like all forward projections, but the trend is phenomenal.

Remember the handloom weavers! Handloom weavers, and framework-knitters, their counterparts in the woollen industry, had a bonanza from the 1760s to around 1810. Everyone seemed to value their skills. New technologies of spinning were producing ever-expanding supplies of yarn to weave. The number of handloom weavers in England rose from perhaps 30,000 to 250,000 over those 55 years, yet they still could not nearly meet the burgeoning demand.

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During a time of almost no inflation, their average wages had risen from around 5 shillings per week in the 1760s to around 25 shillings per week a quarter of a century later.

Now return your thoughts to higher education since 1945. Mass global demand growth has seen an explosion of student numbers and a consequent mushroom growth of new universities, all more or less modelled on the traditional, 900-year-old paradigm of what a university should be. The academic profession has burgeoned as a result of this process, and the new professionals, like the old, have learned to take pride in the ancient traditions and values of the academy. Not all has been positive, and there have been portents of trouble in the rise and rise of mass higher education, but the past 50 years has been a kind of twilight golden age for the traditional university.

Remember the handloom weavers! By 1810, the potential wealth to be made in cotton and wool had grown to the point where new forces were gathering on the boundaries of these traditional cottage industries. The inherited structures simply could not expand fast enough to cope with the new demand, and radical new technologies were available to be adapted to the textile industry. The steam-driven, power-loom emerged to challenge the handloom weavers' monopoly of weaving.

So large and powerful were these new textile technologies, that there was no hope of accommodating them within the structures of traditional cottage industry. They offered potential economies of scale so vast that the old structures were simply uncompetitive. Weaving and commercial knitting became factory industries. Handloom weavers and framework knitters became 'Luddites', alienated people, marginalised within the new economy, and unable to think of any better reaction than to attack the new technologies that were usurping their ancient skills and destroying their ancient monopoly.

History does not repeat itself, and universities are not at all akin to the cottage industries of the first industrial revolution. But remember the handloom weavers nevertheless. For, in some respects, the analogy I have been drawing is disturbingly pertinent.

The 900-year-old monopoly that traditional universities have exercised in the provision and certification of higher education is under irresistible pressure. It will not survive, and its passing will represent the greatest single revolution that has faced universities in 900 years. I happen to think that, unlike the cottage industry of the handloom weavers, traditional, campus-based universities will succeed in making an effective adjustment to the new, post-monopolistic world in which education, and particularly higher education, will literally be one of the most important and lucrative 'industries' in the world. But no university will survive by doing nothing. Ostriches with heads buried in the sand, visionless and vulnerable, are not good role models.

Remember the handloom weavers! As their world collapsed, they could think of little else to do but to try, against all hope, to resist change, and defy the tide of history. Yet, they were living in the midst of an era of boundless optimism and opportunity. For those who made the adaptation to the new realities of steam-driven factory production, textiles became a more remunerative industry than ever before. A broadside ballad being sung in Manchester, Britain's textile capital, in the decade or so after the introduction of the power loom, began with the boast:

This Manchester's a rare fine place,  
For trade and other such like movements;  
What town can keep up such a race,  
As ours has done for prime improvements!

So clearly was the city's buoyant development linked to the introduction of the new steam-powered technologies, that the ballad ended with the lyric prediction that some 'clever chap' would soon discover a way:  
To tie the marriage knot by steam, sir;  
And there's no doubt, when they begin it,  
They'll wed above a score a minute.

Manchester, like the British economy more generally, was 'cashin' in' on the very innovations which the Luddites were bent on destroying. Cottage industries were dying rapidly, along with the craft skills they had nurtured since time immemorial. A booming demand for textiles was being satisfied in new ways. That is a recurring motif in economic history. Terminal threats to traditional attitudes, practices and processes create revolutionary opportunities for bold entrepreneurs aware of the potential of new technologies and new forms of industrial organisation.

