Remaking Higher Education Systems:

A Comparative Study of Reform Agendas in Australia and the United Kingdom

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Statement of Originality

This study has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis.

Tim Crotty

Abstract

This thesis is a comparative historical analysis of reform processes that led to the current structure of higher education systems in Australia and the UK. It traces the changes to national higher education systems in comparable phases in the decades following World War II — from the inquiry-driven reforms to the introduction of binary systems to the emergence of mass systems. The comparative approach is based on case similarities, but a central aim of the thesis is to investigate how differences in context — the national political and policy institutions surrounding higher education — have guided policy reform.

The focusing question of the study is why governments chose to pursue agendas of radical higher education change in response to the surge in demand for university places in the late 1980s. The thesis compares differences in how each country moved to policies frequently justified by market liberal principles to address the rapidly emerging challenges of mass higher education. It examines how the agendas unfolded in each country with particular attention to the role of contingent events and continuities of national policy legacies.

The prospect of mass enrolments convinced policy actors to argue that tuition fees were necessary to augment the existing "tax funded" system of public grants. Using fees to supplement grant funding resulted in a hybrid policy of a partially privately funded public higher education system. As well as the hybrid funding model, another key reform of the Australian and the UK higher education agendas was a regulatory regime designed to achieve efficient use of resources through competition for funding.

From one point of view the policies of tuition fees and competition between higher education providers can be seen as expressions of a cross-national trend of liberalisation. Regime theory and institutionalist theory view the spread of liberalisation as a process that drives convergence to market-based approaches in social and economic policy agendas. However, the most striking contrast between Australia and the UK is the unevenness and the absence of a uniform approach in the agenda processes advancing market-based policies. This is clearly evident in timing and sequencing. Australia put in place a unified regulated system under the hybrid funding model in a period of 18 months. In contrast, it was only after a series of agendas over a decade and a half that a similar arrangement was fully implemented in the UK.

Effectiveness in agenda building was also a result of contingencies in the local political environment and to a considerable degree of political agency. The 1987/88 reform agenda in Australia swiftly overcame political obstacles to tuition fees through an innovative public policy where a student loans scheme was designed on the principle of deferred (income contingent) repayments. By framing the policy to answer the goals of equity and redistribution its proponents successfully overcame political objections. On the other hand, policy actors in the UK were unable to draw on resources to decisively shape the discourse and the policy agendas.

The findings of the thesis have important theoretical implications for more nuanced understanding of the nature of institutional change. Two lessons emerge. Firstly, policy institutions originate in political histories that are uniquely national, and this background is an essential consideration for a complete account of the process of institutional change. Secondly, cross-national variations in the sequence and content of higher education agendas in Australia and the UK underscore that the dynamics of institutional change are inseparable from context. It is for these reasons that comparative policy history offers rich insights for theorising institutions.

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Abbreviations and Definitions

ACTU: Australian Council of Trade Unions

ALP: Australian Labor Party

API: Age Participation Index

ARGC: Australian Research Grants Committee

ARC: Australian Research Council

ACDP: Australian Committee of Directors and Principals

ASTEC: Australian Science and Technology Council

AUC: Australian Universities Commission

AVCC: Australian Vice Chancellors Committee

CAE: College of Advanced Education

CDP: Committee of Directors of Polytechnics

CLEA: Council of Local Government Education Authorities

CTEC: Commonwealth Tertiary Education Commission

CVCP: Committee of Vice-Chancellors and Principals

DEET: Department of Employment, Education and Training

DEEWR: Department of Employment, Education and Workplace Relations

DES: Department for Education and Science

DFE: Department for Education

DFEE: Department for Education and Employment

DFES: Department for Education and Skills

DOCIT: Directors of Central Institutes of Technology

DTI: Department for Trade and Industry

EFTS: Equivalent Full Time Students

ERC: Expenditure Review Committee

FCA: Federated Council of Academics

HECS: Higher Education Contribution Scheme

HEFCE: Higher Education Funding Council of England

HEIPR: Higher Education Initial Participation Rate

HEI: Higher Education Institution

ICL: Income Contingent Loan

IGO: International Government Organisation

NAB: National Advisory Board for Public Sector Higher Education

NACEIC: National Advisory Committee for Education in Industry and Commerce

NBEET: National Board of Employment, Education and Training

Top-up fees: power to charge tuition fee sought by UK vice-chancellors to cover the gap between public grant and the real costs of tuition.

PLP: Parliamentary Labour Party (UK)

OYA: Office of Youth Affairs

ROSLA: raising of the school leaving age

UFC: Universities Funding Council
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UNS: Unified National System

WAIT: Western Australian Institute of Technology

Variable fees: Variable fees give universities the right to vary the tuition they charge for a particular course. The Australian Government has set standard tuition fees for domestic undergraduate students from 1988 when they were introduced, although subsequent governments have varied fees according to the course studied. It allows universities to set fees for international students and for domestic students in post-graduate courses. The UK Government set a maximum tuition fee for domestic undergraduate students which, in principle, allows universities to set their fees within a range up to this maximum.

Chapter One: Introduction and Research Questions

In the late 1980s, a rapid surge in demand for places in universities and colleges in Australia and the UK took governments and policy specialists by surprise. Forecasting demand for higher education was a challenging but necessary basis of policy, and it was not immediately obvious this was a radical change in the pattern of participation in higher education in the second half of the twentieth century. In the three decades following World War II, there had been a consistent trend in both countries of school leavers proceeding to full-time further studies in ever-growing numbers.[1] Higher education expansion in the post-war decades was driven by a combination of demographic, political and economic forces. The attention of current policymakers is directed to the effects of skills-biased technological change on the structure of work. This is recognised as creating enormous incentives for individuals to pursue occupations requiring higher levels of education at secondary and post-secondary levels.[2] Even earlier — since the end of World War II — governments have encouraged a trend for extending studying through public grants to universities and advanced education and by programs to construct new universities. At the same time, changes in secondary education opened academic streams to more students, and this resulted in growing rates of school completion and a larger pool of university entrants. However, after three decades of steady growth in participation, the proportion of young adults entering university or advanced education levelled out.[3] From the mid-1970s, governments and policy specialists in the UK

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[1] Department of Education Training and Youth Affairs, "Selected Higher Education Statistics. 2000." (Canberra: Australian Government Publishing Service, 2001). pp. 5-7. Michael Sanderson, "Higher Education in the Post-War Years," *Contemporary Record* 5, no. 3 (1991). pp. 418-21.

[2] In economics the idea of skills-biased technological change (SBTC) proposes that technological change impacts the labour market in a way that favours skilled workers against unskilled workers. Nuanced investigations of the phenomenon of SBTC emphasise that the substitution of human labour by technology has advanced in routine jobs such as skilled manual work or bookkeeping that were not necessarily "lousy" or the least well paid. Well-paid high skilled professional and managerial jobs are not amenable to substitution by technology as are low-paid non-routine jobs such as cleaning. An effect of SBTC is rising wage inequality and job polarisation. See Darren Acemoglu and David Autor, "Skills, Tasks and Technologies: Implications for Employment and Earnings," in *Handbook of Labor Economics, Vol 4b*, ed. O Ashenfelter and D Card (Holland: Elsevier, 2011). Maarten Goos and Alan Manning, "Lousy and Lovely Jobs: The Rising Polarization of Work in Britain," *The Review of Economics and Statistics* 89, no. 1 (2007).

[3] For the 1970s and up to 1988 the participation rate of the university-going age cohort (18-21 year-olds) in the UK remained at 15 per cent for men and 12 per cent for women. Ian Walker and Yu Zhu, "The Impact of University Degrees on the Lifecycle of Earnings: Some Further Analysis. Bis Research Paper 112 " (London: Department of Business Innovation and

and Australia assumed that participation rates had stabilised, and that higher education had settled into a "steady state".[4] Most observers were unprepared for the return of demand at an accelerated rate in the late 1980s.

The growth pressures of the late 1980s were the beginnings of a wave of enrolments in the national higher education systems on a scale that outstripped the earlier phase of expansion.[5] This brought a sharp focus on the shortcomings of existing policy structures. This thesis examines the response to these pressures in Australia and the UK through national agendas that reshaped the higher education systems. It argues that a complete account of the late 1980s reform agendas in Australia and the UK rests on a long-range understanding of policy responses to post-war trends described above. These decisions created the precursors to current national structures of higher education, the precursors that shaped the direction and possibilities of subsequent policymaking and defined the legitimate field of policy action. Two important legacies were the public grants principle and the public planning of expansion. In the post-war settlement of mixed economies and Keynesian demand management, the policy of expanding public higher education found support across all the main political parties.[6] Especially since the clamour for places in the colleges and universities came from the most organised and articulate group of voters, governments viewed the expansion of educational opportunity as an electoral imperative.[7] However, from the mid-1970s, demand for tertiary education stopped growing and higher education budgets fell victim to policies of financial stringency and much less wholehearted support in the governing elite for the public funding model. A shift in beliefs concerning the government's

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Skills, 2013). p. 14. The most authoritative statistics for Australia in the 1970s and to the mid-1980s show participation for 17-21-year-olds which were relatively static at 12 per cent for men and 11 per cent for women. Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People: Volume 2 (Appendices)," (Canberra: Australian Government Publishing Services, 1982). pp. 13-15.

[4] Peter Karmel, "Tertiary Education in a Steady State," in *Academia Becalmed: Australian Tertiary Education in the Aftermath of Expansion*, ed. Grant Harman, et al. (Australian National University, Canberra: Australian National University Press, 1980). p. 29.

[5] Timmins described the new phase of expansion as making the 1960s era of growth "look like and afternoon stroll". See Nicholas Timmins, *The Five Giants: A Biography of the Welfare State (Third Edition)* (London: William Collins, 2017). p. 481.

[6] D. King and V. Nash, "Continuity of Ideas and the Politics of Higher Education Expansion in Britain from Robbins to Dearing," *Twentieth Century British History* 12, no. 2 (2001). p. 189.

[7] Peter Mandler, "Educating the Nation: Universities." *Transactions of the Royal Historical Society* 25 (2015). p. 21.

proper role in higher education during this period heightened tensions and inconsistencies in policy and sharpened divisions between interests in the higher education systems. The lessons that the policy actors drew from this period were critical in framing their analysis of the issues when the pressures for growth returned.

