

Regulation by markets and the Bradley Review of Australian higher education

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Markets have a number of uses. One increasingly important use of markets by politicians is as a means of regulating the supply and distribution of goods and services formerly supplied and distributed by governments on non-market bases. The use of markets as a regulator of higher education is not novel. However, the increased reliance on markets as a regulator of higher education is an on-going experiment with certain predictable failures. This article explores the uses of the market in the supply and distribution of higher education and weighs it against the stated policy objectives, with particular attention to the application proposed in the Bradley Review.

Introduction

Markets in education are not new. Indeed, Adam Smith considered their potential in education. (Pusser 2006) *The Bradley Review of Australian Higher Education* ('Bradley Review') (Bradley, Noonan, Nugent, & Scales, 2008) recommends regulating the university and tertiary education providers by markets and in particular by way of competition between higher education organisations for student consumers empowered with vouchers and by way of competition for funding for teaching and research. There are serious drawbacks to the approach which appear not to have been considered. This article, while focused on the voucher system, places it in the larger discussion of markets in higher education. In order to understand how markets may work as regulators, a review of market thinking and assumptions is necessary.

Market theory and market as regulator

There are three levels of thinking about markets. At a primary level, markets are means of distributing goods by bringing together sellers and buyers who transact for purposes of exchange. The basis for exchange in markets is mutual benefit; the seller benefits through increased wealth, the buyer via possession of the good. Markets in a capitalist context are operated for the purpose of wealth creation, not for purposes of distribution. The mechanism for the distribution is price, that is the value of the good expressed in monetary terms. Price does not have an objective basis but rests on perceptions about the relative need and resources of the parties vis-à-vis the good possessed by the other.

At a secondary level, markets are believed to carry another set of innate benefits. These benefits are efficiency, innovation, and diversity. These benefits are

deemed to occur because improved efficiency leads to improved profits, innovation leads to new sales, as does diversity. These benefits are believed to be the natural result of the mechanism of competition. The relationship between these secondary goods and competition is not at all clear. Nevertheless, it is these secondary benefits of markets that politicians wish to capitalise on in their efforts to introduce markets into higher education. Moving to a third level of thinking about markets, the level of the individual and the collective, i.e. the production and distribution of goods and resources, the idea is that the market is the most efficient and effective means of determining production and distribution by allowing producing and consuming individuals to pursue their own private self-interests. This approach it is believed will lead to the optimal distribution and ultimately public social good.

In a perfect market, every party is able to achieve optimal personal ends and suitably protected by having complete, correct and timely information, perfect decision making abilities, clear commensurate, stable preferences, supported by clear contracting and property rights. Importantly, as the objective of the overall exercise, at least according to Adam Smith, is the betterment of society, the aggregate of individual's private welfare is considered the equivalent of the common good – Nobel prize winning theory to the contrary notwithstanding (Arrow 1963). In other words, there is no need for any public accountability for public goods.

Markets are effective in theory because most parties are able to get what they want – whether goods and services or profit – all other things being equal. The problem of course is that the governing condition, 'all other things being equal' seldom if ever occurs. Inequalities in purchasing power stand out, possession of accurate information and access to goods, stand out among other things. Accordingly, using the market as a regulator includes an assumption of acceptance of a certain amount of market failure, a questionable assumption as the recent multi-trillion dollar collapse and recession indicates. Finally, it assumes certain beliefs about objectives, goods and accountability. These include that the only objective is satisfaction of individuals' private personal aspirations, that individuals have no public, collective aspiration for Australia, or the world in which they live, that higher education is exclusively a private economic good, and that matching of payment, production and distribution is sufficient accountability to all the participants individually and as a society.

Markets in higher education

Policy makers have been using certain market mechanisms for some time in regulating higher education (Dill 1997a). They do so for a number of reasons:

1. To increase resources.
2. To increase choice for students by increasing diversity in higher education.
3. To improve quality (Newman, Courtourier & Scurry, 2004), and
4. To increase both overall participation and participation of marginalised groups. These objectives are believed to be a natural result of competition.