Higher education is experiencing just such a revolution at the beginning of the third millennium. It is a revolution driven by mass demand, the imperative for continuing professional education in a global knowledge economy, and the enabling consequences of revolutionary information technologies and telecommunications.

In this contemporary higher education revolution, visionary thinking, planning and entrepreneurship are

The past 50 years has been a kind of twilight golden age for the traditional university.
increasingly evident around the world. Key decisions are being taken now, and the opportunities will not last forever. There is not time for me to canvass the burgeoning of corporate universities and Internet-based educational and training opportunities in North America and Europe, except to say that such developments are already transforming the higher education landscape for students and institutions alike.

Let me note only one very recent development, announced in Britain on 15 February 2000, in a major speech on higher education by David Blunkett, the UK Secretary of State for Higher Education. Blunkett has things to say that all governments should know and heed. ‘The powerhouses of the new global economy’, he explained, ‘are innovation and ideas, skills and knowledge. These are now the tools for success and prosperity as much as natural resources and physical labour were in the past century.’

‘Higher education’, he added, is at the centre of these developments. Across the world, its shape, structure and purposes are undergoing transformation because of globalisation. At the same time, it provides research and innovation, scholarship and teaching which equip individuals and businesses to respond to global change. World class higher education ensures that countries can grow and sustain high-skill businesses, and attract and retain the most highly skilled people. It endows people with creative and moral capacities, thinking skills and depth knowledge that underpin our economic competitiveness and our wider quality of life. It is therefore at the heart of the productive capacity of the new economy and the prosperity of our democracy.

Blunkett offered more than words. He went on to announce that, with ‘[g]lobal corporations...reaching into areas of teaching and knowledge traditionally held to be the sole preserve of higher education institutions’, and with this trend being accelerated by developments in information and communications technologies, the British Government would be trying to give British universities a competitive advantage by funding global university-industry alliances. The Government was providing £386 million (around A$1 billion) to get the initiative off the ground.

Calling this Britain’s ‘e-Universities initiative’, Blunkett explained that the key would be to ‘concentrate UK effort and resources from a number of partners in a single virtual provider...clearly positioned overseas as the flag-carrier for the best of U K higher education in web-based delivery.’ The kind of consortium he was looking for, he explained, would ‘include at least two leading companies as partners, drawn from the Internet-servicing, software/hardware development, publishing, and corporate learning sectors.’

The e-Universities initiative is a calculated response to an intensely competitive, international environment. Britain had to seize emerging global opportunities, Blunkett stressed, because if it failed to do so, others, such as the Universitas 21 network, to which he explicitly referred, would secure the spoils. His concern is at once a confirmation, if confirmation were needed, that Universitas 21 is on the right track, and a warning about how quickly the competition is hotting up.

If that is a measure of the priority that the British Government attaches to innovative, adaptive responses to the technological and organisational revolution taking place in higher education, we should ask some obvious questions about Australia. How are the Australian universities reacting to the global revolution that is upon them? Are they alert to opportunities? Are they optimistic, courageous, visionary and adaptive? What sort of government support are they getting?

The melancholy answer was provided in an article that Paul Sheehan, a Fairfax Press journalist, published in the Sydney Morning Herald on Friday, 4 February 2000. Its theme was that a powerful and pervasive despair was threatening to paralyse the Australian higher education system. Just listen to a small sample typical of the whole piece. ‘Fear and loathing. Loathing and fear’, Sheehan begins, adding: ‘Australia’s university system is riven with discontent, division and structural stress.’ Calling himself an optimist, Steven Schwartz, Vice-Chancellor of Murdoch University, is nevertheless quoted as saying:

‘It is the worst of both worlds— the negatives of state control and the negatives of market competition. We have futile competition and massive duplication. We have an industrial relations system left over from the dark ages. We have pathetic salaries, and most of the really good staff are looking to go overseas.