When growth returned, the numbers of qualified school leavers seeking to enrol in higher education was on a scale that placed enormous strain of the capacity of the existing institutions. These pressures intensified the chronic conflict of the "steady state" period between the mutually opposing goals of satisfying demand and fiscal constraint. A critical development at this time was that policy actors who had not been much engaged in higher education policy became increasingly interested in its implications for broader national goals. A range of bureaucrats, cabinet ministers, vice-chancellors, economists and various policy experts became outspoken about perceived flaws in the public funding model and they pressed for radical changes such as the introduction of tuition fees.

This thesis is a comparative study analysing the reform agendas of governments in Australia and the UK in response to the pressures of mass demand for higher education. It argues that the reform processes that governments instigated in the late 1980s were driven by a dramatic change in the political economy of higher education in both countries related to the transition to mass participation higher education systems. The central challenges that this posed for policy were sustainability and coordination. In each country, the government settled these through two broad outcomes. The first was that the higher education funding model went from a fully public to a hybrid private/public system based on loan-backed tuition fees. The second was the implementation of regulatory regimes aimed at inducing market-based competition between higher education institutions (HEIs) and giving central government more direct control over the governance of higher education. This was a significant departure from the devolved governing structures of HEIs. On the one hand, the universities' traditions of self-governance and freedom from political interference had been institutionalised through the principle of grant funding. On the other hand, the non-university institutions had developed as a responsibility of local authorities in the UK and the State Governments in Australia.[8] While there was a consistent long-term trend of national unification of HEIs

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[8] Following Australian practice, the thesis uses the uppercase term "State" for one of the six sub-national governments, New South Wales, Victoria, Queensland, Western Australia, South Australia and Tasmania. Collectively, these governments are referred to as "the

through transfer of planning and funding responsibilities to Canberra or Whitehall in the post-war period, policy preserved the principle of institutional autonomy, especially in the case of the universities.

The reform agendas were an intensification of the earlier process of centralisation with the difference that the power of coordination of the overall system was systematically installed in the ministerial department. The overall outcome for policy was greater steering of the higher education system at the national political level through a regulatory framework determined by the government department or by a national funding council under the control of the minister. What this meant for the political economy of higher education was a fundamental shift to a quasi-market model with the government shaping the direction of policy in its role as monopoly supplier of all higher education places.[9]

As a study of the remaking of a policy system at a moment of transition, the thesis engages with the concept of a turning point or "critical juncture"[10] in the organisation of the policy institutions. This concept informs an influential theoretical perspective aiming to account for a serious failure of existing policy structures. In Australia and the UK, difficulties occurred in the transition to mass participation because the first wave of post-war expansion had been designed around the idea of elite institutions for the best academic performers. It became increasingly evident as the universities and advanced education institutions expanded that this approach failed to address issues of sustainable funding and diversity inherent in a mass participation system. Thus, faced with the magnitude of demand in the late 1980s, governments radically altered the system that had underpinned the stable, incremental pattern of higher education expansion in the immediate post-war decades. To understand the nature of this departure from the normal policy framework, the thesis begins by examining the evolution and growing difficulties of the higher education institutional structures in the post-war decades prior to the major reform agendas. It seeks to relate developments in

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States". Apart from this, where the word is used as a concept in political economy it is in lowercase.

[9] Simon Marginson, "Steering from a Distance: Power Relations in Australian Higher Education," *Higher Education* 34, no. 1 (1997). pp. 66-68.

[10] James Mahoney and Kathleen Ann Thelen, "A Theory of Gradual Institutional Change," in *Explaining Institutional Change: Ambiguity, Agency and Power,* ed. James Mahoney and Kathleen Ann Thelen (Cambridge: Cambridge University Press, 2010). p. 7. Daniel Béland, "Ideas, Institutions and Policy Change," *Journal of European Public Policy* 16, no. 5 (2009). p. 703.

policymaking in this period to the pre-agenda debates about funding and mass participation that sparked the reform agenda.

The broad question that the thesis explores is:

1. *Why did governments in Australia and the UK introduce radical higher education reform to the national agenda in the 1980s?*

The thesis draws on the ideas of the influential American sociologist, Martin Trow, who wrote widely on the broad social process that he described as the transformation from an elite to a mass higher education system.[11] Trow identified the central problem in this transformation for countries such as Australia and the UK as the policy legacy of public grant funding arrangements which, he argued, could not sustain mass participation. As he put it: "no country in the world is rich enough to support a system of mass higher education at the per capita costs of elite British (universities)."[12] Compounding these difficulties in Australia and the UK's late transition to mass participation were state fiscal crises of the end of the long boom era in response to which governments had turned to fiscal policies of severely cutting public budgets.[13]

Because the reform agendas in each country addressed similar policy dilemmas and reflected common ways of thinking about policy, convergence in outcomes may seem unsurprising. Convergence was also facilitated by cross-national exchange of ideas by policy actors and by copying of policy instruments. However, in noting these similarities, there were also critical points of difference. The most notable was that radical reforms were completed quickly in Australia, while the process was very prolonged in the UK. The thesis aims to explain the sources of convergence and areas of persistent difference in the approaches and measures adopted by national governments to address what appear to be a set of challenges to policy that had many common features.

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[11] Martin Trow, "Problems in the Transition from Elite to Mass Higher Education," in *Policies for Higher Education* (Paris: OECD Publishing, 1974). p. 6.
[12] "American Perspectives on British Higher Education under Thatcher and Major," *Oxford Review of Education* 24, no. 1 (1998). p. 2.
[13] Japan, the USA and Canada transitioned to mass higher education much earlier. See Claudia Goldin and Lawrence Katz, *The Race between Education and Technology* (Cambridge, Massachusetts: Belknap Press, 2009). John R. Thelin, *A History of American Higher Education* (Johns Hopkins University Press, 2004). pp. 260-290.

Comparative policy scholarship has developed a framework for identifying the dynamics of change in policy systems based on in-depth analysis of a small number of cases. An approach favoured by many empirical studies is to identify cases where governments with many institutional similarities share a problem of policy, and then to examine how they go about addressing it. The comparison focuses on a policy issue where the national policy actors have identified the need to address a policy failure, where they have formed similar assumptions about the causes of failure, and where they have designed similar policies to solve it. (In some cases, if a country is seen to have successfully solved a problem seen as nearly identical across jurisdictions, a government may simply copy the policy into its own.) In these cases, a comparative focus on processes of policy development helps to improve understanding of sources of convergence — for example, a focus on the collective process of social learning that policy actors engage in to clarify the agreed rationales and goals of good higher education policy. At the same time, because the method of comparative policy history is based on detailed analysis of a small number of cases, this helps to identify and explore contingent or local factors that appear to disrupt the pattern of convergence.

Australia and the UK are comparable at many levels: since the 1980s they have undergone economic liberalisation indicated by a preference for market-orientated approaches to solving policy issues; the HEIs in both countries have developed from common traditions. There is also congruency across public policymaking institutions: cabinet government as the central decision-making body, and the role of statutory and departmental agencies in policymaking. These similarities suggest that principles of policymaking would result in similar patterns and outcomes in Australian and the UK. As this thesis argues, the higher education policy systems in both Australia and the UK functioned and evolved in the decades leading up the late 1980s as a set of gradual or incremental change processes. Over time these cumulative changes added up to an important transformation of the policy structures, particularly the constitution of a nationally organised system of higher education which defined an important policy sector of the state. These outcomes were accomplished in a pattern consistent with Mahoney and Thelen's (2009) claim that institutional change frequently comes about through gradual and piecemeal process rather than abruptly.[14] Changes to higher education in the

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[14] Mahoney, James, and Kathleen Ann Thelen. "A Theory of Gradual Institutional Change." In *Explaining Institutional* Change*: Ambiguity, Agency and Power*, edited by James Mahoney and Kathleen Ann Thelen Cambridge: Cambridge University Press, 2009. pp. 1-7.

immediate post-war decade were consequential but these generally did not entail a departure from the evolving norms and structures of higher education policymaking. Australia and the UK adopted similar bodies and institutions for higher education decision-making and funding. Both countries established the institutional foundations of their modern higher education system in the years after the Second World War through the process of a national inquiry. There was also considerable cross-national policy transfer.

Yet, as each country faced the problem of transition to mass higher education, similarities in policy responses were less evident. The different political circumstances pertaining to each country affected the manner in which the window of opportunity for reform opened and how the course of reform was shaped. Because of these national factors there were major differences in the content, sequence and outcomes of the Australian and UK policy reform agendas. The Australian higher education reforms were quickly put in place though a national agenda between 1987 and 1989. The elements were: a scheme of loans backed tuition fees as a private pillar in the funding base of the public universities system; the shifting of responsibilities for planning and funding of the sector from the existing statutory body to the central department; and the consolidation through amalgamations of the vocational colleges of advanced education and the universities into a unified national system of 36 public universities.[15] These reforms established the institutional foundations for the system of Australian higher education which remained in place in the subsequent decades while student numbers rapidly grew and several new universities were set up. Governments in the UK achieved similar reform outcomes, but, in marked contrast to the Australian case, this was a prolonged process involving a series of agendas over sixteen years between 1988 and 2004. What accounts for the apparent lack of clarity within the UK policy community in defining the objectives and setting out the path to reform? The thesis explores the reasons for differences in speed and sequence of the reform agendas, firstly, by looking at how the reform ideas were framed in the national policy discourse and, secondly, by examining the prevailing circumstances and events of the national political environments. These issues of pace and context give rise to the following questions:

2. *Why was the objective of the private/public model accomplished quickly in Australia but prolonged in the UK?*

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[15] This was the number of public universities in 1992. There were two small private universities.

3. *What role did local and contingent factors in each country play in determining the outcomes of the reform process?*

Policy convergence is a key concept in regime theory which classifies families of states into regime types which it is claimed will respond in congruent ways when faced with the same policy problem. Governments of advanced societies where governance and policymaking institutions have developed along similar historical trajectories will show considerable convergence in their policymaking processes: in identifying policy failure, in defining the solution, and in the policy design and choice of policy instruments. The convergence thesis assumes a close resemblance in the pattern of decision-making of governments with similar political and constitutional structures.

To the extent that it is present, the practice of cross-national policy transfer — emulating or borrowing policies that are known to work in another national jurisdiction — provides strong support for claims of policy convergence. As momentum for higher education reform built, policy ideas travelled abroad and influential policy experts in the two countries in this study formed an agreed view about the causes of policy failure and the policy instruments that would fix it. This was clearly evident in the attention British policymakers gave to Australia's Higher Education Contribution Scheme (HECS) instrument, a successful implementation of the Income Contingent Loans (ICLs). ICLs (outlined in detail below) are essentially designed on the principle of deferred repayments dependent on adequate future earnings. The Dearing Inquiry (1997) investigated HECS and recommended that it be emulated in the UK. Policy sharing at a global level was also promoted by the activities of cross-national policy institutions such as the OECD which took a strong interest from the 1980s in the potential of modern higher education systems to lift economic growth.

