

Submission on the Green Paper:

A FUTURE TERTIARY EDUCATION POLICY FOR NEW ZEALAND Tertiary Education Review

By

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Boswell: 'So Sir, you laugh at all schemes of human improvement?'

Johnson: 'Why Sir, most schemes of human improvement are very laughable things'

Ambit of this Submission

This submission does not deal with all the issues discussed in the Green Paper. I have no opinions on how to improve the performance and participation rates at non-university TEIs, still less on how to do so without increasing costs. My sole concern is with the universities. However, as a graduate of one of the best (and most go-ahead) universities in the world (Cambridge) and as someone who has studied in Australia and taught at two New Zealand Universities (Massey and Otago), I think I have a modicum of expertise in this area.

General Criticism

There is not much to be said for the Green Paper. It is a badly-argued, ill-thought-out and ideologically-driven document full of unjustified assertions and lapses in logic and common-sense. To be more specific: 1) The Green Paper is based on the unrealistic assumption that it is possible to increase the number of university students without an increase in costs or a decrease in the 'quality' of the educational product. 2) Because the Green Paper fails to recognize that one of the chief functions of the

universities is to issue certificates of merit for entry into the meritocracy, it neglects some of the knock-on costs of increasing student numbers. (Its authors don't fully grasp the fact that students are simultaneously consumers and products of the educational process.) 3) In so far as the voucher system differs from the current funding regime it would make things worse and if its defects were set right it would not differ significantly from the current regime. It is based on the delusion that students are (or can be) fully informed when making educational choices. It also neglects the fact that what the student wants when she makes her choices is often rather different from what the same student would prefer to have happened when she looks back as a graduate. 4) The quality assurance system suggested would neither ensure nor enhance quality. It's effect would be to impose a lot of meaningless bureaucratic rituals on academics which would detract from teaching and research. The problem is that the quality of a University education is determined by the quality of the individual courses on offer. But only philosophers (and to some extent their students) are competent to judge courses in philosophy, only chemists are competent to judge courses in chemistry and so on. Thus with some exceptions (eg. professional courses such as Law where the profession itself sets the standards) the only people fit to set minimum standards for providers are fellow providers. Yet the system suggested explicitly excludes providers from the 'validation agencies'. which are supposed to set the standards. It is therefore an elaborate exercise in missing the point. 5) The section on 'governance' is abysmally bad, containing some of the most cock-eyed arguments I have ever seen. The new Councils are proposed as the solution to a non-problem (that if a university goes belly-up the minister will be responsible). The document then suggests that the new Councils create the problem to which they are the solution. They are to be encouraged to adopt more adventurous financial strategies, thus making it more likely that the universities will go belly-up! There is much talk of accountability even though the new Councils will be less accountable both to the stakeholders (staff and students) and to the communities which they serve. Universities are to be modelled on CHEs which are surely among the most unpopular (and least accountable) institutions in the country. They are also marked by plummeting morale on the part of the workforce. You don't get excellence from sulky and uncooperative staff but sulky and uncooperative staff are precisely what you will get if the universities are turned into educational CHEs. 6) At present the universities are supposed to function as the 'critics and conscience' of society. But the Green

Paper treats this provision as if it had no other role than to distinguish universities from other institutions - indeed, it wonders whether an institution could still qualify as a university if it did not go in for this sort of thing. There is no recognition that this provision represents an important public good. In a democracy decisions are supposed to be made as a result of informed public debate. Part of the purpose of the universities is to ensure that debate is indeed informed and to present a range of reasoned alternatives for public consideration. If the universities are deprived of this function then public debate is liable to be impoverished. There may be no reasoned and researched alternative to current orthodoxies. (Indeed it sometimes difficult to resist the suspicion that the Green Paper is intended to foster this development and to secure the hegemony of what might be called the 'Business view of the world'. But no - the authors of this document are surely too naive to harbor such dark designs.) The conscience and critic provisions are not there in order to help us distinguish universities from other providers. They are there to protect academic freedom and promote democratic debate. They are not to be done away with simply to make it easier for private providers to undercut the universities.

If anything like the Green Paper is implemented, it will be a disaster for higher education in New Zealand. I therefore recommend to the Minister the do-nothing option. Masterly inactivity is much to be preferred to disastrous action. (Witness Mr Upton's Health Reforms.) If some sort of cap on the number of students is required the obvious solution is to insist on some minimum educational qualification for entry into the university system. Also the targeting regime could be altered so as not to disadvantage mature students. As a rule, mature students get a lot more out of a university education than bored teenagers who see the university merely as an alternative to the dole.

Unrealistic Objectives 1.

The Green Paper is based on unrealistic assumptions. Specifically it assumes that the following objectives can be jointly met:

1. That barriers to Tertiary Education are to be minimised and that opportunities for participation are to be increased (pp. 8-9). Though this is a little ambiguous it

appears to mean that universities (among others) will be required to cater to more students.

2. That this is to be done without a substantial increase in total spending. In other words, the universities will be asked to do a lot more for roughly the same amount of money.

3. That the quality of New Zealand degrees is to be maintained or even enhanced. (There is much talk in this connection of 'international credibility', 'international standards' and the 'international reputations' of providers.)

These objectives cannot be jointly met. It is impossible as things stand to teach many more students without either increasing costs or reducing quality. There are three reasons for this.

A. New Zealand degrees are already very cheap by international standards. The per capita cost of New Zealand degree is about two-thirds that of an Australian degree and the staff-to-student ratio is about half that of UK universities. This suggests that New Zealand universities are already very 'efficient', both in dollar terms and in terms of the educational productivity of academic labour. They produce more educational bangs for the buck and more bangs per staff member than their Commonwealth rivals. If the system were inefficient it would be reasonable to hope for large efficiency gains. But since the system is already very efficient by international standards, this is not a reasonable expectation. To put it bluntly, the evidence suggests that there is not much fat to be cut.

B. Teaching especially at higher levels is a labour-intensive business. This is because it is essentially an interactive process. (I stress the essentially' here. There are indications that the authors of the Green Paper hope for some sort of technological fix which will cut educational costs. This is a delusion.) Broadly speaking, the more people you have to interact with in a given amount of time, the lower the quality of the interaction. Thus the demand for more efficient teaching is a demand for lower quality interactions or an academic workforce which devotes more time to teaching. But if academics are required to devote more time to teaching, this will lead to a

decline in the quality of academic staff and hence to a decline in the quality of the teaching. (See C.)