So much for optimism! ‘The pessimists sound worse, much worse,’ Sheehan continues: ‘It is a disaster—I could not even guess the number of deans who feel like putting their heads in the oven,” said Professor Rob Norris, president of the Australian of the Deans of Science.’

There is a vital difference between diagnosis and prognosis. An overwhelming consistency emerged from the Sydney Morning Herald article when it came to diagnosing the ills of Australian higher education.
Chancellors, deans, senior academics, retired academics, the current Federal Minister and his Labor Shadow, all agreed that the system is not only failing, but is in danger of completely breaking down. As Paul Sheehan also rightly observes, the general prognosis for the system offers little hope. Even the more optimistic of the people I interviewed seem to regard the future with despair.

I am delighted to say that not all Australian Vice-Chancellors and universities are paralysed strategically, and that the University of Melbourne is certainly an exception to the malaise explored in the Sydney Morning Herald article. Melbourne is neither paralysed nor drifting. Had Paul Sheehan asked me, I would have told him that while I broadly agree with the diagnosis of Australian higher education's ills that he was offered by so many people, I reject entirely the pessimistic prognosis, which he appears to have picked up so generally.

Yet, my optimism owes nothing to the current direction of Australian public policy on higher education. On the contrary, I am confident in spite of, not because of, current policy settings. Australian universities have for many years been under extreme pressure to do more for less. In this environment of public funding stringency, governments from both sides of politics have resorted to policies that have contrived, in the words of Keith Windschuttle, an historian who writes widely on Australian higher education, to produce a ‘dumbing down’ of the system. That is harsh criticism, but the politicians and bureaucrats responsible for policy development can scarcely be surprised by it.

Most recently, the ‘dumbing down’ effect has reappeared, advertently or inadvertently, in the research policy changes announced around Christmas 1999. Those changes will ‘claw’ another $11 million of research funds from the seven major metropolitan universities and re-allocate them elsewhere in the system. The institutions which will benefit are no doubt deserving of greater funding, but to satisfy their needs by diverting resources from the few genuinely research-intensive universities in the country is nothing short of public policy vandalism. For every exercise in international benchmarking confirms that the leading universities in Australia are gravely under-resourced in comparison with their counterparts in Singapore, Hong Kong, Japan, North America and Europe.

Is it possible that the Australian Government is unaware of the actual competitive position of Australian universities? Are decisions in Canberra being predicated on a considered premise that having second-rate or third-rate universities will not matter in 21st century Australia? If so, how was such a premise established? How is it justified? If not, when is the fundamental higher education policy going to be addressed?

The current situation does not necessarily imply that more public funding should be invested in higher education. A strong philosophical case can be made that the problems facing Australian universities go well beyond simple funding issues. But the government does need to justify public funding stringency as part of any broader policy agenda. At my request, Peter Dawkins and his colleagues in the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne are undertaking a major study into the costs and benefits of higher education to Australia. The initial results, which will be published shortly, are arresting. In summary, they show that, in a strictly budget bottom line sense, the Australian taxpayer and the Australian Treasury are actually making a profit out of higher education.

Australian taxpayers and Treasury bureaucrats might simply greet this with delight. Yet, coupled with the undeniable reality that Australian universities currently lack the resources to be internationally competitive, existing funding levels will be defensible only within a public policy framework facilitating major, sustained expansion in funding from private sources.

Government cannot have it both ways. Public funding stringency is indefensible without a parallel policy of systematic deregulation to allow universities to develop a broad range of private funding options. Steven Schwartz’s point eludes me when he says that the current system ‘is the worst of both worlds—the negatives of state control and the negatives of market competition’, because ‘market competition’ exists in Australian higher education in only the most limited and trivial sense. Through a battery of regulation and bureaucratic restriction, the present public policy framework has the effect of limiting competition and restricting genuine entrepreneurship.

