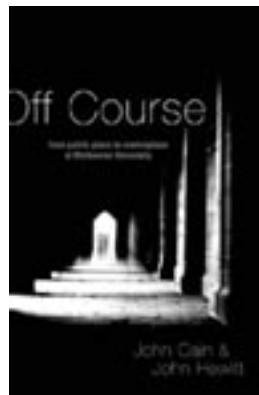


# The Idea of the University



**John Cain and John Hewitt**  
*Off Course: From Public Place to Marketplace at Melbourne University*

Melbourne: Scribe Publications, 2004,  
234pp, \$30.00, ISBN 1 920769 09 9

**Reviewed by Geoff Sharrock**

In their book on how Melbourne University has 'lost its way', John Cain and John Hewitt provide a rich snapshot of an institution in transition. They document a host of dissonances afflicting Australian universities generally, and show how confusing recent changes have been for many who work there. This is the book's main strength. Its weaknesses are that it is prone to errors of fact and interpretation; and as a critique of the present situation, it rounds up the usual concepts and targets the usual suspects. In consequence, it offers no convincing solutions.

The main problem is conceptual. The university the authors want to see is a state-funded, state-regulated, monopoly institution, geared primarily to shaping the minds and values of young Australian citizens, and guiding the rest of us with sharp critique and steely moral authority. Former vice-chancellor Alan Gilbert's drive to reposition Melbourne as a quasi-self-financed, internationally-focused university doesn't fit this

picture. From their perspective, Gilbert abandons the postwar nation-building agenda that defines what universities are for and how they should function (p.31).

Here the critique is limited, since it doesn't explore what the emergence of globalisation might mean for educating Australian citizens; or how an internationally networked university attracting thousands of overseas students and scholars might support different kinds of nation-building; or how diverse the approaches to these tasks can be. One reason so many Norwegians study in

**Geoff Sharrock** is a Melbourne based management consultant who has worked for clients at several universities, including the University of Melbourne. He is completing a PhD on leadership and change in universities in the School of Management at RMIT. Comments on this review are welcome: [gsharrock@msn.com.au](mailto:gsharrock@msn.com.au)

Australia—more than 3,400 were enrolled here in 2002—is that Norway outsources part of its higher education. Instead of building more universities to meet growing demand, students are funded to study abroad. It's like Shakespeare's Hamlet living in Denmark, but studying at Wittenberg.

**P**olicy settings aside, the recent shift from elite to mass higher education, and the recent proliferation of postmodernist thought, techno-science and new media technologies, creates some problems for the 19th century philosophical traditions on which our own university tradition draws.

Postmodernism has progressively dismantled the idea that there are universally valid forms of truth, knowledge, taste and value. In Aristotelian terms, scientific approaches to knowledge (*theoria*) are immune to this. They focus on discovering the mechanisms of nature as a given, using methods of observation to validate theories about how those mechanisms work. The professional disciplines, geared to devising solutions within constraints that are largely given (Aristotle's *poiesis*), are also fairly immune. But the humanities and social sciences, where they are concerned with more speculative inquiry about what we should value and how we should live in a civic context (Aristotle's *praxis*), are not immune. Here everything is constructed and nothing is given. Every value we rely on to make judgements can be evaluated in terms of some other value. Taste is officially a matter of taste. No wonder today's intellectuals frame social critiques by raising questions while hedging their bets on framing alternative solutions. The collapse of Marx's solution, once a default alternative to the manifest flaws of capitalism, suggests that rationally designed, centrally planned solutions are a modernist fantasy.<sup>1</sup>

Postmodernism has undermined the 19th century idea that the university could reconcile scientific progress and moral progress in a master-discourse of universal reason, and render society perfectible. This erodes the premises of the Oxbridge liberal education tradition associated with John Henry Newman. How can the university profess its ability to inscribe the correct set of values and virtues in the student-as-citizen? How can it act with authority as 'critic and conscience' for its host society, defining what is good or true

or beautiful? The idea that the university produces the very model of an ideal society by articulating standards of *praxis* for its host society to live by, or by operating internally as a rational, exemplary community, has lost its force. The decline of its role in nation-building, whether by passing on a cultural tradition or by holding a critical mirror up to culture, stems in part from a legitimacy crisis within knowledge-as-culture. This has been inflicted not (just) by global capitalism, federal governments, or university managers, but by postmodern intellectuals.