C. There is an international market for academic labour. This means that New Zealand universities must compete to secure the services of the best overseas talent and to retain the services of their own finest products. NZ universities are too poor to offer top dollar and are likely to remain so for the foreseeable future. Therefore they must compete by offering a congenial working environment. (More specifically, they must compete by attracting promising rather than established talents who get to like the place so much that they choose to stay even after they have become established and can command a higher salary by going overseas.) Now most academics do not put themselves through the stress and penury of doing a PhD (the entry-level requirement in most disciplines) because they want to become teachers. They do it because they want to do research. They want to become famous (or at least respectable) historians, philosophers, chemists or whatever. Teaching is the price that they pay for being allowed to follow their dream. It is a price that most are glad to pay since teaching itself is a rewarding activity, and the discipline of being forced to explain your own and other people's ideas is often a stimulus to further thought and inquiry. Moreover academics nowadays are forced to be conscientious about their teaching since tenure and promotion are conditional on good student evaluations. However, most academics are in the business because they love research and enjoy teaching not because they love teaching and enjoy research. (These facts are worth stressing. The authors of the Green Paper obviously hope to improve academic performance by setting new incentives. But their efforts are foredoomed to failure as they don't seem to have the faintest idea of what makes academics tick.) Hence a scheme which cuts into research time will tend to deter promising academics from coming (or returning to) New Zealand. No academic worth his or her salt is going to come to the ends of the earth to do more teaching for less money with little or no time for research. Hence the academics you get won't be worth their salt. And the good academics that you have got already will be disposed to make love elsewhere.

The obvious objection to this argument is that maybe we don't need all these high-flying research-oriented academics in order to provide university students with a decent education. Perhaps the people we employ should be teachers pure and

simple (or 'scholars' as the Green Paper puts it, meaning by this, teachers who do a bit of reading around). There are three answers to this:

i) As the Green Paper itself admits, if it became known that NZ degrees were taught by 'scholars' (glorified high-school teachers) then their international standing would drop away to nothing. People would rightly conclude that our universities had been dumbed down to polytechnics and they would treat their products accordingly (p. 32).

ii) Research is itself a public good which it is part of the function of the universities to provide. A university composed entirely (or even mainly) of 'scholars' would only be doing a part of its job. (See above for my comments on the 'critic and conscience' provisions - though there are, of course, other worthwhile areas of research which don't directly impinge on current controversies.)

iii) As the Green Paper itself says 'Being taught in a research environment is necessary for students to learn how new knowledge is developed and critically reviewed ... such an environment is necessary to develop the level of enquiry and critical thinking expected of both undergraduate and postgraduate degrees' (p. 32). It is important that students recognize that the frontiers of (what passes for) knowledge are mobile - and who better to make them aware of this than those whose vocation it is to shift those frontiers? Other things being equal (an important proviso in this case) a teacher is more likely to make a subject come alive for a student if she has the capacity and the ambition to make a contribution to that subject herself than if she is content to retail other people's opinions (which is all that the Green Paper's 'scholars' are up to).

Thus if New Zealand degrees are to maintain their quality and their international standing, New Zealand universities must remain a congenial working environment for academics. This means that academics must have the time and the facilities to pursue their research. But the Green Paper's first two objectives - basically that the universities teach more people for the same amount of money - cannot be met unless academics spend more time teaching or less time on each student. Either way, there will be a decline in quality and ultimately in international standing. Thus the first

two objectives are incompatible with the third - that quality be maintained and even enhanced. The Government's objectives cannot be jointly met.

Unrealistic Objectives 2

But it is not just that the first two objectives are incompatible with the third. The first two objectives are incompatible with each other given the needs of employers.

At the moment a university degree functions as a social selector. It serves as an entry ticket into the professions and to leadership positions in business and the public service. It is the merit badge that lets you into the meritocracy. Now the reason it can do this is that it serves as a sign of superior brains (superior in some respects of course since there are other kinds of excellence besides academic ability). Let me stress that it is not just a sign of brains per se but of SUPERIOR brains: it is a certificate that, in certain respects at least, you are not just smart but SMARTER than other people. This is not merely a legitimate but a necessary function of a university degree. Nobody would deny this with respect to the professions. A lawyer must not merely know the law - she must be clever too or she won't do her clients justice. Ditto with doctors and so too with engineers. But some people are a little squeamish about admitting it with respect to non-vocational degrees since they think it smacks of elitism. So it does, but only in the sense that any sane person is an elitist, since it amounts to the admission that some people are smarter than others and that intellectual ability is often a desirable trait from an employer's point of view. Now the more people do degrees the less use a degree is in choosing between one person and another. If 50% of the population has a BA a B.Com or a BSc, then employers need some other criterion if they are looking for an employee in the top 20%.

One way to solve the problem would be to organize the universities as academic slaughterhouses on something like the French system. We let everybody (or almost everybody) in but we flunk them in droves. This would be both cruel and costly and it is clearly not what the Government has in mind. The alternative would be to let more people in, to maintain reasonable pass-rates (say 80%), but to encourage the smarter students to go on to higher degrees. It would no longer be the Bachelor's degree, but the Honours, the Master's or the PhD degree that served as the entry-ticket into the elite. This process is already well-advanced. Even today a C-average BA is not much of a recommendation to a prospective employer. What it says is that

you can write in sentences and that if some not-very-complicated ideas are explained to you VERY CAREFULLY you can just about manage to restate them in your own words. But as a critical thinker you can be pretty much of a zero. To distinguish themselves from the common run of bachelors the smart student needs an honours degree. For the moment, at any rate, that remains a genuine certificate of intellectual eminence.

Now, the more people do degrees, the more necessary it will be to encourage the smarter students to go on to higher things - necessary for the students themselves if they are to fulfill their potential, but necessary for prospective employers too, since they will need a new badge of intellectual merit. But here we hit a problem. Are students to be funded to do higher degrees or not? If the answer is no, then this will tend to deter the poorer students and we will get a pluto-meritocracy rather than a meritocracy pure and simple. This is unjust in itself and conflicts with the Government's goal of equality of opportunity. If the answer is yes, then the Government has to pay out a lot more money as more and more people study for higher degrees.