The current Minister for Education, Training and Youth Affairs evidently knows this. But when, in October 1999, he proposed the systematic deregulation of higher education policy, the leaking of his confidential Cabinet submission saw his Cabinet colleagues, led by the Prime Minister, rush to rule out any

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meaningful changes in higher education policy. Sadly, the Leader of the Opposition did the same, doubtless for the same reasons of political expediency.

Universities should be neither surprised nor defeated by such a development. Certainly, a public policy vacuum will make it harder for them to develop and sustain coherent strategies. But it does not make it impossible. If 900 years of history has taught us anything, it confirms that universities must be sufficiently emancipated from the vagaries of government not to flounder when public policy goes awry.

Melbourne will pursue its ambitious ‘Melbourne Agenda’. The ancient principle of institutional autonomy is often maligned, but it remains as important as ever. For a university, it means retaining a capacity to function without being either wholly dependent on government or wholly in thrall to government inactivity or ineptitude. Without that degree of autonomy, no university can expect to defend either the academic freedom of its scholarly community or the strategic flexibility necessary to survive in the midst of a global revolution in higher education.

Confident, innovative Australian universities do have good prospects of capitalising on global opportunities. I read Sheehan’s article in a lounge at Los Angeles Airport. I was there on behalf of Universitas 21, an international network of leading universities in Europe, America and East Asia, including South East Asia and Australasia, that was established at a meeting in Melbourne in 1997. Its primary purpose has always been to organise and position the participating universities to play a leading role in the development, delivery, quality assurance, branding and certification of new forms of higher education, mediated globally through emerging communications technologies.

Universitas 21, following its incorporation in London in November 1999, is a strong potential partner in the kinds of multi-sectoral alliances that are emerging to develop and deliver new forms of global education. That is why David Blunkett singled it out for mention in his recent speech. Over the last couple of months, I have met directly with leaders of some of the largest corporations in the world to discuss possible alliances. Characteristically, they have (in all but one case) approached Universitas 21, not the other way around.

Their message has always been the same. Advanced education and training, especially in the area of professional further education and re-skilling, represents an economic and investment opportunity that they cannot and will not resist. If there are not fruitful ways to engage traditional universities as partners in their ventures into higher education, so be it; they will invest the resources and skills and technologies at their disposal into working outside the traditional monopolies, and ultimately rendering such monopolies irrelevant. But because the competition between them is so fierce, and the entry costs into the new educational industry so high, and their knowledge of education so underdeveloped, even the strongest of the newcomers see value in at least exploring alliances with the traditional providers.

Securing such alliances will doubtless by damned in some quarters as a ‘selling out’ by traditional universities to the new corporate providers of higher education. The allegation often made is that an ‘industrialisation’ of higher education would mean the de-professionalisation of scholarship. Ironically, however, engagement with corporate providers in Internet-based education probably provides the best chance there is for the traditional idea of a university to survive in the emerging post-monopolistic environment. Ignoring or opposing the new providers will not prevent them entering the global higher education market, but it will deny traditional universities opportunities to sustain themselves through involvement in the lucrative professional education market.

On the other hand, a weakening of the traditional universities means, inevitably, a weakening of independent scholarship. For while a good university, strengthened by engagement in global education, will be well-placed to support independent curiosity-driven scholarship and research, consortia of corporate universities and Internet providers, unallied to any traditional university, would be highly unlikely to do so.

The handloom weavers were never offered a prospect of such adaptation and partnership. Their world was doomed. In contrast, the contemporary educational revolution offers universities opportunities for adaptation just as surely as it confronts them with dire threats if they persist with business-as-usual.

Acceptance of the post-monopolistic environment in higher education, and the advocacy of bold innovation, will doubtless strike traditionalists as a betrayal of the very idea of a university. They will regard it as almost indecent to represent the end of a 900-year monopoly as an opportunity for universities to reinvent themselves for a new era.