Meanwhile the proliferating growth of techno-scientific forms of knowledge in the non-university sectors demonstrates that universities

Postmodernism erodes the premises of the Oxbridge liberal education tradition associated with John Henry Newman.

have no monopoly on knowledge-through-science (*theoria*) either. Where science once led to technology, now technology leads to science. This erodes the premises of the German research university tradition associated with Wilhelm von Humboldt. In that tradition, scientific knowledge is first discovered in universities, then applied elsewhere.

At the same time, social reality and codified knowledge are becoming 'virtualised' by the proliferation of new technologies and media platforms. Social relations are now less geared to physical presence, and more geared to mediated interchange. Knowledge is becoming hyper-accessible as it migrates from books to databases. The archival function of the university has shifted from a passive to an interactive mode. Search engines, on campus or off, browse on our behalf well beyond the library bookshelves.

All this has implications for the 'community of scholars' ideal. Under the Oxbridge tradition in particular (in a model going back to Plato), the academy aims to reproduce autonomous culture-bearing elites by virtue of being a place set apart from society, insulated from worldly pressures. Here knowledge is acquired, values are shaped and cultural identities formed by the student's

immersion in the life of the scholarly community, freely accessing its store of knowledge, guided by those who are steeped in it. (The German tradition differs, with students moving more freely between institutions with nationally standardised curricula.)

Once higher education shifts from an elite to a mass undertaking, and once institutions connect to new media platforms to handle this, the dynamics change. The university begins to operate less as a physical campus and more as an access point—one of many—to a host of virtual spaces where multiple knowledges, identities, communities and cultures become available.

If these shifts are taking place roughly as described, no wonder we're confused. Each is at odds with the premises of the two main 19th century traditions on which we draw. Both of these tend to monopolise the basis of knowledge acquisition by gathering it into a separate sphere, setting the boundaries between disciplines, regulating student access to them, and credentialing those deemed to have acquired a degree of competence. All these monopoly premises are collapsing and need to be reworked.

In the history of universities, user-pays approaches to higher learning pre-date economic rationalism by about 900 years.

The *Off Course* conception of what universities are for, and how they're supposed to function, can't account for these shifts, which have only emerged as significant trends in the last two decades or so. Apart from this, in its own terms the book assumes too readily that at Melbourne the 'community of scholars' experience was once the norm. While it's true that the older Australian universities drew on the Oxbridge tradition, invoking it as a brand identity to inspire students and ward off critics, they've never really replicated it.

For a start, they're located in capital cities, and their staff and students live mostly off-campus. Even in this Oxbridge-lite mode, some students do experience campus life as an academic community that engages them fully. *Off Course* suggests this

was once typical at Melbourne, but no longer is due to larger classes, less staff time for students outside class, and less campus time for students due to the demands of part-time jobs. All these factors must surely make a difference. But the contrast the authors want to highlight ignores an earlier study of arts and science students at Melbourne in the late 1960s.<sup>2</sup> That study found that about half the students took part in campus life beyond the set curriculum, there was little informal staff-student contact, and the 'community of scholars' idea, while often invoked, was a myth.