Each of these laudable objectives will be discussed in turn. The first policy objective, increasing resources, can be achieved by increasing efficiency or by finding new sources of revenue. Improving efficiency is a standard in policy objective and as noted above, it is believed to be a natural outcome of competition (Goedegebuure, de Boer & Meek, 1998). Competition, it is argued, encourages managers to improve efficiency by pressuring them seek to provide the same quality and quantity of service with less input to increase profits. However, it should be noted that management under pressure lack the time and resources necessary for careful analysis, deliberation and experimentation to correctly identify efficiencies, or even evaluate whether or not potential efficiencies exist without compromising quality or effectiveness. In a scarce resources environment under pressure, management will compromise quality and/or quantity and the safest of the two options will most likely be followed. Given that quantity is much easier to measure than quality, it is clear that in a resource starved environment, managers are most likely to cut quality.

This quality reduction coordinates with the second strategy for increasing resources – cutting expenses. Higher education is a labour intensive activity with more than 70 per cent of operating costs going to labour costs. Therefore, to reduce labour costs, university management must increase reliance on cheaper part-time, casual and sessional lecturers, as well as making significant investments in information technology in the hope that it will serve as a substitute for academic labour. Although some efficiencies may have been achieved by the use of IT, as Bradley reports, the efficacy appears to be lacking particularly from the students' perspective as they place a high value on contact with the academics. The third strategy for increasing resources by increasing revenue has been implemented

by the tactics of bringing in fee paying international and domestic students, and selling higher education services more broadly. These tactics certainly have increased revenue and follow a competitive model.

It is unlikely that this will be the only outcome of competition. Competition comes at a cost. As noted, quality and efficiency are neither the only nor necessary outcomes of competition. Competition among desperate organisations produces a number of outcomes, including collusion, corruption, debasing of products, and the abuse of trust of workers, suppliers and customers. These negative effects of competition have had significant impacts on the university. Among these negative effects is an increased discontent and declining morale among members of the academic profession, (Anderson, Johnson & Saha 2002; Davis & Ferreira 2006) reduced quality, and even as the case of the University of Newcastle demonstrated, corruption (Cripps 2005).

With respect to the second policy objective of competition, increasing choice and diversity competition the more likely is just the opposite. The choices offered to students will be those that are most profitable to the university – as the federal government learned when nursing and teacher training programmes were closed (Game, 2004) despite chronic shortages. Further, choices will be further constrained to those courses which are currently popular, often a reflection of pop culture – whether 'LA Law' or video game design. Diversity decreases further as only those courses that promise immediate entry into lucrative careers which are economically viable with a student base of 15 to 20 are maintained. Law professor Cass Sunstein argues that public interest requires governments to take into consideration non-economic interests, and among other things the importance of preference formation where commercial markets dominate society and threaten public space. In such instances, Sunstein observes, there is a prima facie case for not relying on markets but re-organising systems to advance the more widely conceived notions of public good and social welfare (Sunstein 1990, cited in Morgan & Yeung 2007).

Diversity will further decline as organisations under pressure cannot afford to take entrepreneurial risks.

Risk taking requires the extra resources that may be needed to recover from an error. It is poor management to risk an enterprise's survival on a new and innovative form of activity when models that are demonstrably survivable are available in the environment. An organisation can afford innovative risk taking with its surplus, not with its foundation. Competition in an established endeavour like higher education promotes isomorphism as the organisations seek to emulate and compete on the standards set by the leading successful organisations (DiMaggio & Powell 1983). In an established area where the standards for the competition have already been set, as in the case of the university, for more than a thousand years, the primary question is whether one wishes to participate in that competition or be outside it all together. Competition in this market does not create diversity (Meek & Wood 1997 and Meek 2000).

The third policy objective for introducing markets into higher education is quality. In order to have a market based on quality, information on quality must be carefully collected, complete, correct and timely. Further it requires consumer to

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make decision on the basis of the qualities promoted by the policy makers. Information in markets is a serious problem and one of the four basic types of market failure. Nonetheless, it is hoped that markets will pressure universities to improve quality by the publication of rankings. The impact of markets on quality in higher education has been studied by Zemsky (2005). Zemsky observes that competitive markets as found in university ranking, which students and their parents use for decision making, fails to stimulate quality improvements for a number of reasons. Perhaps most significantly, students and their parents are not particularly interested in making decisions based on quality indicators (Zemsky 2005). While a small cohort of particularly keen students will make their decision based on that information, so-called 'zoomers', who use prestigious universities to fast track prestigious careers, the rest of the students are 'amblers' and 'bloomers' who develop as a result of their university experience and decide which university to attend on other bases. These include proximity to home, security of person for international students (Nyland & Smith 2009),

where friends are planning to study, and location of programmes of interest (Zemsky 2005; Burke 2005).