The theory of critical junctures tilts towards a unified cross-national explanation of institutional change based on a broad concept of a common source of failure in the established policy institutions. However, this leaves unexplored the shapes that failure takes in national contexts. There are numerous factors unique to a national political environment that have the potential to constrain or facilitate efforts to effect changes in the institutional structures. Firstly, many scholars argue for the need to give more attention to the role of contingency in national policymaking and to the influence of national policy legacies. They claim that the question of what causes these variations should drive in-depth analysis of the policy dynamics in comparative agenda case studies. That is the approach taken in this study.

The Scope of the Study

The primary interest of the thesis is the step-change to high levels of attendance in universities and other post-secondary institutions — discussed in detail in the next chapter using the concept of a transition from an "elite" to a "mass" system. In terms of empirical strategy, the goal of the thesis is to examine the social, economic and demographic developments behind the trend of prolonged participation in school and beyond to develop an analysis of consequential developments in the political economy of higher education. Participation levels of a larger group of the young population firstly in late secondary and then at post-secondary education represented a profound change in the organisation of society with novel and unforeseen results in the political and social life of Australia and the UK. Just quite what has happened and what it means is far from completely understood, full of surprises and full of unanticipated effects that continue to become evident. Spurred by events in the UK that challenge the electoral and constitutional basis of politics, scholars and commentators have recently adopted a cross-generational framework to clarify upheavals in electoral politics. Many have identified a key point of difference between the young and the old in their attachment to local versus global outlooks. Some take the position that a key distinguishing feature of a significant section of the younger population setting them apart from other voters is that they have been exposed to more years of education and training.[16] Many are persuaded that this now plays out in new political alignments and agendas. It is now the case that over the life course a considerable part of the population in Australia and

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[16] According to David Goodhart (2017), the division between those who have and those have not experienced a university education is expressed in the most significant realignment of political sentiment in contemporary times. The university educated, he claims, are genrally cosmopolitan in outlook, geographically mobile and ready to embrace opportunities offered through globalisation. In contrast, for the less educated, less mobile individuals, globalisation is a source of profound anxiety because they experience it in terms of shrinking opportunities and diminishing quality of jobs. Goodhart makes the claim that this demographic divide produces contrasting urban and regional spaces subject to the separate tribal allegiances of those which he characterises as the "anywheres" and the "somewheres". In the view of Goodhart and others the differences between these tribes as they play out in the political space have become overwhelmingly influential shapers of modern electoral behaviour and the policy agendas of political parties. David Goodhart, *The Road to Somewhere: The New Tribes Shaping British Politics* (London: Penguin, 2017). pp. 33-38. See also: Tony Blair, *A Journey* (London: Hutchinson, 2010). p. 482; Philip Cowley and Dennis Kavanagh, *The British General Election of 2017* (Cham, Switzerland: Springer, 2018). Robert Ford and Matthew Goodwin, "Britain after Brexit: A Nation Divided," *Journal of Democracy* 28 (2017). p. 18.

the UK contend with scarcity of affordable housing markets and destabilisation of stable career paths. These are potent issues that cut across the politics of younger university-educated cohorts.

The thesis focuses on mass higher education from the perspective of political economy. The major development underlying the analysis is the radical alteration in the typical patterns of preparation for youth-to-work transitions. This has entailed the necessity for a period of further study and training in order that individuals are able to gain the rewards offered by labour markets subject to the dynamic forces of skill-biased technological change. There are other dimensions of change in the political economy of higher education since the late-1980s which shed light on the dynamics of the history covered in this thesis and draw the argument to similar conclusions. One of the most important is that of research which is inextricably tied to question of the role of the modern university. In principle universities are deeply engaged in advancing the frontiers of knowledge and transmitting this to their students. The relationship between these dual goals was necessarily and radically reorganised by the reform agendas that heralded mass higher education. The thesis touches on the complex processes where relevant to its argument. However, the inherent limits of space in a PhD thesis dictate the need to choose how to organise and emphasise the argument. This has precluded a more detailed empirical examination of agendas (running alongside the expansion agenda) that shifted public research funding from untied institutional grants to competitive performance ranked regimes which were directed through national award authorities. Developments in national research funding ran in parallel to the massification of higher education which is the central story of this study. At the same time, the thesis touches on developments in the organisation of national research as it represents an important chapter in the story of the construction of a new political economy of higher education.[17] However, a separate thesis would be necessary to do full justice to the nuances of the national research agendas in both countries.

Finally, another question that would equally offer insights into the process of major institutional reform is that of how new approaches aimed at displacing time-honoured practices of collegiate management. The hostility by national cabinets in both countries to the

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[17] The impact of reorganising research funding had a large impact, particularly in the UK. The implementation of regular research assessment exercises (RAEs) introduced in the UK after 1985-85 had the effect of imposing an institutional hierarchy after the announcement in 1992 to award university status to the non-university institutions. It could be argued that this continued the binary line under another name.

implicit concept of institutional autonomy led rapidly to the implementation through legislation and other means of a corporate model emphasising concepts such as efficiency and resource planning, and economies of scale. These desiderata were backed up by a growing structure of university-government management methods through detailed auditing and the specification of "deliverables" as a condition of funding. The broader outcome was the "professionalisation" and empowerment of a university management cadre that operated often at cross-purposes to the academic faculty. As in the case of how research funding changed, this was a central part of the story of the re-organisation of the political economy of higher education. Again, the thesis touches on these agendas of reshaping and centralising the national management of the universities where they impinge in ways that are essential to the story of expansion. However, again limitations in the nature of the dissertation have precluded a fuller examination of this question.

Chapter Synopsis

Chapter Two begins by defining several concepts central to understanding post-war higher education and clarifies how the thesis uses these to develop its overall argument. It then explains, following Mahoney and Larkin (2008), why a comparative small-n case study of policy histories is the most suitable methodological approach to the research questions.[18] This entails justifying the choice of matching the Australian and UK higher education policy systems and reform agendas based on the "most similar systems principle" in comparative policy theory. The chapter also sets out differences in the sequence and duration of the national agendas to reform higher education systems, particularly in response to the advent of mass higher education in the late 1980s. The chapter finishes by relating the selection of sources used to the research strategy based on in-depth analysis of the dynamics of policy processes and events at turning points or critical passages of the agendas. It argues that in case histories of recent policy events it is necessary to draw from a diverse range of sources in order to develop a framework of understanding of the dynamics shaping policy change.[19] It

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[18] James Mahoney and Larkin, Terrie, "Comparative-Historical Analysis in Contemporary Political Science," in *The Oxford Handbook of Political Methodology*, ed. Janet M. Box-Steffensmeier, Henry E. Brady, and David Collier (Oxford: Oxford University Press, 2008). pp. 3-6.

[19] On the wide range of methodological approaches in policy studies, see Vivien A. Schmidt, "Putting the Political Back into Political Economy by Bringing the State Back in yet Again," *World Politics* 61, no. 3 (2009). p. 534. James Mahoney and Celso M. Villegas, "Historic Inquiry and Comparative Politics," in *Oxford Handbook of Comparative Politics*, ed. Charles Boix and Susan C. Stokes (Oxford: Oxford University Press, 2009). pp. 83-86. Kathleen

describes the records of archival and primary sources, semi-structured interviews with policy actors, and the range of secondary sources that are used to develop the thesis interpretation of the drivers determining policy change (and disentangle claims regarding motivations).

Chapter Three reviews the literature on post-war higher education and the theoretical sources that guide the analysis. It begins by outlining previous accounts of the development of post-war higher education policy in Australia and the UK. It argues that consideration of the effects on policy structural forces acting in the long-term of are absent or underdeveloped in many analyses. A large body of rich empirical studies focused on the interactions of politicians, bureaucrats and policy "insiders" view the topic through the prism of political and administrative developments.[20] These tend to narrow analysis to the question of what drives or motivates decision-making within the agencies of the state. In contrast, it shows that the concepts of policy networks and advocacy coalitions that have informed some studies provide a useful way of thinking about the dynamics of policy change. The chapter then explains how this thesis draws on recent contributions that place higher education within the framework of political economy regimes by Ansel (2008) and Garritzmann (2016).[21] It explains how the thesis aims to combine the insights of political economy with developments in institutional theory by Thelen (2009), Mahoney (2010) and others that draw attention to adaptive and evolutionary processes of institutional change.[22] It then examines the arguments of the market liberal critique of funding policies and suggests why these began to dominate the discourse of higher education policymaking. Finally, the chapter outlines how public policy scholars have developed and amended the concept of a policy system. The purpose of

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Thelen and James Mahoney, *Advances in Comparative-Historical Analysis* (Cambridge: Cambridge University Press, 2015). Mahoney, James, and Dietrich Rueschemeyer. "Comparative Historical Analysis: Achievements and Agendas." In Comparative Historical Analysis in the Social Sciences, edited by James Mahoney and Dietrich Rueschemeyer. Cambridge: Cambridge University Press, 2003. pp. 10-25.

[20] A rich vein of accounts focused on high politics can be found in the pages of the influential journal *Higher Education Quarterly*. The conventions of the political memoirs and diaries which are drawn on extensively in policy history also foregrounds a high politics style of analysis.
[21] Ben W. Ansell, "University Challenges: Explaining Institutional Change in Higher Education," *World Politics*, no. Issue 2 (2008). pp. 218-230; Julian L. Garritzmann, *The Political Economy of Higher Education Finance: The Politics of Tuition Fees and Subsidies in OECD Countries,1945--2015* (Palgrave Macmillan, 2016). pp. 19-35.
[22] Mahoney and Thelen, "A Theory of Gradual Institutional Change."; Kathleen Thelen, "Institutional Change in Advanced Political Economies," *British Journal of Industrial Relations* 47, no. 3 (2009).

this is to clarify how the thesis uses the term to characterise the higher education system at different points in its post-war development

Chapter Four outlines the social and demographic developments in Australia and the UK that shaped higher education in the post-war decades. The purpose of this is to give an overview of the circumstances and information facing policymakers. This gives a foundation to the analysis in subsequent chapters of the dynamics and processes of national higher education agendas. It first describes the educational and demographic changes responsible for the growing population of qualified school leavers that drove demand for higher education. It then describes in statistical detail three phases in a broadly similar pattern in both countries of higher education development: an initial phase of regular annual growth from the 1950s to the early 1970s; a phase of stagnation when rates of enrolments slightly declined; and finally, a phase from the late 1980s when higher education rapidly expanded and quickly took on the dimensions of mass participation systems. The key developments in restructuring the higher education policy systems in Australia and the UK, including the role of the advanced education institutions, increasing constraints on public grant funding and the linking of education policy to national economic performance, were responses to the pressures of each phase of expansion described in this chapter.