The other conceptual problem with *Off Course* is that it frames its critique of government funding arrangements and institutional management processes primarily in impressionistic ideological terms rather than in fiscal or strategic ones. It goes looking for 'private sector values' (p.137) as the root cause of the university's problems, and finds them everywhere. In this it follows the pop critiques of economic rationalism and managerialism that emerged from the social sciences in the 1980s and 1990s. The pop critique of economic rationalism represents it as an essentially ideological move by governments toward lower taxation, smaller government, and market-oriented, user-pays approaches. The effect of this, the story goes, is to reduce the public sphere, recast citizens as consumers, and erode social relations, public goods, and democratic values.<sup>3</sup>

In the history of universities, user-pays approaches to higher learning pre-date economic rationalism by about 900 years—ever since a group of wealthy students established the University of Bologna.<sup>4</sup> Historically, governments deciding whether to fund universities weren't blind to the economic benefits. In 1442, for example, the city of Ferrara compared the cost of funding its own university with the cost of an outsourced approach. Part of its cost-benefit analysis looked at the stimulus to the local economy and the impact on tourism and hospitality.<sup>5</sup>

It is true that from at least the 1950s to the mid-1980s, the Australian approach was mostly one of publicly-funded provision. In their critique of the shift away from that approach, some thinkers use economic rationalism as a default explanation for the steady decline in funding relative to growth in the university sector since the 1980s. Thus Cain and Hewitt explicitly link this decline to a wider

ideological shift to small government and lower taxation.<sup>6</sup>

The critique's main flaw is its failure to recognise that Australian governments today receive more and spend more than they did before the advent of economic rationalism. Some writers do refer to rising fiscal pressures on governments post-1975. But when it comes to empirical analysis, their focus is usually on the university sector alone. From there, it's not hard to dramatise the funding decline, deplore the folly of government's failure to reverse it, and lament the wider malaise of economic rationalism. However, in Australia at least, despite the small government rhetoric that politicians sometimes deploy, the empirical evidence shows that government has not been getting smaller, and neither has public spending as a proportion of GDP.<sup>7</sup> The real context for the recent, relative decline in higher education spending is not one of lower taxes and smaller governments, but one of significant growth in public spending elsewhere, notably in health and welfare.

Pop critiques that rely on this level of impressionism incur two risks. They risk promoting impressionistic alternative solutions that practitioners can't implement because crucial details have been glossed over. They also risk confusing the public about the actual parameters of the problem. Thus Cain, a former Labor premier, accuses recent governments from both sides of politics of succumbing to a low-taxing, small-government ideology. Meanwhile his federal Labor colleagues accuse the present government of being our highest-taxing, highest-spending government ever.

**F**ocused as it is on standing back from the action to deconstruct the ideology of economic rationalism, the pop critique doesn't pay enough attention to the actual forces and constraints that practitioners grapple with. Similar flaws can be found in critiques of managerialism that rely primarily on deconstructing its language in the search for bad ideology. These approaches ignore the instrumental thinking and makeshift problem-solving orientation of management. This is a characteristic of the professional disciplines generally, distinguishing them from the non-instrumental orientation of the so-called 'two

cultures' of the university, the arts and sciences. Unlike philosophers and scientists, who stand back from the object of their inquiry to frame it in abstract, general terms, the way managers tend to think is geared primarily to Aristotle's *poiesis*.<sup>8</sup>

Whereas *praxis* is a self-conscious mode of thinking and conduct that expresses the values and upholds the norms of a particular community, managerial *poiesis* is a mode that seeks to reorient the community's normative stance in response to newly emerging conditions, to create good outcomes or prevent bad ones. Established forms

Despite the small government rhetoric that politicians sometimes deploy, the empirical evidence shows that government has not been getting smaller, and neither has public spending as a proportion of GDP.

of *praxis* can sustain an institutional community in a continuous or stable environment. Here most problems are amenable to routine solutions, and leadership can be passive. But an institutional culture geared to such an environment will lack the repertoire to recognise and tackle larger, discontinuous shifts. In this scenario *praxis* no longer suffices. Then a more active, *poiesis*-oriented leadership is needed to reframe the community's basic assumptions and extend its repertoire of responses so that it can adapt successfully to new realities.<sup>9</sup>

Much of the *Off Course* critique is concerned with documenting *praxis* violations on the part of university managers, from the viewpoint of prior discursive and normative orders that no longer exist. It is less concerned with thinking through the *poiesis* possibilities that Gilbert and his colleagues have pursued in their efforts to reposition Melbourne University in its new environment. For these kinds of reasons, the authors misinterpret Gilbert's thinking, and misconstrue his so-called privatisation agenda.