Further, Zemsky (2005) notes that the information used as quality indicators often fails to do so. Graduation rates, for example, show as much or more about student preparedness, career motivation, student resources and alternatives available to them, than about the quality of university courses. Further, universities have an incentive to create or rely on irrelevant indicators, such as athletics in the USA or 'globalisation' i.e. number of nationalities represented in the student body.

Further, rankings themselves are far from the objective indicators they first appear to be. The creators of the highly cited Shanghai Jiao Tong University ranking, for example, recently commented on the difficulties. Professor Liu wrote: 'Methodological problems involve the balance of research with teaching and service in ranking indicators and weights - inclusion of non-English publications, the selection of awards, and the experience of award winners. Technical problems exist in the definition and name given to institutions, data searching and cleanup of databases, and attribution of publications to institutions and broad subject fields' (Liu 2009).

Finally, in order for a market to function in a way that will improve quality, Zemsky notes that the nature of the competition would have to change. The academic profession would need to be engaged. He writes that once quality has appeared at the top of the agenda, 'then and only then will the faculty [i.e. academic staff] make the commitment that they... and no one else who can deliver the quality that is being sought.' (Zemsky 2005, p. 294) There has been a great reluctance on the part of policy makers to give such power and voice to academics.

On the issue of quality and competition, it should be noted that one of the beliefs driving the markets in higher education policy is that where students are paying more and university organisations are competing for those students, university organisations will be driven to improve quality to attract students. The evidence is just the opposite (Zemsky 2005; Burke 2005). University organisations use money from student fees to invest in prestige-enhancing research (Meek & Wood 1997). Further, university organisations will be forced to spend more on marketing to attract students. In other words, diverting funds from productive activities of teaching and research to marketing. Finally, fees have started an odd type of price war in which

top students are given the greatest subsidy that can be afforded by the wealthiest university organisations further entrenching a winner-takes-all market (Newman *et al.* 2004).

Turning to the fourth policy objective, increasing overall participation, one would think that this to be a function of marketing, the economic environment and prestige and other social goods attached to higher education. Accordingly, it will require an investment in marketing by university organisations and governments to have greater increase in participation. And, with respect to marginalised groups it will depend on the removal of barriers to participation in the first place faced by those groups. Further, it would appear that policy advisors have misconstrued the nature of competition in the higher education market, the issue to which we turn next.

Competition, markets and the university

While policy makers are correct in identifying the existence of competition between university organisations, that competition is quite unlike competition in a market for private economic goods. Indeed, university competition is not at all like a competitive market in a commonly understood sense. Universities, for example, do not compete for all students or market share - in fact they pride themselves on excluding those with lower entrance scores. Further, as Dill observes, where conceptualising the competition as a market, there is not one market and one competition in which higher education organisations compete, but several. These include the market for education, for research, for academic labour (Dill 1997b), as well as for finance, prestige and reputation.

It is prestige and reputation that are the major private benefits of higher education. That is, while higher education is often criticised for not providing practical work training (a debate which reflects fundamental disagreement about the nature of the educational project of higher education itself), higher education's role includes credentialing which in turn creates broad social benefits as well as private benefits to individuals. With respect to individuals, the private benefit is referred to as 'positional goods.' That is, receiving a higher education award places the recipient in an advantageous social position vis-à-vis those without. Further, the more prestigious the awarding institution the greater the social value of the award. The competition for social position is not the competition the gov-

ernment wishes to take account of, nor fund. Yet it is an intrinsic part of the competition in higher education.

Finally, for the analysis to make sense, it must be noted that substantial goods that are neither economic nor private are produced by higher education. That is, there are substantial public social goods being produced by higher education. These goods are produced as much by cooperation as by competition. Accordingly, a narrowly conceived competitive market in higher education modelled as if it were producing and distributing merely private economic goods misconstrues the much more complex, actual state of affairs.

Consider that to a large degree, the competition among universities is tangential to the market the government wishes to fund. The competition among universities is a competition for prestige and reputation (Brewer, Gates & Goldman. 2002) that has little demonstrable relation to the quality of education provided. Prestige is associated with the fixed assets of an organisation and requires significant investment. This investment offers no direct improvement in quality of education (Brewer, *et al.* 2002). The main elements in the competition for prestige are attractive buildings, doctoral programs, and researchers with international reputations. It is not a competition for quality that the government wishes to fund. Reputation, by way of contrast, is associated with the quality of education that an organisation is able to deliver. It is less stable, requires more effort and resources on the part of and put into staff, more difficult to measure and more difficult to maintain (Brewer, *et al.* 2002). It takes a different form of investment, in the academic professionals, in order to achieve this outcome.