I have argued already that the Government's first two objectives - to increase numbers whilst containing costs - conflict with the third - to maintain the quality and international standing of New Zealand degrees. Now it seems that the first objective (to increase numbers) conflicts with the second (to contain costs) even if we let quality go hang. For the more people do bachelor's degrees, the more employers will need something extra as a proof of intellectual eminence. And justice requires that (in many cases at least) it will be the government that pays for this extra something. So even if, by some miracle, the universities can contain the costs of an increased volume of bachelors degrees, they won't be able to contain the knock-on costs of the increased number of higher degrees that employers will require.

EFTS, Vouchers and Student Choice

Even if the Government had a coherent set of objectives, the policies proposed would be counterproductive. The government hopes to cut costs and increase quality by making the system more responsive to student choice, specifically by

introducing a system of 'entitlements' or vouchers which will somehow exert a downward pressure on the cost of courses. Before considering this proposal in detail, I want to raise some general objections to the thesis that students know best what is good for them and that student choices should be allowed to determine what is taught.

General Objections

1. The rhetoric of the Green Paper suggests that students (viewed as customers) have a well-defined set of requirements and then shop around for the best provider. But many students come to university with no very clear idea of what they want or what interests them. They do not have a determinate set of preferences that are already there to be catered to. Rather their preferences are shaped in the course of the education process. And this is hardly surprising. For education is not like a biro - an item designed to meet a clear and predetermined need which can be assessed in terms of the need it is designed to meet. Education meets a rather vague set of needs and CHANGES YOU IN THE PROCESS, sometimes giving rise to a new range of requirements. For example, most students who go on in my subject (philosophy) only realize that they want to do so after they have studied the subject for a little and have been bitten by the bug. It is only after that point that they require an education which will fit them for entry into the best graduate schools. Thus student needs may not be sufficiently coherent to respond to, and even if they are, it is not clear that the universities should respond to them in their unmodified form.

2. Sometimes what students want is rubbish. I am sure the Philosophy Department at Otago could increase its market share if we were to cater to the student demand for the latest brand of politically-correct new-age nonsense (We could call it 'Applied Relativism'). But since our aim as educators is to enhance their understandings rather than to corrupt their intellects, it would be wrong for us to comply. This again illustrates a difference between education and other products which calls the market model into question. With consumer goods, the customer is always [or almost always] right. With education, it is often a case of 'Teacher knows best'.

3. Sometimes there is a low student demand for a genuine cultural good. Where this is so, it does not follow automatically that the department which provides this good

should be closed down. A university is a centre for the manufacture storage and distribution of cultural goods. Some of these, if they are to survive, need to be maintained as living traditions rather than as mummified remains slumbering on the library shelves. Thus IF THE UNIVERSITIES ARE TO FULFILL THEIR FUNCTION they should not be TOO responsive to student demand (or more properly, lack of demand) if that entails that they should only supply those cultural goods that are fashionable among students at the moment. For example, a living tradition of classical learning seems to me a good which ought to be maintained even if students are insufficiently aware of it. Pakeha culture is rooted in the classics and a knowledge of Greek and Roman culture is something that ought to be on offer in the New Zealand University system. Universities should not be too eager to 'withdraw resources' from Classics just because the present generation of students are too ignorant to see the worth of it.

4. Students as a group tend to suffer from inconsistent time-preferences. Whilst they are students, many of them want to get good grades without doing much work. Once they have graduated, they want TO HAVE BEEN to a place where a good grade denotes intelligence, a capacity for hard work and (often) mastery of some specific discipline. Thus their preferences whilst they are students are inconsistent with their preferences thereafter. In responding to student demand there is a problem about WHICH demands we respond to - the demands they have as students or the demands they acquire as alumni? I think that in the long term the right strategy is to cater to the retroactive demands of alumni rather than the present demands of undergraduates. But this may entail being UNRESPONSIVE to the preferences of the current crop of students.

5. A further difficulty with the market model (and hence with the demand that the universities be more responsive) is the fact that students are at one and the same time CONSUMERS and PRODUCTS. They consume the goods of education, but at the same time they become the products of the education system. (Since they are already in existence when they come to us, the university is a fine example of a 'value-added' industrial process.) This dual role poses an obvious problem. The demands students make as consumers may clash with demands made of them as products. What students want for themselves may not coincide with what employers or society as whole wants from them. Under these circumstances it is far

from clear that universities should be responsive to student demands rather than to the demands of the larger society.

6. The current generation of students seems to have no shared ideology and few political passions. But it was not always so and it may cease to be so in future. In which case 'responding to student demands' may mean compromising the intellectual and political autonomy of academics. Would this be desirable? I think not.

7. All this is not to say that our courses should be conducted in an arrogant disregard for the wishes of students. In fact, the current system ALREADY furnishes us with powerful incentives for taking student opinion into account. In the long term, departmental funding is largely determined by EFTS. Staff are not usually replaced if the EFTS are not there to justify it and new appointments are funded on the basis of actual or anticipated student demand. Anyone who wants her department to thrive and grow will therefore do her best to put on courses which appeal to the student body. Promotion is already partially dependent on teaching performance, so there are individual as well as departmental incentives to be responsive to student opinion. My own department makes a determined effort to lure students in. We use student surveys and feedback from the class representatives to refine our courses (especially at 100-level) and we always take student criticisms seriously.

What I am suspicious of is the suggestion that these incentives should be sharper or that the universities should be MORE responsive to student demands than they are already. Such a policy carries with it a number of risks. These include i) grade-inflation, ii) too many 'voucher-grabbing' courses which bring in the numbers but do not provide students with a proper grounding in a discipline, and iii) an undue deference to student ideological fads. (Note how in each case deferring to current student demands may go against the retrospective preferences that they acquire as alumni.) Learning difficult stuff can be fun, but it is indubitably hard work. Yet it is the difficult stuff that is usually most worth learning, not only in itself but because the learning of it exercises the mind. We should take care that being responsive to student demand does not amount to being responsive to student laziness so that what they wind up with isn't worth the knowing.

The Green Paper's Arguments

What does the Green Paper have to set against these rather obvious considerations? Why should the universities adopt a more student-focused approach? So far as I can gather from pages 11-13 the argument is this:

1. The Government is not competent to determine what mix of courses will best serve student needs and the future needs of the country (which means in practice the labour market).