They claim, for example, that despite the university's stated goals, which are consistent with the tradition they want to protect, Gilbert has abandoned this tradition in his belief that

privately-financed universities are 'academically superior to those publicly funded' (p.146). The material they present doesn't demonstrate this. All Gilbert seems to argue is that:

- well-resourced institutions are better able to fulfil their academic missions;
- private financing doesn't prevent universities from serving public purposes;
- public funding doesn't guarantee those purposes will be served to a higher standard; and
- with no massive funding increase visible on the horizon, a university that relies on public funding alone will be under-resourced.

The university's pursuit of market-oriented projects follows this logic, but the authors refuse to deal with it. They concede that a mix of public and private income may be necessary, but maintain that the university should have chosen not to take a 'money-making' path (p.52). Nowhere do they specify what a sustainable non-money-making path would look like. Instead they handball the funding question back to government as a 'policy challenge' that 'with appropriate political leadership . . . can be met' (p.31). And that's all. They then set out to show how the university's mission has been derailed by its attempts to generate income. In the second half of the book, they examine three projects in detail: Melbourne IT, Melbourne University Private (MUP), and Universitas 21 (U21). They conclude that all three ventures were set up to make money to fill the public university's funding gap, and 'each failed to meet that promise' (p.201).

On the evidence presented, MUP and U21 don't seem to have made much profit so far. But the critique doesn't recognise that along with the prospect of profit, each venture offers a platform for extending the parent institution's academic mission. The U21 project aims to create a global platform for nation-building abroad, in countries and communities that lack the physical infrastructure we take for granted. As with MUP, profitability is desirable not just to create income for its parent institution, but as a pre-condition for sustaining the new platform and thus extending the mission.

As a purely commercial enterprise, Melbourne IT is a different case. Here the book's conclusion is simply wrong. To suggest that the sharemarket float of Melbourne IT provided no substantial gain

to the university contradicts the Auditor-General's findings referred to in an earlier chapter (pp.132-133). There we see that the university's subsidiary, MEI, made a clear profit of \$78 million on the sale of 85% of Melbourne IT after giving \$7 million to Melbourne IT to further develop its business. In cash terms alone, \$78 million is more than 200 times the university's initial investment of \$0.35 million. (From its \$78 million, MEI gave \$50 million to the university, and retained the balance to develop other self-funding ventures.)<sup>10</sup>

I suspect these gains exceed the notional losses the authors ascribe to the other two ventures. But they provide no balance sheet to show this one way or another. Rather, they interpret the Melbourne IT float as a 'disaster' in its own right (p.131). They dwell on the fact that by June 2000, after its share price soared in the final months of the dotcom boom, the company's market value was \$350 million, more than three times the price at which it was sold. With the blindness of hindsight, they suggest that it should have been sold for much more (p.35), without specifying how.

The authors quote from the Auditor-General, union representatives, and media reports to back this view. They fail to mention that the Auditor-General didn't conclude that Melbourne IT had been undervalued, or that a different process would have led to a better pre-float price. Nor do they make it clear that by December 2000 the company's sharemarket value had fallen to just \$35 million (roughly where it is today). This reflects one-third of the pre-float price achieved by the university in 1999, and the company's modest profits of, at best, \$1 million to \$2 million a year since then. Clearly, the rocketing share price in early 2000 was not a result of poor advice, but of a wildly irrational sharemarket.<sup>11</sup>

In view of the fact that some University Council members bought shares and made windfall gains, and the university responded defensively to early criticisms, the authors make reasonable points about the need to be seen to act with probity, and to respond more transparently to criticism. But they are so intent on dramatising the folly of 'selling the farm' that they fail to ask why a university would want to own a domain name business. They recycle the fiction that Melbourne IT was valuable because it was a piece of publicly funded intellectual property,

developed by the university's researchers (pp.131-142.) The Auditor-General's report made it clear that the business was valuable due to years of work by the company itself. It developed world-class automated systems for assessing and registering domain names within minutes, where before a university staffer had taken days or weeks to process applications. Aware that the monopoly position of its core business was temporary, it developed other commercial services. All these efforts were financed primarily by commercial income from its customers.