Newman notes that the creation of competition fundamentally changed the balance of priorities within university organisations in the USA. He observes that prior to 1940 teaching was the top role of academic staff. This role has been displaced by research as competition increased. Further, as rankings become more ubiquitous, pressure increases and university organisations create irrelevant competitive indicators, and abandon original missions when put under pressure to report even false or misleading metrics (Bevan & Hood 2006). Other organisations, including companies listed on stock exchanges or government agencies operating hospitals or public utilities, also behave in this way. Newman notes that universities follow that pattern as competition on agreed measures increases, and put more resources into research. This shift by university organisations towards research prestige,

notes Newman, is unlikely to be well aligned with public interests in the university's teaching mission (Newman, *et al.* 2004).

Further, given the nature of the competition, it amounts to what is referred to as a 'winner-takes-all' market. A 'winner-takes-all' market is a market in which a feedback loop is created, benefiting the winner and increasingly punishing the loser. That is, rather than creating a range of university organisations with a varying degree of quality, programs, teaching, and research strengths, is that this type of competition creates a few strong winners and a mass of impoverished, marginal organisations. This predictable and inevitable outcome, if history is any indicator, provides the basis for a way of public policy thinking. That is, rather than penalising and adding pressure to failing organisations and rewarding winners, failing organisations should be recipients of disproportionately higher levels of funding to allow them to improve and deliver the services for which they were designed in the first instance (Sunstein 1990 in Morgan & Yeung 2007). Losers under pressure are certain to make even worse decisions rather than experiment with innovations intended and needed to create the desired diversity. The winners will continue to take care of themselves.

Finally, as noted above, the benefits of competition as a driver of innovation, efficiency and education are highly questionable (Kohn 1986). From an institutional perspective, cooperation between university organisations and members of the academic profession are not only an important norm, but have produced substantial benefits to the institution, its organisations, to academic staff and students as exchange programs indicate, and to society.

In one sense, this difference between university organisations and profit-driven businesses in competitive markets should be obvious. Participants in economic markets compete for market share and profit margin, and seldom compete on the basis of quality, particularly when it is difficult to measure, as in the case of services. Universities, by way of contrast, have no interest in increasing market share or profits and are interested in quality only as it enhances prestige. Accordingly, importing a mechanism for private economic goods into an institution which provides significant public social goods seems an ill-considered proposal at best. In their earlier, extensive study of the use of markets in Australian higher education under the Hawke and Howard governments, Meek and Wood concluded with a sharp but sombre note. Market poli-

cies, they wrote, 'are but fiscal measures and are not set within the context of a well articulated philosophy and rationale for higher education.' (Meek & Wood 1997, p. 270) The Bradley model does not address this fundamental error. We turn next to the specifics of Bradley's market strengthening mechanism of vouchers.

Voucher as regulator in the student market

The Bradley Review proposes a voucher system. A voucher system is a form of market regulation that works by making students a type of consumer, shopping for the desired good in a market composed of a variety of higher education providers. The regulatory aspect of voucher systems is that they work like money in the market for goods. The market for goods constrains or regulates producers of goods in that producers will only produce those goods for which consumers are willing to pay and so not waste resources on unsaleable goods. The idea of vouchers is that universities will be regulated to offer only those courses that have a sufficient number of students demanding them to be viable and so not waste resources on unviable courses.

A voucher system alone does not create a complete market. Rather they form a partial market, or 'quasi-market' (Niklasson 1996). Whereas a complete market in higher education would allow providers to set fees, negotiate wages and other inputs without government support or intervention, vouchers create a university system regulated or driven by the demands or preferences of voucher holders. That is, the market regulatory device of demand, rather than an alternative such as government allocations, is used to create a demand-driven quasi-market.

The voucher system is premised on a number of assumptions, some of which have already been discussed. Accordingly, they need not be repeated here except as a refresher and as they have particular bearing on a voucher system. This section identifies the three basic assumptions and pitfalls underlying this particular aspect of market-based regulation for higher education.

The first basic assumption is that creating a voucher system will be sufficient to cause the creation of a competitive market in which universities will compete on the basis of quality. The market will have complete, correct and timely information and students will not only be able to use that information, but will make their decisions based on that information. Evidently, this assumption is a large one. The basis for university competition and student decision-making are unlikely to change as the result of the introduction of vouchers. Further, it is unlikely that information asymmetries will suddenly become insignificant as a result – a matter to be addressed through a newly created agency discussed below.