Chapter Five examines the development of post-war higher education policy in Australia up to the 1980s. It describes the role of the federal government in taking over responsibilities for funding and coordinating expansion of the universities and later in bringing the advanced education institutions into a national policy system. The chapter describes how the decision to base policy on a conceptual separation of advanced vocational and university learning was critical in guiding the pattern of expansion from the 1970s. It shows how this decision played out in the long-term dynamics of the policy system and shaped the political economy of higher education. The chapter shows that decision-making in this period was characterised by incremental processes and adaptation, but it also identifies tensions between different interests and policy actors which became a more prominent feature of policymaking in the lead-up to the transition to mass higher education.

Chapter Six examines UK higher education policymaking from the Second World War to the 1980s repeating the themes of the previous chapter. Again, it focuses on how government responses to issues of funding and organisation determined the structures of the developing national policy system. It shows that as with Australia, this was a time of successful policy change within relatively stable policy institutions. It explores the question of why the higher

education systems in both countries demonstrated a capacity for flexibility and adaptation. The chapter discusses a significant variation in each country's rationale for designing a vocational sector of higher education, which in Australia was aimed at protecting the resources and quality of the universities and in the UK was aimed at implanting an independent system with "parity of esteem". It considers the implications of this in shaping the perceptions and choices of avenues of reform in each country.

Chapter Seven analyses the remaking of the Australian higher education system in the 1987/88 agenda led by the Minister, John Dawkins. It aims to set out the factors responsible for creating the impetus for higher education reform and for guiding the path that reform took. To achieve this, it divides the analysis into two parts. The first part considers structural problems connected to funding and participation in the Higher Education Institutions (HEI) in the higher education system in the years leading up to the agenda. It outlines the growing importance of some economists' critique of the system and the influence of market-orientated alternatives incorporating tuition fees in the expert discourse on higher education policy. The chapter outlines how ministerial proponents of tuition fees linked the question to the prevailing market liberal framework of the Hawke Cabinet. It shows how themes in the youth transitions agenda presaged directions taken in the subsequent higher education reform. The second part of the chapter is a detailed analysis of the processes of the reform agenda. It focuses on how the Minister and his advisors built of a coalition of support for the changes and how they planned and steered the agenda.

Chapter Eight analyses the multi-stage agendas that led to a higher education reform settlement in 2004 in the UK, along the lines of Australia's hybrid private public model. It analyses agenda processes at three junctures where Conservative and Labour Governments passed legislation to reorganise the financing and governance of the higher education system. It argues that the Government achieved only a partial solution to the pressures of the political economy of mass higher education in the 1988 Conservative agenda and the 1997 Labour agenda. The chapter argues that political contingencies impeded the adoption of a strategy based on the example of the Australian model, which UK policy advocates saw as highly successful and despite the blueprint for a sustainable higher education system of the 1997 Dearing Committee. The last part of the chapter explores the Blair Government's second attempt to reform the higher education system in 2002-03 that resulted in a loans and tuition model similar to Australia's and offered a solution to the instabilities of the HEIs resulting from two decades of chronic underfunding. The thesis draws a contrast with Australia in

explaining why the processes of building the agenda for this settlement were complicated by severe difficulties in managing dissent within the Parliamentary Labour Party (PLP) in the UK.

Chapter Nine is the conclusion. It restates the discussions of the preceding chapters and organises them into the central arguments of the study. It does this by returning to the main questions posed in the introduction.

This study aspires to contribute in a small way to an enhanced dialogue between policy-in-action and theorising about policy change. It is motivated by the belief that worthwhile theory in social policy is informed by investigation of reform processes as they unfold in time. This entails close attention to how institutional context and political contingency shapes outcomes. Comparative policy history has an important role in enriching theory that is able to engage with the discourse of those who carry out reform in practice. This is an enormous asset to those who study or work for reform and for those who do both. Ultimately, this serves the public good.

Chapter Two: Concepts, Methodology and Sources

This chapter outlines the reasons for choosing the comparative case study approach to address its central questions of the thesis on the unfolding of reform agendas in the two national higher education policy systems. It discusses gains in understanding of key puzzles in policy studies and political science through applying qualitative research design. It sets out the advantages of the small-n case study methodology in tracing and evaluating the key events and turning points in complex processes that constitute a policy history. As the chapter argues, these processes of change in policy systems should be considered in both the pre-agenda and national decision-making stages. Why the higher education reform in the UK and Australia are fitting matches for comparative study based on the principle of similarity is described. Before this explanation of the methodological strategy, the chapter sets out four concepts used in the thesis that are central to framing its arguments: higher education, elite and mass systems, income contingent loans and age participation index.

Concepts

Higher Education

Following rapid increases in the number of people seeking to pursue studies beyond schooling after World War II, "higher education" was increasingly used as a term to describe courses at an advanced level of learning. What courses should be deemed higher education was the subject of continuous debate. While a university was clearly understood to stand for a particular type of institution built on established scholarly traditions whose aims were the pursuit of a form of higher learning, the non-university sector was made up of disparate educational institutions that were less amenable to a unified definition. The Robbins Report (1963) in the UK argued that higher education should be understood as a broad accommodating concept covering all courses that were taught in a systematic way at a level beyond the Advanced level of the English General Certificate of Education.[23] Robbins included in this definition teacher training and a wide range of technological and further education colleges operating at regional and local levels. He also believed that the concept of higher education should be fluid, arguing that many colleges had "risen to university or near university level" and others were evolving in that direction.[24] In Australia and the UK, the

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[23] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. (Cmnd 2154. London: HMSO, 1963). p. 2.
[24] Ibid. p. 5.

term advanced education was increasingly used from the 1960s as comprising a large group of post-secondary, non-university institutions that included technical institutes, institutes of technology, specialised colleges, regional colleges, colleges of advanced education, polytechnics and teacher colleges. The origins of many of these institutions were in colleges of technical and industrial skills training that evolved to become providers of long-course vocational training leading to the award of a diploma.

The requirements of the more complex range of industrial skills in the post-war era gave a new shape to advanced education courses which moved increasingly from part-time to predominantly full-time study mode with common core subjects. Several institutions that had achieved a reputation for the rigour and quality of their courses — such as the engineering diplomas of long-established metropolitan colleges of technological education — came to be viewed as equivalent in their specialised study area to the standards of undergraduate degrees in the universities.[25] The character of advanced education, in particular their academic standing, became a highly contested question which was at the heart of post-war debates about the role of the colleges in higher education. As the processes of expansion reshaped higher education, policymakers increasingly assumed many non-university institutions would expand and develop according to the pattern of the multi-faculty university.

In terms of national policy, the concept of advanced education was operationalised in Australia and the UK in the mid-1960s. In the 1950s when governments recognised the need for a nationally coordinated higher education system, the universities were the main focus of attention in national policy. This encouraged a tendency to see the development of higher education through the lens of the actors who guided the post-war expansion of the universities. The situation changed, however, as governments began to give much greater attention to non-university institutions' role and position in a national system of higher education. The demand for highly skilled and educated labour in industry and government reflected fundamental changes in the post-war occupational structure. There were also demographic pressures on government such as the post-war baby boom creating the need for large increases in the supply of teachers. All these pressures focused the energy of policymakers on organising the goals of a broader national higher education system,

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[25] Michael Shattock, *Making Policy in British Higher Education 1945-2011* (Maidenhead: Open University Press, 2012). pp. 27-28.

particularly through incorporating the teacher training colleges, and metropolitan institutes and technical colleges with strengths in engineering, accounting and business studies.

Joining the universities and the advanced education colleges in an evolving national policy system generated a debate about distinctions between separate ideas of learning represented by a university model and a vocational model. As this thesis argues, this was the source of many tensions and difficulties in the conduct of policy. The debate in the mid-1960s about the role of the non-university institutions took policy in somewhat different directions in Australia and the UK. What is critical in both cases, however, is that the distinction between 'pure' and 'vocational' learning conflicted with the unitary ideal of higher education that Robbins and others argued for. For a long time, the universities were vigorous in defending their exclusive power to accredit and award degrees based on claims to particular intellectual distinction. They believed in the unique role of the universities as institutions for advancing the frontiers of knowledge which underpinned the assumption that money for research should be directed solely to universities. Another defining feature of the universities was the tradition of university autonomy enshrined in their governing structures. An important safeguard of autonomy was the principle of grants funding that was designed to minimise political influence over the universities' use of public money. By way of contrast, the non-university institutions were governed through local or regional authorities to which they were historically connected.

As a consequence of both higher rates of growth in enrolments and the promotion of more institutions to advanced education status, the size and influence of the non-university institutions grew rapidly. As the latter gained degree-awarding powers in more disciplines, advanced education institutions in their courses, curricula and students became more like the universities. Within the policy field, the attention of government ministers and policy planners was increasingly directed to these dynamic changes of the non-university sector. This was a critical arena for new approaches and innovations in policy during the two decades from the mid-1960s. In this period, the advanced education institutions moved from their traditional role as vocational providers to a comprehensive, multi-faculty model along the lines of the universities, a trend facilitated by curriculum reforms and institutional amalgamations. The divisions were formally dissolved in Australia in 1989 and the UK in 1992 when all higher education institutions were awarded university status.

These new unitary systems did not dispel preoccupations with the esteem of individual universities or groups of universities. The new universities were absorbed into the pre-existing hierarchical order where, as a rule, the older and more established the university the closer to the pinnacle. The national system brought in new universities with limited experience in scholarly research, the activity seen to define the idea of a university. Should all academics now be expected to do research, or should some academics and institutions be dedicated only to teaching? Unification raised a set of new questions for the publicly funded research model followed by both countries in this study. Most critically, by what method should research money be distributed in an expanded system? And who was qualified to evaluate claims in the intense competition for research money? For governments, the solution seemed to lie in greater selectivity of research activities and in moving to a centrally coordinated system of concentration and competition.[26] The processes of formulating national research policy had an important bearing on the reform agendas that are the central concern of this study.