The authors are blind to the entrepreneurial effort involved in making Melbourne IT commercially successful. They entertain the fantasy that the university could have kept the company, invested more capital, then used it as a cash cow (p.144). The irony of this is that had the university taken this path, it would now be at least \$78 million poorer; and its critics would be able to argue that Melbourne IT has nothing to do with teaching or research, while the funds put into it still haven't been recouped.

**T**he real problem is not that Melbourne University has succumbed to market fundamentalism, or abandoned its public mission. It's that the authors subscribe to an old-fashioned public sector fundamentalism that is inadequate to the tasks facing the university sector. Certainly their account supports the view that commercial operations in public institutions create different risks and dynamics from those of a publicly-funded model. They demonstrate that sustaining a quasi-self-funded ship in pursuit of a multi-purpose public mission presents complex challenges for governance and management, and for combining entrepreneurial work with academic professionalism.

But none of this supports their clean-sweeping final solution. They propose that with Alan Gilbert gone, the current crop of council members and university managers should be replaced. A new regime will fix the university's problems by recruiting people who aren't contaminated with 'private sector values'. These people will restore the prior norms of the university community and win consensus before they actually do anything. All this seems based on a utopian fantasy articulated

The authors subscribe to an old-fashioned public sector fundamentalism that is inadequate to the tasks facing the university sector.

earlier in the book: that any commercial venture the university contemplates is doomed unless it has the 'wholehearted support of the entire university community' (p.202). In view of the authors' own reactions to 'marketplace values' generally, this is a far-fetched solution to a poorly grasped set of dilemmas and possibilities.

### Endnotes

<sup>1</sup> Zygmunt Bauman, *Intimations of Postmodernity* (London: Routledge, 1992), pp.156-186.

<sup>2</sup> Graham Little, *The University Experience: An Australian Study* (Carlton: Melbourne University Press), 1970.

<sup>3</sup> See for example Lindy Edwards, *How to Argue With an Economist* (Melbourne: Cambridge University Press), 2002.

<sup>4</sup> Murray G. Ross, *The University: The Anatomy of Academe* (New York: McGraw Hill, 1976), p.7.

<sup>5</sup> 'For to begin with its utility, strangers will flock hither . . . many scholars will stay here. . . leave their money in the city, and not depart hence without great gain to all of us. Moreover, our citizens . . . will have an academy at home where they can learn without expense, and our money will not fly away . . .'. Quoted in Gavin Brown, 'The University of the Future—Crisis or Reform?', Working Papers of the AVCC Performance Management Forum (Adelaide: AVCC, September 1996).

<sup>6</sup> John Cain and John Hewitt, 'Why the Melbourne University "Brand" is Losing its Lustre', *The Age* (31 January 2004), p.9.

<sup>7</sup> John Wanna, Joanne Kelly and John Forster, *Managing Public Expenditure in Australia* (St Leonards: Allen & Unwin, 2000), p.12.

<sup>8</sup> See Geoffrey Squires, 'Management as a Professional Discipline', *Journal of Management Studies* 38:4 (June 2001), pp.473-487.

<sup>9</sup> See Ronald Heifetz, *Leadership Without Easy Answers* (Cambridge, Massachusetts: Belknap Press of Harvard University Press, 1994).

<sup>10</sup> David Lloyd, 'Rehearsed Prejudice No Substitute for Facts', *The Australian Higher Education Supplement* (11 February 2004), p.36.

<sup>11</sup> For a detailed discussion see Geoff Sharrock, 'Media Representations of the Melbourne IT Story', *Australian Quarterly* (March-April 2001), pp.7-15.