The second basic assumption is that supply of higher education by public non-profit universities

There are basic and significant reasons that higher education has been provided by non-profit organisations. Non-profit organisations not only address crucial problems in the interactions between potential students and higher education institutions such as information asymmetries, but also are the only organisations that have a purely public mandate—that is, a mandate to deliver public goods (which by definition do not flow from markets).

(instead of mere public subsidy) is unnecessary. That is, that the ownership and economic status of the provider is irrelevant. This premise is erroneous. There are basic and significant reasons that higher education has been provided by non-profit organisations. Non-profit organisations not only address crucial problems in the interactions between potential students and higher education institu-

tions such as information asymmetries (Hansmann 1986), but also are the only organisations that have a purely public mandate – that is, a mandate to deliver public goods (which by definition do not flow from markets).

Further, non-profit organisations specifically reject market distributions in order to achieve other objectives, including some forms of market failure such as public goods (Auteri & Wagner 2007). In the higher education context, nonprofit organisations have played a dominant role for important reasons. As noted American higher education scholar, Professor Pusser puts it: 'the nonprofit degree granting institution ...has become dominant in a large measure to protect against moral hazard and underinvestment but also to ensure that the contributions of higher education to the public good will be widely disseminated' (Pusser 2006). That is, the things we as a soci-

ety seek from higher education are best protected by use of the non-profit form.

Some in Australia have confused 'private' with 'non-profit'. Indeed, the former Vice-Chancellor of Melbourne University, Allan Gilbert, promoting the now defunct for profit Melbourne University Private proclaimed '[the] best universities in many countries are private universities' (Cain and Hewitt 2004). While it is true that some are private, they are without exception non-profit. Provision by non-profit providers is critical, and in Australia which lacks the philanthropic traditions of the USA in higher education, the only non-profit providers are public.

A third basic assumption, that the market will work to regulate the university as a producer of educational goods just as it works to regulate producers of other private goods, merits consideration. In particular, this assumption is itself premised on three further assumptions: that this market will drive efficiency and avoid waste, that informed consumers individual choices will be based on quality and that in the aggregate those choices will amount to public good. We examine each in turn. As Pusser notes, portable subsidies (vouchers) have been in use in the USA for more than sixty years. He goes on to note however, that 'there is little empirical research to indicate that the choice provided by public subsidies has increased efficiency and productivity have led to lower costs of production' (Pusser 2006). As matters of choice, efficiency and productivity are priority objectives of the Australian policy proposal, the voucher approach seems a poor policy choice. The experiments with student vouchers in the USA should lead to a very cautious approach to their adoption in Australia. Next, as noted, the majority of students do not make decisions based on quality. Finally, the belief that the sum total of private economically conceived decisions will produce socially and economically optimal outcomes as noted above has been demonstrated as being incorrect by Kenneth Arrow.

A market model, dependent on individual student demand fails to deliver anything other than a market replicating the preferences of a cohort of teenagers - at least where the majority of students are recent high school graduates. That is, the long term consequences of having universities cater to the interests of teens ignoring the larger social, political and economic consequences of those decisions seems to be a poor policy choice. It should be expected that the private interests of teens may well diverge markedly from wider long term public social interests.

Problematically, Bradley's market voucher system ignores the evidence. Student vouchers have not produced efficiency and quality in a six decade test. The American system demonstrates such. It also ignores the evidence concerning the role of non-profit organisations. Further, few students make the decision to attend a particular university on the basis of quality. The evidence is that students base their choice on issues of importance to them: location, job prospects and affordability of living in the preferred location, family and other matters. Next, it ignores the efficacy in marketing by higher education providers. Marketing does not only provide accurate timely information. It equally increases the information asymmetry making it more difficult for university students to make decisions about the use of their vouchers. Further it fails to take account of the fact that marketing while increasing the difficulty of measuring and evaluating the quality of higher education services (Cooper 2002), reduces the already weak role quality plays for making decisions. That is, as marketing information induces students to make decisions on criteria other than quality - after all, in a winner-takes-all market, only a few are truly 'world class.' Thus, rather than a voucher system driving universities to improve quality they will produce some unintended consequence.

In sum, Bradley's objective of using vouchers as means to achieve quality ends is unlikely. Neither students nor universities compete on the basis of some measure of raw quality (Brewer *et al.* 2002). A voucher system that ignores the public and social goods, as well as the moral hazards of for-profit provision as seen in the recent scandals of private higher education providers facilitating in immigration fraud indicate.