Elite and Mass Higher Education Systems

The concepts of elite and mass higher education are associated with the work of the American sociologist, Martin Trow, who argued that higher education became a mass system with special characteristics when the percentage of school leavers participating in higher education crossed the threshold of 15 per cent.[27] Trow claimed that the defining differences between elite and mass higher education were "the character of the students and the nature of instruction."[28] In the 1950s and for most of the 1960s, the Australian and UK universities drew their students from a relatively small pool of individuals who had completed upper secondary schooling and who had met rigorous scholastic standards determined by examination authorities. Most young people had no thoughts for studying beyond school and many joined the workforce when they reached school leaving age (SLA). Elite higher education typically entailed enrolment in a standard three-year degree course requiring full-

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[26] Stuart Macintyre, Andre Brett, and Gwilym Croucher, *No End of a Lesson: Australia's Unified National System of Higher Education* (Melbourne: Melbourne University Press, 2017). pp. 191-204. Roger Brown and Helen Carasso, *Everything for Sale? The Marketisation of Uk Higher Education* (London: Routledge, 2013). pp. 60-70.

[27] Martin Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion," *Higher Education Quarterly* 43, no. 1 (1989). p. 62. "Problems in the Transition from Elite to Mass Higher Education." p. 7.

[28] "Academic Standards and Mass Higher Education," *Higher Education Quarterly* 41, no. 3 (1987). p. 268.

time attendance. The model was an intimate setting of small classes or laboratories where learning was guided by scholars in the disciplinary field. Academic standards were maintained through rigorous examinations. There was also a tradition, particularly in the UK, of university studies as a residential experience befitting the ideal of a community of scholars.[29] As Trow argued, prestigious universities fostered an elite environment that served to inculcate the habits, values and skills as preparation for taking up roles in the higher offices of the civil service and business, or for a career in the higher professions.[30] As with models in the abstract some caveats are necessary. In the context of rapid growth of the university system in the 1950s and 1960s, the weight of pressures on resources meant that reality did not match this aspiration. The experience of most undergraduates fell short of Oxbridge which was the purest expression of the relation between teacher and student in a community of scholars.[31] In the UK, the considerable costs of tuition and bursaries for student living expenses under this elite model were met through public funding. For this reason, post-war expansion planned on the elite model led to rapid annual increases in public grants for higher education.

Trow used a functional sociological approach that saw the advent of mass higher education as a response to rapid growth in occupations requiring post-school qualifications. The requirements for higher skilled labour in the industrial and service sectors of advanced societies altered the relations between "the institutions of higher education and the larger society and its political and economic institutions".[32] Demand for qualified individuals was also driven by the proliferation of professional and semi-professional positions in new service industries and occupational specialisation and professionalisation of the various branches of the welfare state. As change in occupational structures advanced, graduate qualifications replaced school qualifications as a standard entry requirement for many technical and

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[29] David Willetts, *A University Education* (Oxford: Oxford University Press, 2017). p. 170.
[30] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 8.
[31] David Palfreyman and Paul Temple, "Chapter 1. The Enduring Idea and Changing Ideal of the University," in *Universities and Colleges: A Very Short Introduction* (Oxford: Oxford University Press, 2017).
[32] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 19. A central theme of the voluminous higher education reports of the 1960s was the rapidly growing need of modern enterprise and government for high levels of knowledge which meant enlarging the graduate pool from which they recruited. See L. H. Martin (chair). *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*, 3 vols (Canberra: Government Printer, 1964). pp. 9-10. Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. pp. 71-74.

managerial positions in government, industry and commerce. To supply these graduates in the necessary numbers required large changes in the scale and the organisation of the system of post-school training.

As higher education moves towards a mass participation system, the student body is drawn from a much broader cross-section of the young adult population, and this is reflected in greater heterogeneity of educational ability, social background and individual goals and career destinations. Trow (1974) summarised the implications of "massification" as follows:

> Mass higher education differs from elite higher education ... in the functions of gaining entry for the student; in the functions of the system for the society; in the curriculum; in the typical student's career; in the degree of student homogeneity; in the character of academic standards; in the size of institutions; in the forms of instruction; in the relationships between students and faculty; in the nature of institutional boundaries; in the patterns of institutional administration and governance; and in the principles and procedures for selecting both students and staff.[33]

The transition to mass participation systems is a process where elements of the elite system survive in institutions or in parts of institutions as the higher education system evolves to include greater numbers of students. Trow (1989) pointed to the problem of policy systems (identifying Britain as an exemplary case) where the legacy of the elite model had created great difficulties in creating the functional diversity required in a mass higher education system.[34] As this thesis argues, the elite model of learning exercised a powerful influence in shaping and planning the expansion of the post-war higher education systems in Australia and the UK, and continued to guide the thinking of policy actors as they grappled with the implications of a mass system. Trow (1974, 1987, 1989) argued in several influential articles that attachment to the elite model impeded clear understanding of the central issues of diversity and funding.[35] He believed that this accounted for difficulties of British policy in grasping the nature of the emerging political economy of higher education and delay in

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[33] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 6.
[34] "The Robbins Trap: British Attitudes and the Limits of Expansion."; Willetts, *A University Education.* p. 53.
[35] Trow, "Problems in the Transition from Elite to Mass Higher Education."; Trow, "Academic Standards and Mass Higher Education."; Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion."

designing polices to facilitate the process of transition to a mass system.[36] The cost of the elitist approach is to limit adaptation in the short term, but governments eventually must confront the dilemmas of mass enrolments.

In the three decades after World War II full-time enrolments in higher education in Australia and the UK grew from 2 per cent to around 13 per cent of the university-going age group (18 to 22 years). For most of this period, governments gave strong support to funding higher education expansion. To accommodate growth in the 1960s, Australia and the UK built a number of new universities. After a long period of steady growth in Australia and UK, participation in higher education stabilised at a steady rate in the mid-1970s. At this time the participation rates were just under Trow's fifteen per cent threshold. Debate continues about what stopped the trend of rising participation. For example, did the appearance of stagflation in the mid-1970s with rising unemployment and inflation dampen popular demand because more education looked like an uncertain bet? [37] At the same time, political and bureaucratic elites embracing fiscal constraint had little hesitation in taking measures within their ability to limit supply.[38] The fiscal crisis intensified the acute dilemma of an impending mass higher education system and had a cooling effect on government attitudes to expansion.[39] Led by Finance and Treasury departments, governments moved to a position of strong opposition to funding the numbers entering higher education at the per capita costs (tuition and maintenance grants) of the elite model.

Income Contingent Loans

The possibilities of ICLs as an instrument of university funding policy did not attract the full attention of governments until the 1980s. This was not because the concept of ICLs was unknown — the case for contingent repayments in higher education financing had been set out by Milton Friedman in 1955.[40] In the policy climate of the immediate post-war decades,

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[36] "The Robbins Trap: British Attitudes and the Limits of Expansion." p. 58.

[37] Peter Mandler, *The Crisis of the Meritocracy* (Oxford: Oxford University Press, 2020). p. 108.

[38] Ibid. p. 115.

[39] For discussion on why the trend of widening enrolments stopped, see "Educating the Nation: Universities. Transactions of the Royal Historical Society." p. 11, and Peter Karmel, "Trends and Issues in Australian Education: 1970 – 1985." *International Seminar on Educational Reform* (Tokyo 1985).

[40] Milton Friedman, "The Role of Government in Education," in *Economics and the Public Interest*, ed. Robert A Solo (New Jersey: Rutgers University Press, 1955).

responsibilities for funding the growing field of higher education provision by national governments was unproblematic. Substantial financial assistance was made available to support individuals who were qualified and who wanted a place in HEIs through joint arrangements in Australia at State and Commonwealth levels and in the UK through Westminster and the local authorities.[41] It should be noted that the majority of those receiving financial assistance at this time were young males from families that were at least relatively affluent. The availability of a university place for these academic achievers fulfilled a somewhat limited standard of meritocracy characterised by Mandler as a "ladder of opportunity" rather than a "broad highway".[42] The principle that students should pay a charge for their studies was rejected when university fees were abolished in the UK by the Macmillan Government in 1962 acting on the recommendations the Anderson Report on student grants, and then in Australia under the social democratic Whitlam Government (1972-75).[43] For over two decades, governments showed themselves ready and willing to meet steady annual increases in enrolments with regular increments to the higher education budget. This was consistent with the "public good" position held in many advanced countries, particularly in Western Europe, that it was the proper responsibility of the state to fund the universities. Because higher education was based on the template of the expensive elite model of a full-time three-year degree, Australian and UK Governments subsidised higher education at a higher per student level than many other rich countries. As well as the costs of tuition, both countries supported generous means-tested living allowances for undergraduates. As enrolment growth in the 1960s carried the universities and colleges to the threshold of mass participation, the costs of the higher education budget mounted. Public spending on higher education as a proportion of GDP rose in Australia from 0.82 per cent in 1964-65 to 1.13 per cent in 1984-85.[44] In the UK, public spending on higher university grew steadily as a proportion of GDP and peaked in the mid-1970s.[45]

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[41] Willetts, *A University Education.* p. 45.

[42] Mandler, *The Crisis of the Meritocracy*. p. 2.

[43] Nicholas Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," *Contemporary British History* 27, no. 3 (2013). p. 254.

[44] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education," (Canberra: Australian Government Publishing Commission, 1986). p. 66.

[45] House of Commons, "Education Spending in the Uk. Briefing Paper No. 1078," (London: House of Commons Library, 2019). p. 16.

The attention of policy actors was drawn to the scale of public spending on higher education which became a critical problem as a new wave of demand for places in the universities was building in the late 1980s. This was the fertile ground for the development of ICLs as a policy idea.

A major motivation in the search for policy alternatives was the belief that a growing unwillingness of government to expand spending to meet the costs of widening enrolments was holding back these countries. Existing government policies such as enrolment caps on institutions were seen as a brake on the natural growth of higher education resulting in an artificial and undesirable rationing of opportunities to take up undergraduate studies. This led policy specialists to look at higher education finance in countries with much higher levels of participation (such as the United States and Canada), and where students made a substantial private contribution to tuition costs. In the US it was not just the private and non-profit universities (institutions that did not exist in the exclusively state-run systems in the European countries) that charged tuition for study, but also the public state universities that had very high enrolments by international standards. However, the problem identified with these national systems was that, though governments provided various bursary schemes and other financial subsidies for students, many students were left with no choice but to take out commercial loans to make up the costs up-front tuition fees and living expenses while studying. These issues created a problem space in the policy thinking that ICLs were able to occupy.