Therefore

2. Students ARE competent to determine what mix of courses will best serve student needs. Moreover, their collective choices will somehow generate a mix of courses which corresponds to the future needs of the country (which means in practice the labor market). At least, students WILL be competent to determine what mix of courses will best serve their own needs once the new and enhanced KiwiCareers system is up and running.

The Green Paper's argument is what is known in logic as a non-sequitur and if someone served it up to me in an essay they would fail. The premise is probably true but it is not relevant to the conclusion.

The Green Paper's Conclusions

Still, just because the Green Paper's argument is a howler this does not prove that its conclusions are false. Bad reasoning can sometimes arrive at the right results. Perhaps this is so in the present case?

Alas, no. There are several reasons why students are typically not all that well-equipped to determine what mix of courses will serve their own or anyone else's interests. And it is unlikely that a souped-up database will be of much assistance.

a) The best advice you can give to a student, both from an intellectual and a careerist point of view, is to study what they are good at and what interests them. That way they will have a stimulating time and are likely to get good grades thus impressing future employers. (The only proviso is that they should not undertake vocational courses that lead to notoriously oversubscribed professions such as acting - unless,

that is, they are not merely talented but incandescent.) But many students don't discover what they are good at and what interests them till they are already part of the way through their university education. Up to that point, therefore, their choices are not well informed.

b) Let us suppose (as is sometimes the case) that students are motivated by purely careerist considerations and have no interest in the life of the mind. (I am inclined to add that if they are mere careerists they are less likely to have a successful career, since they won't have the mindset needed for the lifelong learning that the Green Paper makes so much of. But let it pass.) Let us suppose too that the KiwiCareers database is up and running and that these students choose what to study on the basis of current demand. Will their choices be sufficiently informed? No - and for two reasons. Firstly they may discover a rooted aversion to the in-demand course of study. However lucrative it may be, it is a mistake to base your life on something you loathe. Secondly the KiwiCareers database will only be able to tell them what is in demand NOW not what will be in demand three or four years down the track. By that time conditions may have changed.

c) This brings me to a third problem. The Green Paper assumes that student choices will lead to a mix of courses that will serve the future needs of the employers. No mechanism is suggested to bring this about. Apparently, the future demands of the market will exercise a magical influence on current student choices leading to a sort of pre-established harmony. (The magic must be really special since it involves backwards causation.) In fact the system that the Green paper proposes may well lead to the kinds of gluts and shortages that are usually associated with government planning. Consciously or not, the Green Paper assumes that most students are pure careerists who choose their courses of study on the basis of perceived employment opportunities. It proposes to help them make these choices by giving them the best information possible in the form of a detailed database. Now suppose these careerists study the database and come to the conclusion that information scientists are currently in demand. They will therefore opt for information science in droves, whilst the universities bust a gut in trying to accommodate them. Three or four years down the track there will a glut of information scientists. Many of these careerists will find themselves on the scrapheap and the boom departments of information science will go into catastrophic decline as student demand drops away. The new

generation of students, viewing this disaster, shuns information science like the plague and six-to-eight years down the track information scientists are in demand again. Such a succession of gluts and shortages would be bad for employers, bad for students and bad for the universities. But it is at least a likely consequence of making the system even more responsive to student demand than it already is.

How must students behave if this boom/bust cycle is to be avoided? The answer is that they should not worry too much about what is in demand but should study what interests them unless it leads to a permanently and notoriously overstaffed profession such as acting. They should behave like intellectuals rather than careerists since the collective decisions of careerists tend to frustrate their own career prospects. Thus much of the detail in the database will go to waste. But this is to be expected since the details that careerists really need to know are necessarily unavailable. For they are details about what will be in demand in three or four years time not details about what is in demand now.

New Zealand's Universities are already demand-driven enterprises. There is no good reason to make them any more demand-driven than they already are and several reasons to do otherwise. With this in mind, I turn to the topic of vouchers or, as the Green Paper has it, of 'entitlements'.

EFTS Versus Vouchers 1: Responsiveness

As I have already emphasized, the universities are demand-driven enterprises. But the EFTS-based system buffers individual departments from the vagaries of student demand and allows the universities to resist market forces where this seems to be academically desirable.

Since the number of students determines the level of funding, universities are under strong (perhaps excessive) pressure to attract students. The university has a strong incentive to pass this pressure down to the divisions and departments since as an educational enterprise it is very much the sum of its parts. If the individual courses don't attract students then over time the university itself ceases to do so. Thus virtue (or popularity) must be rewarded and vice (or unpopularity) punished. If this is not done, departments have no incentive to strive for popularity, since their only reward is to teach more students and to subsidize their less popular colleagues. This means

that generally speaking, if a post falls vacant within a department, it won't be filled unless the EFTS are there to pay for it. And there is no realistic prospect of new posts unless the department in question can increase its share of EFTS. Most academics are, in a mild way, empire-builders, since, other things being equal, a big department means there are more people to talk to about the subjects that they love. And as I have noted already, good student evaluations are necessary for promotion. (It is also much more rewarding to teach a class which the students enjoy and satisfied customers tend to generate more custom.) Thus at the individual level, as well as the departmental level, there is plenty of incentive to respond to and anticipate student demand. Indeed, the incentives often seem to me a little too strong, prompting academics to devise meretricious courses which bring in the numbers (or are intended to bring in the numbers) even though they don't teach anything of lasting value.

But although there are strong incentives to be popular, departments are buffered against short-term fluctuations in departmental EFTS. Because the universities are bulk-funded, and because most staff have permanent jobs, departmental staff-numbers reflect popularity over time rather than year-to-year fluctuations in student demand. A limited amount of cross-subsidization is also possible. In the Commerce Division at Otago, Economics is not a popular subject, perhaps because it is more difficult than Management or Marketing. Nevertheless, it remains a fairly large department because it provides the Division with its intellectual backbone. The other departments are prepared to cough up some of their EFTS-generated income to support economics, even though it is a debtor department.

Now, the Green Paper seems to be committed to two contentious claims:

- 1) That the current system is not 'responsive' enough;
- and
- 2) That a system based on vouchers or entitlements would be more responsive.

Claim 1) splits into two distinct sub-theses:

- 1a) That there are student demands that are not being met.
- and

1b) That these demands ought to be met.