In truth, however, there has never been a single, immutable idea of a university. To think there ever was is poor history and dangerous ideology. The idea of a university has changed over many centuries, just as the institutional forms of university education have adapted and re-adapted to changing circumstances, including, most recently, the demand for mass higher education.
To advocate returning to the idea of a university as it was in when John Henry Newman chose those words as the title for his treatise on higher education, is, for example, to leave no place for research in the academy. Similarly, within much less than a century of Balliol’s Benjamin Jowett adamantly refusing even to contemplate the idea of research at Oxford, most academics in all good universities around the world would regard as obvious and non-negotiable the proposition that research is an essential element in the idea of a university.

Yet, if there is no single, immutable paradigm, there are certain transcendent issues on which authentic universities have never compromised without compromising their own essential integrity. A university needs sufficient autonomy to discharge its long term educational and scholarly responsibilities effectively; to determine its own curricula; to set its own standards of admission, assessment and progression; and to determine who should and should not receive its awards. It needs to nurture and uphold, on behalf of all its staff and students, the intellectual freedom to be able, without fear or favour, to advance unconventional critiques of established social, political or scientific paradigms. It needs to respect and preserve scholarship and learning for their own intrinsic value, and to provide scholars and researchers with an environment where free inquiry may thrive, independently of outcome or application. Like monks protecting the knowledge and culture of earlier generations from an encroaching barbarism, scholarly communities must always be empowered to identify and protect the best that is known and thought in their world, whether against philistinism, ignorance or the hollow triumph of transient intellectual fashions.

Preserving institutional autonomy and academic freedom requires money as well as intellectual courage. A university needs such institutional autonomy because it cannot expect always to be a popular institution. Just about things universities do that governments and most taxpayers actually value, for example, are utilitarian in a direct economic, commercial or social sense. When it comes to public policy, it is the university as professional factory, as graduate mill, as research institute, as an efficient, effective instrument for socialising the talented young, that government wants to evaluate and reward.

No one, presumably, believes that wealth is a sufficient condition of institutional success. Unless driven by a profound commitment to core academic values and principles, a rich university might be of only marginally greater value than a profitable circus. Yet, neither is genteel poverty is not a sound basis for preserving core academic values and principles. The very people who equate concern to secure and strengthen the resource base of a University with corporatism or economic rationalism, frequently draw another breath and demand to know why the Administration is letting research infrastructure run down, or not supplementing research-only staff salaries, or being niggardly in providing faculties and departments with adequate budgets.

Many of them also abhor private funding, considering it contrary somehow to the idea of a university. Such thinking is, in a quite precise sense, pathetic, because it readily becomes an excuse for resigned pessimism. Of course private funding can contaminate the values and mission of a recipient institution, but so can government funding. All patronage is potentially subversive, for the power of the purse always creates potential for interference.

The greatest threats to academic freedom and the institutional autonomy of universities in the 20th century actually came from governments, not private patrons. Totalitarian environments exemplify that most clearly, but liberal democracies are not exempt. The attaching of strings to funding has been a conscious control mechanism much used by successive Australian governments. The same kind of threat would exist for a university largely funded by a private patron, whether a church, a corporation or a private individual. In each and every case, ceaseless vigilance and unswerving commitment to core values is the price universities must pay for continuing scholarly integrity. Ironically, the ten most scholarly institutions in the world today, and the most exemplary in their commitment to the essential idea of a university, are private universities. The devil is not in being private, or partially private; the devil is in the failure of any university, however resourced, to be scrupulous in preserving its core values.

Informed by such an analysis, let me repeat that the era beyond 2000 will be one in which universities around the world face more profound threats and greater opportunities than their predecessors have faced over their entire history. It will be a time for decisiveness, not indecision; for planning, not drifting; for courage, not fear; for confident, innovative leadership, not nostalgic regret for a world that is already lost. We need to understand our external environment, and bring all the wisdom and intelligence we have to insuring that the best and most precious of what the university has always stood for, is not lost in the brave new, essentially pragmatic world of education in a global knowledge economy.