Income contingent loans (ICLs) were a critical feature of policy that enabled a shift from a full publicly funded higher education to a hybrid system of funding based on public and private sources (grants plus tuition fees). Under ICLs, students could borrow money for education costs with deferred repayment terms. Individuals were not required to repay the loan until their income exceeded an amount stipulated by the government-managed loan facility. This system of deferred payments until the individual was an in-work graduate with the capacity to pay had significant resemblances to a graduate tax. The pairing of an ICL-financed universal tuition fee with continuing public grant funding represented a partial privatisation of higher education funding. However, some observers have also noted the use of ICLs in higher education as a policy hybrid in another sense, which is that repayment

features sit between a market-based loan and a publicly financed tax on university students.[46] This gives it a unique feature of having a capacity to advance privatisation and advance redistribution simultaneously.[47]

Deferred repayments eliminated the anxiety associated with time-based repayment loans (TBRLs), the standard tool of personal borrowing. Studies in countries where TBRL-style educational loans were prevalent showed that they had a deterrent effect for individuals from poor households in the process of deciding whether to undertake further studies. Avoiding this observed disincentive of market-based loans on the decision to pursue university studies was a central consideration of experts advising governments the 1980s when they were increasingly contemplating the need for the reintroduction of tuition fees. ICLs were designed as a response to addressing this problem, as they enabled a universal tuition fee to be paired with a loans scheme based on generous and forgiving repayment terms. These repayment terms were critical in terms of overcoming the crucial block of political unacceptability because they allowed proponents to argue that the policy met equity goals at the same time as it increased the flow of private funds into the system. A loans-backed tuition financing regime complementary to the system of public grants was a way for governments in the late 1980s to bring together what had previously seemed two irreconcilable goals: considerable increases in the higher education intake to match growing demand, at the same time as avoiding a "tax and spend" approach to university and college funding. This was precisely the path taken by the Australian Government in 1989 and, after a lengthy period of policy uncertainty, by the UK Government in 2004.

ICLs were a highly successful policy initiative because they addressed the obstacles to progress that had emerged in state funded systems in the transition to mass higher education. By arguing for a way of raising a substantial private source of funding to offset the public costs of creating further places in higher education, the advocates of such policy were able to overcome the objections of powerful opponents, including Treasury and state fiscal departments. Strictures on public spending had contributed to stifling popular pressures for expanding undergraduate intakes. ICL-backed tuition fees were introduced in Australia under the Higher Education Contribution Scheme (HECS) in 1989. This was a genuine policy

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[46] Benjamin Spies-Butcher and Gareth Bryant, "Universities: A Paradox of Privatisation," in *Wrong Way: How Privatisation and Economic Reform Backfired*, ed. Damien Cahill and Phillip Toner (Melbourne: Schwartz Publishing, 2018). p. 187.
[47] Ibid. p. 187.

innovation that quickly yielded results by controlling the costs to the public purse of higher education and through achieving substantial increases in student enrolments. HECS quickly attracted the interest of the global higher education policy community. New Zealand rapidly adopted a system of ICL-backed tuition fees inspired by the Australian model. The UK did not link ICL to a system of tuition fees until 2004 but as early as 1990, a Conservative Government, with the aim of reducing the burden of maintenance costs, applied an ICL policy to provide a facility for students to borrow for living expenses.

The policy hybrid of public-private financing based on ICLs was effective in sustaining a funding base that met the demand for places as participation in the universities climbed to levels of 30-40 per cent in the mid-2000s. Yet, while achieving government goals of financial sustainability, it did not completely meet the aspirations of those who wanted a greater play of market forces in the sector and the removal of central government planning. While ICL-based schemes such as HECS were to some extent market-orientated, it was not the free play of market forces that was uppermost in the minds of the policy architects, nor did the method of setting fees institute market-based pricing. It is more accurate to describe the system based on ICLs as a quasi-market where the government — not the student — stood as the purchaser of the universities' services as well as closely regulating the rules of this arrangement through central authorities.

A key claim for the progressivity of HECS made by its architects and proponents rested on what were argued to be its redistributive features. This was essentially that individuals who enjoy the direct financial benefits of a university education contribute to some part of the cost. This, as they argued, was fair because it reduces the charge to the tax-paying public, most of whom are not tertiary graduates. The validity of reducing the redistributive question to one of fairness in the tax system remains a source of controversy in centre-left politics. The principle of repayment according to earnings integral to a HECS-style student loans does give the policy instrument a certain capacity to sit "in between" market and state.

Age Participation Index

No outcome was more critical for policymakers planning the post-war expansion of higher education than accurate forecasting of enrolment trends in post-secondary education. The measure used for this was the Age Participation Index (API). The API applies to the proportion of those who commence a full-time course of higher education in the peak age cohort for university attendance (18- to 19-year-olds). The UK Ministry of Education in the

1980s calculated API as the number of young home school leavers entering full-time higher education as a percentage of half of all persons aged 18 and 19 in Great Britain.[48] The method assumed that higher education was undertaken on a full-time basis in the year after completing schooling. This reflected the situation of the early post-war decades. API is a measure of enrolled students. It therefore records those who have had some experience of higher education but may not necessarily have graduated. It also excludes overseas students who made up an increasingly large fraction of the campus population as international student markets rapidly expanded from the 1990s.[49]

The relevance of API became problematic as the landscape became more diverse with large numbers undertaking part-time studies, older students taking up studies, and enormous growth of students undertaking external studies through the Open University. With more diversity in modes of study, and demographic and social background of students, other measures of higher education participation have been adopted as more suitable. In 2001 the API was discontinued in the UK and replaced by the Higher Education Initial Participation Rate (HEIPR) which captures those between 17 and 30 who at any time have commenced, for the first time, a course of higher education studies.[50]

In the post-war era when participating in higher education is increasingly accepted as a social norm, an intense preoccupation with these measures has become a feature of political and policy discourse. Given that everyone under the age of 50 has left school in the era of mass higher education, it is common practice to report the proportion of the working age population holding a bachelor degree or above. The most recent survey by the Australian Bureau of Statistics shows that of Australians residents aged between 20 and 64, 38.5 per cent of females and 30.7 per cent of males are qualified at bachelor level or higher.[51] 42 per

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[48] Higher Education Funding Council for England (HEFCE), "Young Participation in Higher Education," (London: HEFCE, 2005). pp. 13-15.

[49] For example, in 2018 there were 1.06 million domestic students (citizens and permanent residents) and 391,500 international students enrolled in Australian HEIs. See Andrew Norton and Ittima Cherastidtham, "Mapping Australian Higher Education 2018," (Grattan Institute, 2018). p. 27.

[50] Andrew McGettigan, *The Great University Gamble. Money, Markets and the Future of Higher Education* (London: PlutoPress, 2013). p. 17. Joanne Lindley and Stephen Machin, "The Quest for More and More Education: Implications for Social Mobility," *Fiscal Studies* 33, no. 2 (2012). p. 268.

[51] Australian Bureau of Statistics, "Education and Work, Cat. No. 6227." (May 2020).

cent of adults aged between 25 and 64 in the UK held a bachelor or higher qualification in 2019.[52]

Note should be taken of two aspects of participation. The university population in Australia and the UK contains a large proportion of non-national students. In the UK, over a fifth of student enrolments in the 2019-20 academic year were overseas students.[53] The proportion of international students enrolled in Australia is the same, although it is higher if enrolments in off-shore campuses of HEIs are included.[54] Secondly, devolution in the UK has placed higher education policy in Scotland, Wales and Northern Ireland as a responsibility of the devolved government. This has led to four funding and regulatory systems applying different rules. The devolved administrations chose to retain greater state control of the sector, but some measures have taken these systems in the direction of market-based funding. Still, HEIs are free for most Scottish and Irish applicants and Northern Ireland caps tuition at less than half the English rate. On the other hand, Wales withdrew its policy of fee grants that remitted a third of tuition fees for Welsh students studying in English and Welsh universities.[55]

Comparative Policy Research

This section describes the small-n case study approach that systematically analyses the course of policy using historical evidence to gain insight into the nature of institutional change. A common method in small-n studies involves selecting a small number of cases — typically between two and four — where national governments aim to achieve similar outcomes in a field of public policy. A comparison of the processes of reform is built through close analysis of each case. Studies in this tradition have looked at the national choice in public health systems,[56] national variation in skills and training institutions,[57] industrial relations[58] and

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[52] OECD, *Education at a Glance 2020*. (Paris: OECD Publishing, 2020). p. 50.
[53] UK Higher Education Statistics Agency, "Where Do He Students Come From?," https://www.hesa.ac.uk/data-and-analysis/students/where-from Accessed 14 July 2021.
[54] Norton and Cherastidtham, "Mapping Australian Higher Education 2018." p. 24.
[55] McGettigan, *The Great University Gamble*. p. 26.
[56] Ellen M. Immergut, "Institutions, Veto Points, and Policy Results: A Comparative Analysis of Health Care," *Journal of Public Policy*, no. 4 (1990). pp. 391-416; Howard Glennerster and Robert C. Lieberman, "Hidden Convergence: Toward a Historical Comparison of Us and Uk Health Policy," (2011). pp. 5-31.
[57] Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States and Japan* (Cambridge: Cambridge University Press, 2004).
[58] Colm McLaughlin and Chris F. Wright, "The Role of Ideas in Understanding Industrial Relations Policy Change in Liberal Market Economies," *Industrial Relations: A Journal of Economy and Society* (2018). pp. 568-610.

higher education finance.[59] Two central concerns of in-depth case studies are to locate policy reform agendas in their national historical context, and to trace over long periods of time the main sources of influence on agenda processes.[60]

The in-depth historical case study makes a crucial contribution to explanation in political science. It does so, firstly, by focusing on multiple causal processes occurring over the long periods that lead to policy outcomes. Secondly, it develops explanation by exploring the interaction of local and structural determinants of policy. Mahoney and Larkin (2008) claim that the comparative in-depth study is designed to address:

> "big questions"—substantively important and large-scale outcomes— that take the form of puzzles about specific cases. In addressing these puzzles, researchers are centrally concerned with causal analysis, the examination of processes over time, and use of systematic and contextualized comparison.[61]

The thesis then shows why the reform histories of the Australian and UK higher education systems represent matching cases suited to the "most similar systems" method of analysis.[62] It sets out the criteria on which Australia and the UK are matched and explains how the study defines the reform period in Australia (ending in 1990) and in the UK (ending in 2005).