The Bradley model and market failure

There are three serious market failures which call for comment - two addressed, the other ignored in the Bradley Review. Bradley has attempted to address information asymmetries, by proposing a new agency a proposal accepted in the recently announced 'Tertiary Education Quality and Standards Agency' (TEQSA), a core task of which is the provision of information about courses. This is certainly a worthwhile objective; however, as noted, it is not clear that the service of providing information will change how people make decisions. Further, there already is considerable information available from the current quality regulator Australian Universities Quality Agency. In addition,

there is quality information published on a commercial basis, for example, *The Good Universities Guide*.

The other market failure, poor distribution to marginalised groups, has also been addressed in the Bradley Review. Bradley seeks to correct distributions by setting special targets for low socio-economic status and for students from remote rural areas. This proposal is unlikely to be successful for reasons discussed among others.

The most fundamental failure, however, is in the provision of public goods. The market model fails because it neither acknowledges the collective nature of the educational endeavour of the higher education community, nor the collective aspirations of the nation. That is, the nation desires and requires people to work together to create society with a capacity to respond to national and global issues beyond the narrow scope of individual private economic self-interest (Krygier 2005).

Conclusion

There are at least three problems with the market model: first, from the perspective of the university organisations, even if one accepts the questionable premise that university organisations are currently suffering from inefficiencies after a decade of increased efficiencies in response to declining funding, it is far from clear that competitive markets are certain to promote further efficiencies. Further, as demonstrated, competition among universities does not motivate improvement in quality of service. Indeed, it would appear that competition increases the likelihood of the previously identified unintended consequences. These include poorer decision making in turn resulting in decreased efficiency, increased fraud, declining standards, and a decline in the critical academic profession.

Second, from a system-wide perspective, competition is most unlikely to increase diversity. Rather, it is likely to exacerbate the copying of a few successful leaders. Further, the system needs to be accountable to society and the nation as a whole not simply the private preferences of some. The characterisation of the mission of the university as satisfying the private economic aspirations of individuals is a failure to identify the goals of the nation and the objects of social living.

Third from the students' perspective, the proposed market neither accords with their interests in prestige nor more pedestrian preferences of studying close to home. It is not that students are uninterested in

quality, nor that information on quality is unavailable. Students are interested in quality: they simply rank it differently. Far from being the exclusive criteria the government seeks, it ranks lower than others. Further, there is information available. Even if Bradley's proposals were introduced, research on information asymmetries in higher education markets suggests that they are extensive and intractable. Further, before casting the student onto a mound of information, consideration should be given to the nature of the purchase. An undergraduate education is a once in a lifetime purchase which cannot be corrected (Dill 1997b). Accordingly, more than distribution of information to uninterested prospects is required from government.

The growth in markets in general and as a form of regulation are part of the demise of the welfare state, and the rise of neoliberalism (Henkel, 1991 cited in Meek 2000). Regardless of one's position on the politics of the issue, the conception of higher education as exclusively, or even primarily private economic goods is highly contestable indeed if not wrong. Regulation of higher education needs to start with a clearer perspective starting from first principles of higher education including its public purpose. If markets are to be used, they must be designed carefully to push institutions to constant improvement in teaching and public service (Newman, *et al.* 2004) rather than pursuit of narrowly conceived self interest.

The market model is problematic because the simplistic private economic model on which it operates blinds one to the more difficult problem of social coordination and control, as well as the issues surrounding public social goods. These significant non-market features of higher education militate against the use of the market model and market mechanisms. It requires open political debate, and courageous political decisions instead of a blind faith in markets as guiding higher education policy.

As Newman *et al.* wrote:

'policy makers and academic leaders [must] engage in ... substantive discussion with each other about the nature of higher education [as a private economic good training for the workforce, or a public good contributing to the well being of society as a whole]. In the absence of such debate and of conscious planning, the system of higher education will likely drift into some new market-oriented format without adequate restraints and with an ongoing erosion of its fundamental purposes, a form difficult to change once established. The result is likely to be the loss to society of some of the

attributes of higher education that are essential of a free and effective society.' (Newman, *et al.* 2004, p. 46)

In other words, although the Bradley Review has gone some distance engaging and challenging politicians on the crucial issue of Howard's underfunding, it fails on the equally crucial matter of regulating higher education in accord with its most important contribution – the public and social goods it uniquely delivers.

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