Both 1a) and 1b) are essential to 1) since there might be unmet demands which it would be wrong of 'providers' to meet, e.g. for meretricious courses of no lasting educational value (astrology). In which case, providers might be responsive enough even though there were some unmet demands. But now we hit a problem. For it is not just that the Green Paper provides no evidence for claim 1) - its authors don't even make it clear what kind of unmet demand they have in mind. THE GREEN PAPER DOES NOT PROVIDE A SINGLE EXAMPLE OF AN UNMET DEMAND, (NOT EVEN AN IMAGINARY ONE!) LET ALONE OF AN UNMET DEMAND THAT OUGHT TO BE MET. Thus there is no evidence whatsoever for one of the central claims of the Green Paper, that the universities are insufficiently responsive to student demands. Now this claim constitutes one of the chief arguments for reform (since the reason the universities need a make-over is to make them more responsive). But if there is no reason to believe it, then the argument evaporates.

But perhaps I am being unkind. I have heard rumors of unmet demands particularly in the Commerce Division. It seems that more students want to do Management and Marketing than they can comfortably teach. Let us suppose that these rumors are true. Does this show that the University of Otago is insufficiently responsive to student demands? No. For it is not clear that these demands ought to be met. If, as I believe, there is a glut of Marketing graduates and they have considerable difficulty in finding a job, then it would be better if they could be persuaded to drop their demands.

Of course, even if the authors of the Green paper could a) point to unmet demands and b) demonstrate that these demands ought to be met, this would not be enough to establish their case. To prove that 'unresponsiveness' is a major problem (sufficiently major to justify drastic reforms) they don't just need pockets of unmet demands. or even pockets of unmet but reasonable demands - they need to show that the problem is endemic. And this they have conspicuously failed to do.

But it is worse than that. To justify a particular set of reforms they need to show not only that there is a problem (and a serious problem too) but that the reforms they suggest will solve the problem. They need not just 1a) and 1b) and an argument that

these problems are endemic - they need an argument for 2), the claim that a voucher based system will be more responsive than an EFTS-based one. Now, I don't believe that unmet but reasonable demands constitute a major problem. Thus the Green Paper's argument fails at the first hurdle. But I do think that there are pockets of unmet demand. So I can ask whether the Green Paper's 'solution' would help to solve this problem. (Even if it did the reforms would not be justified, though they might be justified if the problem became endemic.) Now why is it that departments like Management and Marketing are struggling to respond to student demand? Has this got anything to do with the EFTS-based system? No. The problem is a purely local one. They can't get good staff (where 'good' means appropriately qualified). Why this is so, I do not know, but it is a notorious fact that the Commerce Division has a problem attracting qualified staff and that the staff it does manage to attract tend to be rather less qualified than their counterparts in the Sciences and the Humanities. Would a voucher-based system solve this problem? No it would not. So even if there were a major problem of unmet but legitimate student demands, it is not clear that a voucher system would help to solve it.

There is another problem with the Green Paper's response-fetishism. If 'responsiveness' means anything it means that departments must be prepared to put on courses at short notice in response to student demand. But creating a university-level course is a complex and demanding business and to do it properly takes time. (It is a bit like the 'good things' that they go on about in the famous cheese commercial.) The lecturer must master a large body of information and theory, much of quite difficult. Even though she has a lot of background knowledge she is unlikely to start out as an expert in all the topics she will be required to teach. (Although I had published articles on the Philosophy of Religion, I soon discovered when I started to teach it that there was a lot I did not know.) She must digest this material and then work out how to present it in a clear, interesting and preferably an amusing way. These are no light tasks. Now I don't want to exaggerate. Like most academics of my generation, I have had the experience of having to get up a course at short notice. And since I am a reasonably good teacher I did a creditable job, even though I sometimes felt I was just a couple of jumps ahead of my best students. But the first time I taught it, it was nowhere near as good as it subsequently became. Thus a hyper-responsive system of the kind the Green Paper appears to favor is

unlikely produce responses of the highest quality. And changing the funding system won't alter this fact.

I sometimes wonder whether the problem of unmet demands is really the issue. It may be that when the authors of the Green paper say that this system is insufficiently responsive they have something else in mind. I suspect that what they object to in the EFTS-based system is precisely the fact that it allows both for buffering and for cross-subsidization. Perhaps they would prefer a system in which each department consisted of a core of permanent staff surrounded by a penumbra of casual laborers employed on a year-by-year basis in response to fluctuating student demand. But if this is what they want they should say so, and they should also explain why such a system would be a good idea. In particular, they need to explain how it can be reconciled with two other objectives - that teaching standards are to be maintained and that NZ degrees should preserve their international standing. At the moment teaching posts in our universities can attract an international field of applicants. But what qualified person will come to the ends of the earth on the off-chance that they might be employed for a one-year stretch if there are enough students to justify it? About a third of all staff will be casual academic laborers, and these casual laborers will be New Zealanders studying for higher degrees, not qualified persons from all over as at present. (They won't even be the best of the bunch since the most gifted graduates will be studying overseas.) This is not a recipe for quality. Even if such a system is what the authors of the Green paper desire, and even if it is desirable (a very contentious point), they still need to prove that voucher-based funding is conducive to such a system. For they seem to envisage that student entitlement will be paid to the university not to the individual department. If this is what is intended, it will still be a bulk-funding system. Since the universities total income will be reasonably predictable it will be possible to employ permanent staff and to buffer them against year-to year fluctuations in student demand. If the possibility of buffering represents a defect (which I don't believe it does) it is a defect shared by both funding systems.

EFTS Versus Vouchers 2: Costs.

The Green paper complains that the current system has weak incentives to contain costs (p. 10). If this is part of the problem with the present funding model and if the shift to a 'more student-focused resourcing' (p. 13) is supposed to be the solution, this presumably means that the voucher system is supposed to drive down costs.

I shall argue 1) that the incentives are quite strong enough already; 2) that although the voucher system could be configured so as to exert more downward pressure on costs, this would have the side-effect of destroying science education in New Zealand's universities; 3) that if the voucher system were reconfigured so as to avoid this outcome, it would not be significantly different from the EFTS-based approach.