The Small-n Case Study and Policy History

The choice of a small-n case study approach to the subject of the thesis can be related to debate in the social sciences about the merits of large-n versus small-n case studies as methods of identifying the operation of causal processes.[63] Large-n designs (prevalent in the "hard" social sciences such as economics and psychology) make use of large datasets with the aim of making causal claims based on the researcher's ability to control for a group of

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[59] Garritzmann, *The Political Economy of Higher Education Finance.*
[60] Paul Pierson, *Politics in Time: History, Institutions and Social Analysis* (Princeton University Press, 2004). pp. 54-79.
[61] Mahoney and Terrie, "Comparative-Historical Analysis in Contemporary Political Science." p. 739.
[62] J. Seawright and J. Gerring, "Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options," *Political Research Quarterly* 61, no. 2 (2008). pp. 304-06.
[63] John Gerring, "What Is a Case Study and What Is It Good For?," *The American Political Science Review* 98, no. 2 (2004). pp. 343-344.; Gary King, Robert O. Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research*, Princeton Paperbacks (Princeton University Press, 1994).

variables. The advantage claimed for the large-n approach is that it gives the required control to build models that approximate the real social world. In multivariate analysis the researcher specifies the independent variables of interest and measures their effect on a dependent variable (such as income, job creation, voting intention) to gain a precise measure of causal effect.[64] The clear disadvantage of this approach for policy studies is that it generates an abstract model that leaves out what is often most salient in the dynamics of policymaking. The source material that contributes to the understanding of a policy agenda rarely lends itself to building a testable model that approximates the policy process. The study of policymaking through case histories sits more comfortably in empirical traditions of social scientific inquiry. In this respect, the difficulty with experimental modelling based on large-n methodology is that it limits the questions about the social world that the researcher can address. In particular, large-n models limit questions of the influence on outcomes of preceding policy history and contingencies in the political environment.

The variables in the small-n study are the cases themselves. In this study they are the complex interactions between ideas, institutions and individuals that constitute the higher education policy agendas and their outcomes in the two countries under consideration. A policy agenda is an aggregation of processes in which multiple policy actors make strategic use of their resources to achieve outcomes. The thesis is concerned with the dynamics of these processes, the sequence of events in a reform agenda, and how the processes of policy unfold over time.[65] It identifies key moments of decision-making and brings into sharp focus the processes that have significantly affected outcomes at these junctures. This methodology is closely related to causal process tracing (CPT), the term that describes the method practiced in recent policy studies of in-depth analysis through tracing policy processes to identify the paths by which policy outcomes have come about. The aim of CPT is to identify as precisely as possible the agency and the circumstances that generated a policy change. This entails the selection of specific material from the available sources in order to systematically analyse processes that show how agency was exercised.

The explanatory strategy of the thesis combines detailed process analysis with a longer historical perspective that locates government decision-making in national higher education

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[64] King, Keohane, and Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research*, p. 61.
[65] Mahoney and Terrie, "Comparative-Historical Analysis in Contemporary Political Science." p. 12.

agendas within the post-war history of higher education change. Firstly, it assumes that long-term forces acting over time have a prominent role in determining the shape of national higher education reform. This is reflected in the concept of changes in the post-WWII political economy of higher education. At the same time, the thesis examines events and contingencies in the arenas of decision-making, asking how these interact with these long-term forces that shape the political economy of higher education. This strategy goes directly to the central (and complex) question of agency in policy history, as well as providing the empirical framework that allows the thesis to develop its argument about how to conceptualise the nature of institutional change.

While it is grounded in qualitative analysis, the thesis deploys descriptive statistics from a range of sources to tell the story of the unprecedented post-war expansion of educational participation in Australia and the UK. This is essential to show the impact on the political economy of mass higher education of patterns of participation in secondary schooling and higher education, and of long-term demographic developments.

Why the Australian and UK Higher Education Systems Are Close Matches

The cases studied in this thesis are clear candidates for the comparative approach based on the principle of "most similar systems".[66] This is a strategy aimed at removing variation from the units of analysis. In the case of comparative national policy, units are selected on the basis of inherent similarities in the decision structures, the norms and the institutional framework of government.[67] The aim of this strategy is to match policy/governmental

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[66] Seawright and Gerring, "Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options." pp. 304-06. David Collier, "The Comparative Method," in *Political Science: The State of the Discipline II*, ed. Ada W Finifter (Washington: APSA, 1993). pp. 111-112.

[67] A great deal of the literature concerning the development of the post-war welfare states of advanced economies groups countries into regimes according to similar historical responses to welfare production and likenesses in institutional structures that shape policy choices. For the purpose of exploring the response of "Anglo-Saxon" or "liberal" type countries exposed to severe global economic challenges in the 1970s, Scharpf and Schmidt (2000) examine the group comprising Australia, the UK and New Zealand. See Fritz W. Scharpf and Vivien A. Schmidt, "Introduction," in *Welfare and Work in the Open Economy*, ed. Fritz W. Scharpf and Vivien A. Schmidt (Oxford: Oxford University Press, 2000). pp. 2-6; Herman Schwartz, "Social Democracy Going Down or Down Under: Institutions, Internationalized Capital, and Indebted States," *Comparative Politics* 30, no. 3 (1998); Herman Schwartz, "Internationalization and Two Liberal Welfare States Australia and New Zealand," in *Welfare and Work in the Open Economy Volume Ii: Diverse Responses to Common Challenges in*

systems on a range of institutional variables in order to minimise the effect on the outcomes of policy agendas that are caused by inherent differences in national political systems. Where policymaking institutions are similar, there are grounds to expect convergence in government responses to problems, or failures in policy that are common to the cases. Where governments that are "similar systems" respond to a shared policy issue and produce significantly different outcomes, it is less plausible to argue that the variation is attributable to differences in governmental/political/constitutional structures. In this analytical framework, attention shifts to factors that are non-systemic in nature that may account for the incongruency in policy responses. For example, contingent or local circumstances may have played a large role in shaping the dynamics of decision-making.

Where the two countries studied in this thesis have structures that are "most similar" is, first, in the institutions of government and higher education. Australia is a colonial settler society whose governing institutions have in large part been inherited from Britain. These include Westminster-style parliaments; cabinet government as the central decision-making institution; and a permanent civil service based on the ethos of political neutrality. In both countries a majoritarian electoral system based on single member constituencies has entrenched two broad-based political parties of the centre-right and centre-left; it has also favoured a dominant executive at the expense of parliamentary decision-making power.[68] Cabinet fuses the functions of the executive and legislative branches and with the myriad responsibilities of modern government has become the vital and central body for the exercise of political power. These dual functions significantly extends Cabinet's capacity to control policy agendas for governments in both countries. There are, nevertheless, important constitutional differences between Australia and the UK. Foremost is that Australia is a federation where State governments retain significant constitutional powers. HEIs have been strongly shaped by the influence of governments at the State level. In the post-war expansion of higher education, the Australian States have generally acquiesced in the centralisation of higher education decision-making in the Commonwealth — particularly, arrangements where

Twelve Countries, ed. Fritz W. Scharpf and Vivien A. Schmidt (Oxford: Oxford University Press, 2000).

[68] For clarity, three points can be made. (1) The coalition agreement of the two anti-Labor parties in Australia means that they usually operate electorally as one side of a two-sided contest. (2) Voting is compulsory in Australia but not in the UK. (3) To be elected in UK single member constituencies the candidate must win a plurality of votes. To be elected in Australian single member constituencies the candidate must win a majority of votes which is determined through a system of preferential (alternative) voting.

the Commonwealth has steadily assumed responsibilities for funding the sector. However, on occasions the States have used their constitutional power to act as an institutional veto point in the Commonwealth's overall coordination of national policy.

A second level at which Australia and the UK are matched as "most similar systems" is in the model of higher education. In establishing the first universities, the colonial governments in Australia emulated British models. Britain continued to be a strong source of inspiration and advice on the development and expansion of the Australia's higher education systems in the second half of the twentieth century. Policy influences began to flow in both directions by virtue of Australia's pioneering innovations to university funding through loans-backed tuition fees. The upshot of this mutual relationship was a much closer resemblance of the university model and university governance structures than would be found in most pairs of countries. Where the institutions were less obviously matched was the vocational and technical branches of higher education. National variation in the processes of incorporating this sector into the national systems helps to explain differences in the conduct and outcomes of the reform agendas in the respective countries.

A third broad consideration in matching the higher education agendas in a small-n study is the circumstances of the surrounding social and economic environment that define the issues of policymaking. In the 1980s British and Australian governments facing acutely challenging economic conditions turned to radical measures of economic liberalisation to revive economic growth. By the 1980s a consensus had formed among the political elites in each country on the urgent need for national economic reform and on the failure of state planning and public spending approaches to address fundamental economic problems.[69] Governments

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[69] While maintaining the position that the Conservative Governments under Thatcher/Major and the Labor Governments under Hawke/Keating were governments defined by their liberalising economic reform, this is not to imply a convergence in ideological orientations. Because the eras of Thatcherism in the UK and the Hawke/Keating form of Laborism down under were almost contemporaneous, this meant that they confronted the same challenges of the global economic environment though with different consequences for two differently organised national economies. Pierson and Castles (2002) argue that the Hawke/Keating Governments in the 1980s and 1990s forged a programmatic realignments of traditional Labor Party policy around the partial deregulation of the particularly Australian regulatory state, the enhancement of mutualism through universal superannuation and a work-orientated social policy. These elements have led observers to suggest that the reforms of Australian Labor Governments' of this period were in substance precursors to Third Way "progressivism" under Tony Blair. See C. Pierson and F. G. Castles, "Australian Antecedents of the Third Way," *Political Studies* 50, no. 4 (2002). pp. 687-692; David O'Reilly, *The New*

won elections in the 1980s on platforms of lower tax and public sector retrenchment. The dominant actors in 1980s cabinets embraced a concept of political economy based on free-markets and public sector reforms. These imperatives and the changed political climate affected all government policy agendas, including higher education reform, and, for this reason, these imperatives are an important factor reinforcing the "similar systems" assumption in the research design. Finally, adding to similarities listed above, Australia and the UK were experiencing, at the same time, the social and economic pressures associated with the transition to mass participation. These generated the specific dilemmas of higher education — unmet demand and a crisis in the public funding arrangements of higher education — that weighed heavily on policymakers in both countries.

In summary, the higher education agendas in Australia and the UK meet the requirements for a small-n study due to the many points of convergence between the countries: constitutional arrangements, two-party politics, centralised cabinet government, institutional legacies, dilemmas in the policy field, and the turn to market liberal solutions by governing elites.