1) If the incentives to contain costs are as weak as the Green paper appears to think, why are costs so efficiently contained? As I have remarked already, New Zealand degrees are two-thirds of the price of Australian degrees and are manufactured with half the manpower of British degrees. If a private company without any special advantages in terms of resources could manufacture a product at between two-thirds and one-half the price of its international competitors, it would be absurd to say that the internal incentives to contain costs were too weak. Isn't it equally absurd to say so in the present case? Even if the incentives could be stronger it is not clear that it would be a good idea to make them so. When a product is already cheap, it is difficult to make it any cheaper without reducing 'quality'.

2) The crucial question is what the vouchers or entitlements are supposed to be entitlements to. Do they entitle the bearer to (a percentage of) so many units of educational value, say the equivalent of a degree in any subject, no matter how expensive that subject is to teach? Or do they entitle the bearer to so many dollars-worth of education? If it is the first then it is hard to see how there could be any further downward pressure on costs. The Government would still be committed to paying 75% (or whatever) of tuition costs, with the universities determining what those costs would be - which is precisely the situation at the moment. But if everybody (or everybody who reaches the appropriate educational standard) gets a flat-rate dollar-entitlement, things would be different, especially if the bearers were entitled to pocket any surplus remaining at the end of the educational process or to use it to help pay off their debts. This would give students a very strong incentive to

to seek out cheap courses and for providers to cut costs so as to meet their demands. (It would be a bonanza for my own subject, philosophy, which is one of the cheapest to teach.) There would also be an incentive not to push ones education beyond a certain point but (if the Government favored higher degrees) this could be dealt with by awarding extra entitlements on the basis of educational achievement (the right form of rationing anyway). Some students would be willing to study expensive but lucrative subjects such as medicine (though there would be a strong pressure to pass on the costs of their education to Vote Health in the form of higher salaries). But what students would NOT be prepared to do would be to undertake huge debts in order to study subjects which did not result in very high-paid jobs. Now the sciences are necessarily expensive to teach. Thus science departments would have to impose huge fees on their students to defray costs. But scientists in New Zealand are also badly paid. At the moment there are enough people who are sufficiently devoted to the sciences to study them even though the financial rewards at the end of it don't amount to much. But if this scheme is implemented only a minority of the very dedicated would undertake a course of study that would lead not merely to a badly-paid job but to a life of perpetual debt. As a result, science departments would collapse as their fees-based income dropped away to almost nothing. Some might survive as research outfits but as educational institutions they would be done for. Some conscientious universities might try to solve the problem by imposing a flat average fee. But they would be speedily punished by the market. For students in Commerce, Law and the Humanities would obviously prefer to go to universities where they would not have to rack up debts subsidizing the sciences. Thus a system of flat-rate entitlements would certainly drive down costs. But it would also wreck the sciences.

c) The Green Paper displays some dim inklings of this problem (pp. 20-21) and seems to prefer a system of differential subsidies. Because its authors have a paranoid suspicion of 'game-playing' by institutions, they want a flat-rate subsidy for most courses (by which I think they mean course in Law, Commerce and the Humanities) with 'top-ups' for such things as veterinary science, science, medicine and dentistry. Well and good. But now we have a system that differs hardly at all from the current one. The only difference is that the universities won't be quite sure of their income until students have either signed up or completed. Perhaps this will

impose a wholesome discipline on departments since they will have to retain their students in order to get paid. But there is no new mechanism to drive down costs.

Conclusion

I have argued for the following claims:

A) The Green Paper gives no reason to suppose the the universities are not responsive enough.

B) Thus there is no evidence and no argument for a key thesis - that the universities need to be more responsive to student demands.

C) But there are reasons to think otherwise i.e. that universities can be too responsive and that they may be too responsive already.

D) The new voucher system would not make the universities any more responsive - at least not in a way which makes educational sense.

E) One variant of the voucher system would exert a downward pressure on costs. It would also destroy the sciences.

F) The system that the Green Paper appears to favour would not have these disastrous consequences. But it would not be significantly different from the current system.

Thus the reforms (in this case the voucher system) represent a non-solution to a non-problem (the alleged need for more responsiveness). This is characteristic of the Green paper.

Quality Control

The Plan

The Green paper plans to set a Minimum Quality Threshold for all tertiary providers. The operation will be under the overall control of the NZQA who will delegate to quality validation agencies. The personnel within these agencies will

have expertise across a wide range of providers and programs but will not themselves be 'providers' (i.e. teachers or researchers). Providers (in this case departments?) would apply to these agencies to have the quality of their programs approved. This suggests (an important point) that it is the quality of the programs, of the various courses and combinations of courses on offer that is at issue, and that it is these that should be assessed. Presumably this means that validation should be carried out on a course-by-course (or at least, a department-by-department) basis. This certainly makes sense, since the overall quality of a teaching institution is determined by the quality of the individual courses and programs on offer.

The Problem

What is the problem to which this is the solution?

Even if (as I shall suggest) New Zealand universities are middling to good by US standards, there may still be pockets of mediocrity or even rottenness. It is true that the inhabitants of these pockets will tend not to be promoted since they won't get good teaching evaluations, but unpromoted rottenness might still persist for some time. Moreover, the Green Paper envisages private providers competing with the state-run universities. and there needs to be some system to ensure that these are kept up to the mark. Thus an external check on the quality of departments and programs is quite a good idea. In fact, several universities already run such checks in the form of departmental audits.

So in this case, at least, the Green Paper is trying to solve a genuine problem even if it is a problem that the universities are already have in hand. But this does not mean that it is a good solution. I shall argue that it is not.

A Non-Solution to a Genuine Problem

The problem with the solution lies with the personnel. The validation agencies are supposed to consist of people who are not providers themselves but nevertheless have expertise across a wide range of providers and programs. There are no such people. Generally speaking only a philosopher is fit to judge another philosopher, only a chemist is fit to judge another chemist and so on. There are qualifications to this of course. Students can tell whether a teacher (whether of philosophy or

anything else) is dull or interesting, clear or confusing (which is why student evaluations are such a good idea) Experts on educational technique can assess such things as voice-projection and whether or not the teacher asks enough questions to get the class involved. But even with respect to the mechanics of teaching, there is less scope for interdisciplinary expertise than you might think. This is because the best method of teaching is partly determined by what is taught. And when it comes to content only fellow-scholar or a fellow-scientist is fit to judge. Nobody except a fellow-philosopher (and not many of them) can tell for sure whether I am doing a good job with my course on Hobbes and Hume and this is because most people (and this includes most philosophers) don't know enough about Hume and Hobbes.

There are some trades where it is possible to say in considerable detail what a competent practitioner needs to know. A plumber must know how to do this, that or the other specific thing, must understand certain basic facts about the physics of water and the mechanics of heating systems and so on. It is therefore possible to say in some detail what a course on plumbing needs to include if it is to cover all the bases. But any attempt to specify what ought to be covered in a first-year metaphysics course would soon descend into vague generalities, not because metaphysics is a matter of vague generalities but because there are so many different ways to approach the subject. Thus there probably ought to be something about the mind-body problem (though there are many different approaches to this) about freedom and determinism and about the existence or otherwise of God. But exactly what there should be is very much a matter of individual judgment. When it comes to, say, a third year course on the philosophy of language, it is even more difficult to define minimum standards or necessary content. The only way to approximate this would be to take the syllabi of the top ten courses on the philosophy of language in Australasia, and to say that a good course ought to include a subset of the topics covered.

Perhaps because of these considerations the Green Paper's Quality Assurance Standard (Appendix C) focuses on processes (policies for achieving quality) rather than outcomes (the quality and content of the teaching and research). Moreover the requirements on policy are stated in rather general terms so that in theory, at least, a department's policies could be assessed by someone who did not know much about the discipline in question.

I think that this approach is worthless, principally because there is no way to check whether the policies are really being acted on. I am fortified in this belief by my experience of the 'Quality Process' at Otago in the run-up the Academic Audit. We were all encouraged to produce reams of paper detailing our policies on this, that and the other thing but there was no effective check on whether we were putting them into practice. A process-focused approach tends in practice to be a paper-focused approach. Without an expensive in-depth investigation for which they are not intellectually equipped, the quality validation agencies will have no way of knowing whether the documents presented to them describing the processes of providers are anything more than 'wanky bits of paper' (as a friend of mine felicitously put it). There will be no genuine assurance of quality merely an assurance that the providers in question can spout the right jargon.

An Alternative Solution

I suggest that the quality validation agencies should focus on outcomes rather than processes, on research done and courses offered rather than on a set of 'policies' which may well be more honored in the breach than in the observance. To do this effectively, they will need to hire 'providers', i.e. academics in the relevant discipline on short-term contracts. Their business will be to audit classes, and to examine course materials and research records with a view to determining whether the department in question is genuinely up to snuff. This means, of course, that philosophers will be judging philosophers and chemists, chemists. But when it comes right down to it, these are the only people who are competent to do so. If peer review is thought adequate to monitor the quality of academic papers why shouldn't it be adequate to monitor the quality of academic programs? (Especially as the quality evaluation agencies won't be solely composed of seconded peers but will presumably be based around a core of professional evaluators.) Such a scheme would provide much less of an incentive for bullshit and bureaucratic ritual than the current proposal. And it would constitute a much more effective check on quality.

Governance

The Green Paper is not a salubrious document but the real intellectual slum is the section on Governance and Accountability. The chief proposal is that the semi-elected Councils be replaced by new Councils composed solely of ministerial

appointees who are to be appointed mainly on the basis of business acumen. The chief argument for this scheme has two steps. 1) Since it is the Government rather than the local community that bears the risk if a university is mismanaged, it is the Government rather than the Government-plus-the-local-community that owns the institution. 2) Since it is the Government, and in particular the Minister of Education, that would carry the can if a university went belly-up the Minister should have the power to determine financial policy by appointing the board.

Step 1) is a non-sequitur. The person who bears the risks of an enterprise is not necessarily the owner, let alone the sole owner. If my son runs a business and asks me to guarantee a loan it is I who will suffer the most if his business goes bust. It does not follow that I own the business. Besides, it is not even clear that it is the Government that bears the principal risk. If the University of Otago really went bust, the Dunedin community would suffer a lot more than the Minister in Wellington. They have much more of an interest in seeing that it is properly managed.

Step 2) is slightly different. An appointed Council is supposed to be the solution to the problem of financial mismanagement. Because the Minister would be responsible if the universities went belly-up, he ought to have the power to stop it happening. The trouble is that (as the Green paper admits) he already has the power and the risk is negligible. He has the power because 'the TEI must seek the Secretary for Education's approval for most proposals to borrow or dispose of assets' (p. 50). And the risk is low because the universities are usually managed in a very conservative manner leading to 'a very low level of private debt'. Thus the appointed Councils are the solution to a non-problem.

Having argued for the appointed Councils as the solution to a non-problem, the Green Paper advocates that they create the problem to which they are the solution. The new Councils are to be encouraged to adopt much more adventurous financial strategies, thus making them more likely to go belly-up. Of course, they are supposed to have the expertise to avoid such disasters, but if 'business expertise' made you proof against such catastrophes Japan, Korea and Indonesia would not be suffering financial crises.

The other argument used to justify the new Councils is that appointed bodies are somehow more efficient than elected ones. Not a shred of evidence is given for this repeated assertion and the arguments, such as they are, rely on premises that are just as dubious as the claim they purport to prove (e.g. that 'diffuse accountabilities create weak incentives'). The authors of the Green Paper don't seem to realise that if the supposed inefficiency of elected bodies provides a good argument against democracy in the running of universities, it also provides a good argument against democracy in the running of nation states. But I don't suppose the Minister is willing to have himself replaced by an appointee. In fact, in the crucible of war, democracies have generally won out against oligarchies and dictatorships. Which suggests that elected bodies may not be so inefficient after all.

Again, the Green paper claims that there are no clear mechanisms by which stakeholder representatives are accountable to their constituent groups. Even if this were true, it would surely give us a reason for making them more accountable not for replacing them with appointed officials who won't be accountable at all. But in fact, the mechanism of accountability between the stakeholder representatives and their constituent groups is just the same as that between any elected official and his or her electorate. If they don't do a good job, they won't get reelected. If this mechanism is so feeble that the stakeholder representatives cannot really be said to represent their constituents, then the mechanism of accountability between the Minister and the people of New Zealand is too feeble too, and he cannot convincingly pose as their representative either. But it is only as the representative of the people that he can claim to own the universities.

But it is a tedious and thankless task trying to unwind the corkscrew logic of the section on Governance. Suffice to say that the Green Paper fails - and fails wretchedly - to justify its central proposal - that semi-elected councils be replaced with Government appointees.

And there are reasons against it too, such as the fact that staff, students and the local communities value their places on the Councils and do not want to see them run by the Minister's minions. It is particularly odd that a document which makes so much of responding to student demands does not want to respond to their demand for political representation at the Council board. Apparently they can only have a say in

the running of the institutions they live and work in by exercising their purchasing power. If this were enough for the customers of IBM, there would not need to be an IBM Users' Group. And if this were enough for students they would not have campaigned so vigorously for representation all those years ago. As for academics, they are expected to collaborate with the Council's decisions even though they have no say in the making of them. This is not very realistic. People work much better if they can 'own' the policies that they are asked to implement (an obvious point, but one backed by empirical data). But academics are not likely to 'own' a set of policies which are dictated to them from on high. The Government hopes for a dynamic and responsive Tertiary Sector marked by a commitment to quality and international standards. They won't get it by stomping on people's toes.

The Do-Nothing Option

I once read an account of an international dispute between Britain and the United States in the late Nineteenth Century. This included the following remark: 'Lord Salisbury [the Foreign Secretary] was admirably suited to deal with this crisis. He did nothing.' In many cases (though not, of course, all) political problems can be solved by doing nothing, since after a while they simply go away. In other cases doing nothing is not the best solution but it is a lot better than the one that the government actually opts for. I suspect that the option of busily doing nothing is often omitted from ministerial agendas (perhaps because of provider-capture by policy analysts who tend to lose their *raison d'être* under a regime of masterly inactivity). But a wise minister should always remember that nothing may well be better than some of the things he is advised to do. I want to suggest that the Do-Nothing option is the best solution to the 'problem' of the New Zealand Universities. For it is not clear that there is a problem to be solved in the first place. New Zealand universities are already about as good as it is reasonable to expect them to be; certainly as good as they can be made by government action. To begin with New Zealand's universities are efficient, that is, cost-effective as teaching institutions. New Zealand degrees are cheap by international standards but they are still fairly good and are respected as such overseas (as is shown by the number of New Zealand students who win places in prestigious US graduate schools). It might be possible to make them cheaper but only at the risk of reducing both their quality and their international standing. As to the overall quality of New Zealand's universities, it is as good as it is reasonable to hope for given current levels of expenditure. I have

discussed this matter with a colleague, a graduate of one of the prestigious University of Chicago who has taught at some of the best and some of the worst US universities (Cornell when he was old and famous, East Kentucky when he was young and unknown) as well as heading a department at Otago for nearly thirty years. In his view, the top New Zealand universities (Otago, Auckland) are at about the seventy-fifth percentile of US universities with Canterbury not far behind, and the others trailing down to Massey and Lincoln at about the fiftieth. In other words ALL New Zealand universities are better than about HALF the US universities, and three out of seven New Zealand universities are better than 70% of their US counterparts. If this is correct - and it is about as well-informed a judgement as you are likely to get - then it is something to be proud of. Indeed it suggests that the New Zealand university system constitutes a prime example of something which does not need to be fixed because it ain't broke. You might reply that even if they are better than 50% of US universities they are still worse than 25%, so there is plenty of room for improvement. Certainly individuals and individual departments can hope to do better than this (I'm not content with the 75th percentile myself). But there is a reason why large overall improvements are not very likely. The 25% of American universities that are better than New Zealand universities are better chiefly because they have more money. This means that so far as research is concerned they can afford to buy top-talent off the shelf and to support that top-talent in its research endeavours. (Indeed, one of the things which militates against excellence in New Zealand universities is that once that excellence is achieved, the excellent are liable to be lured to America by a top university which is prepared to pay a higher salary and to offer better facilities.) So far as teaching is concerned, the top US universities can afford to maintain higher staff/student ratios which are one of the chief factors in maintaining teaching excellence. To put the point another way, it is difficult but possible to be both cheap and good, and this is something that most New Zealand universities can manage to do. But to be cheap and excellent verges on the impossible and it certainly won't be achieved by the policies mooted in the Green Paper.

But even if I am right about the impossibility of matching Harvard or UCLA, mightn't it be possible to make some improvements - say to raise the average level of the New Zealand universities by about 5%? And wouldn't a sharpening of incentives plus a quality assurance program contribute to that end? The answer to

the first question is perhaps yes and the answer to the second is no. Yes New Zealand universities can do a bit better, but this will be piecemeal matter of individual departments putting on better courses and individual academics doing better research. It will be a case of improvements made at the micro-level by people who feel valued and secure. But no, a sharpening of incentives is unlikely to do the trick as the incentives are sharp enough already. At the collective level, the EFTS-based system gives universities and departments within those universities a strong incentive to put on popular and accessible courses. (Indeed, the incentives are already strong enough to tempt some departments into grade-inflation and to putting on meretricious courses which pander to the lowest common denominator.) Departmental prestige is largely determined by research records and since academics are prestige-driven entities, this gives departments a strong incentive to foster research when making appointments and setting internal policies. At the individual level, promotion is now largely based on teaching evaluations and research records. This provides academics with an admirable incentive to give of their best. I can't see what good it would do to sharpen the incentives further, since on the whole people work better if they are lured by carrots rather than driven by sticks. As for the 'Quality Assurance Threshold', it is a costly and bureaucratic solution to a non-problem since there cannot be many courses at NZ universities which fall beneath a reasonable minimum and even if there are, the program suggested would be unlikely to find them out.

The one genuine problem raised by the Green Paper is that more and more people want to go to university and it is difficult to see how they can be accommodated without increasing costs. But just because lots of people want to go to university, it does not follow that it would be a good thing if they went. It is hard to see what public (or private) purpose is likely to be served by a plethora of low-grade B.As, B.Sc.s and B.Com.s unless it is to keep people off the streets. The obvious solution is to ration this public good on the basis of academic merit i.e. to confine it to those who can expect to derive some benefit from it. If the government wishes to secure higher participation rates on the part of Maori and other disadvantaged groups, the solution is an improved and properly funded state school system. This will encourage everyone to fulfill their intellectual potential, and will therefore ensure that everyone with the brains to do so will be able to meet the entrance qualification. Apart from this it would be better to target subsidies at mature students rather than

the young since mature students (on the whole) get more out of a university education, largely because they are prepared to put more in. I suspect this would also have the side-effect of increasing the levels of participation on the part of more disadvantaged groups.