When Did the Higher Education Reform Agenda Start and Finish in Each Country?

This section sets out the grounds for identifying a period of policy history in each country as the beginning and end of a higher education reform agenda. Marking the beginning and ending of these agendas is based on the recognition of a new order of problems in the policy sector and of the full implementation of a new model of coordinating a national system of higher education. The new model reflected a paradigm comprising central regulation, an orientation towards markets within a public system and access at unprecedented levels. Of course, any analysis is incomplete without careful attention to what happened before and how this shaped the motives, intentions and thinking of those who joined the reform bandwagon. Equally, nominating an endpoint of reform can also appear arbitrary as evidently the dilemmas of policy are never disposed of, and the problems that reform programs were

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Progressive Dilemma: Australia and Tony Blair's Legacy (Basingstoke: Palgrave Macmillan, 2007). pp. 43-49, 52-56. Argy (1998) distinguished the Australian Labor Governments of the 1980s from those following a more radical free market model. See Fred Argy, *Australia at the Crossroads: Radical Free Market or a Progressive Liberalism* (St Leonards: Allen and Unwin, 1998). pp. 109-157. Accounts on the left have criticised the shift to "economic rationalism" of the Hawke and Keating Governments as an abandonment of Labor traditions. See Graham Maddox, *The Hawke Government and Labor Tradition* (Penguin, 1989).

intended to solve stubbornly persist and challenge governments. This thesis stresses the importance of the strands of continuity linking the actions and choices of actors on both sides of a major transition. The way in which the thesis frames its analysis around agendas does not imply the absence of continuities at points in time. Rather, what is crucial in the analysis is how the flaws of previous approaches were amplified in the reform period and drove the process and direction of reform.

The period of modern reform in national higher education in Australia and the UK commenced in the late 1980s when education ministers in the respective countries set out to present a major legislative program to cabinet. This led to the *Education Reform Act (1988)* in the UK and the *Higher Education Funding Act (1988)* in Australia. The upshot of the reform program in each country was the implementation of a national system of mass higher education on the foundation of partial private funding was achieved. This reform, in the shape of universal tuition fees backed by a government loan regime, enabled the enlargement of the national higher education system in the transition to mass participation. This radical change to funding also involved a shift to centralised governance through a regulatory regime. On the one hand, this comprised devolving responsibilities to the universities but on the other, compliance was maintained at a high level of detail through government steering.[70] Public funding was conditional on universities achieving centrally determined performance management and quality assessment standards.

The reform agenda was completed rapidly in Australia over a period of less than two years between July 1987, when the minister commenced the White Paper process in preparation for submitting the reform program to cabinet, and November 1988 when the reform legislation was passed through the national parliament.[71] The legislation was followed by nationwide institutional restructuring in a remarkably short period of time. The UK Government took the first steps to address the failures of higher education funding through legislative changes in 1988. However, this was only one of several incomplete attempts to solve the funding dilemmas of mass higher education. A UK settlement along similar lines to Australia's private-public policy hybrid was finally enacted in 2004 — by a Labour government as had

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[70] V. Lynn Meek, "The Transformation of Australian Higher Education from Binary to Unitary System," *Higher Education*, no. 4 (1991). p. 480.

[71] Macintyre et al., N*o End of a Lesson.* p. 37. Neil Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy," *Higher Education*, no. 3 (1995). Gwilym Croucher and James Waghorne, *Australian Universities: A History of Common Cause* (Sydney: New South Publishing, 2021). pp. 154-167.

been the case in Australia in the 1980s. The UK reform period identified by the thesis, therefore, consists of a series of agendas that delivered incomplete solutions to flaws in policy before a sustainable policy solution was found. Over a decade and a half, governments in the UK moved gradually towards the hybrid fee-paying public model. After a series of agendas, the UK arrived at a policy outcome along the lines of the well-entrenched Australian system.

Figure 2.1 represents the time taken to complete the higher education reform agendas in each country, with significant developments marked.
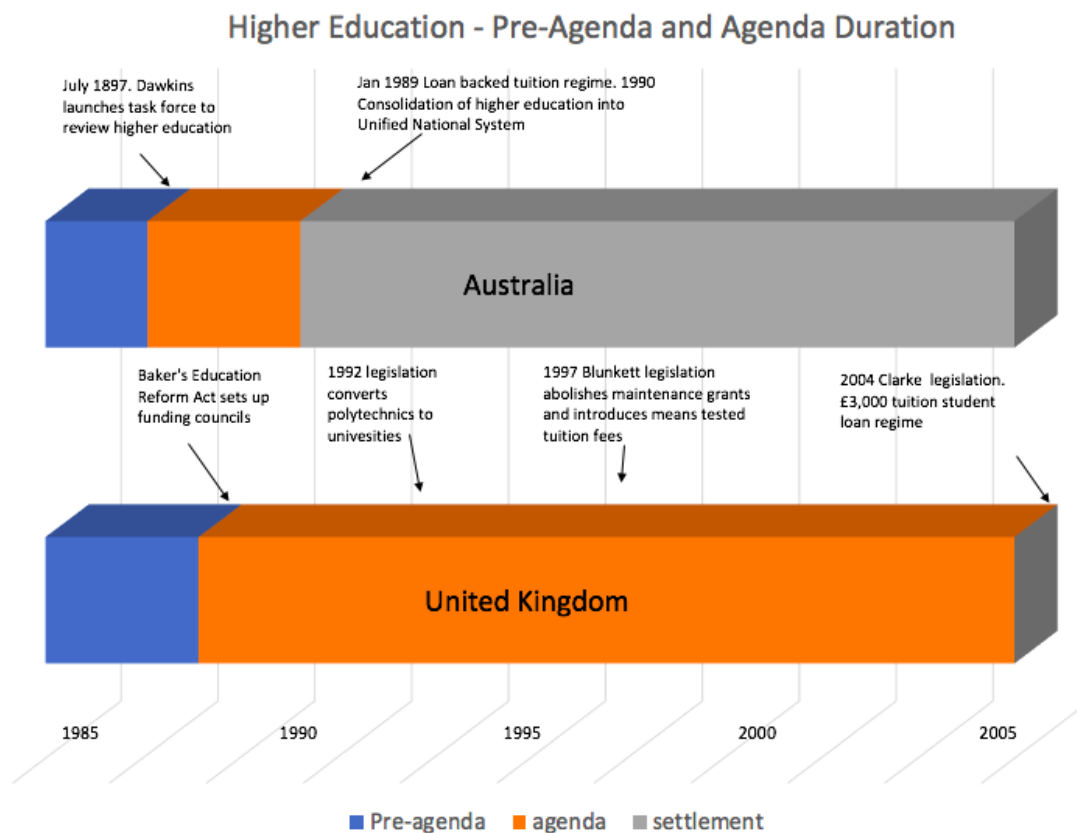
Figure 2.1 Period of higher education reforms – Australia and United Kingdom.

The Australian reforms were politicly stable in the sense that, though they were modified by subsequent governments, the essential design was preserved. Australia's hybrid model acquired the features of institutional path dependency. On the other hand, the privately funded public model in the UK resulted from a course of events in the policy field that were often marked by irresolution and a sense of crisis. Yet, the environment in the UK continued to present challenges to the reformed system. While the hybrid model has not been dismantled in the UK, its logic has, in the view of interested observers, been distorted by the

politics of austerity.[72] The opposition of voters to the mounting individual debts due to university fees has highlighted the intractability of certain problems of mass provision.[73]

Sources

Reflecting its methodological eclecticism, policy history engages with a wide range of material.[74] This section describes the sources used to build the arguments of the study. The thesis draws on primary sources including papers held in national archives; records of parliament; cabinet papers; reports, minutes and transcripts of political parties and parliamentary select committees. It also makes extensive use of White Papers and other reports of government departments, advisory agencies and statutory authorities. In addition to these official sources, it also uses the publications of various think tanks and the OECD. The secondary literature used in the thesis encompasses policy studies in the fields of higher education, post-war social provision and the economics of higher education. The thesis also draws on the literature of the education politics and policy of the Australian Labor Party (ALP), the Liberal Party of Australia, the UK Labour Party and the UK Conservative Party. Finally, it makes use of the political biographies, diaries and memoirs of figures who played leading roles in the reform agendas.

The primary sources for the thesis are Australian and UK cabinet papers; Hansard for the Australian and UK Parliaments; Parliamentary Select Committee proceedings and submissions; conference proceedings, speeches and party platforms of the main political parties in Australia and the UK; and the Peter Karmel papers and the oral history recordings of the dissolution of CTEC at the Australian National Library.

Finally, the thesis extensively used the reports of major government inquiries, including submissions received, Green and White Papers announcing reform agendas, reports and

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[72] Peter Scott, "The Only Fair Way to End University Fees Is to Raise Taxation – Sorry!," *Guardian* 5 September 2017; Andrew Adonis, "I Put up Tuition Fees. It's Now Clear They Have to Be Scrapped," *Guardian.* 7 July 2017; Nicholas Barr, "The Higher Education White Paper: The Good, the Bad, the Unspeakable - and the Next White Paper," *Social Policy & Administration* 46, no. 5 (2012). pp. 498-499.

[73] See McGettigan, *The Great University Gamble.* pp. 185-188; Brown and Carasso, *Everything for Sale? The Marketisation of UK Higher Education* pp. 122-163; Stefan Collini, "From Robbins to Mcinsey: The Changing Policy Framework," in *Speaking of Universities*, ed. Stefan Collini (London: Verso, 2017). pp. 91-119.

[74] Rudolf Klein and Theodore R. Marmor, "Reflections on Policy Analysis: Putting It Together Again," in *The Oxford Handbook of Public Policy*, ed. Robert E. Goodin, Michael Moran, and Martin Rein (Oxford: Oxford University Press, 2008). p. 908.

minutes of the Australian Universities Commission, the Commonwealth Tertiary Education Commission, the UK University Grants Committee and the UK Higher Education Funding Councils.

The author conducted 27 interviews with policy actors who were engaged in the higher education policy agendas. Fifteen interviews were conducted in Australia and thirteen in the UK. The interviewees included politicians (8), civil servants (8), political advisors (4) vice-chancellors (4) and policy entrepreneurs (3) working in the boundaries between government and academia. A number of interviewees who were re-contacted provided clarification on questions which arose after analysis of the interview transcripts. All feasible efforts have been taken to de-identify the interviewees.

The thesis has also drawn from media reporting of the events by national media and by specialist newspapers including the *Times Higher Education Supplement*, the higher education pages of *The Australian*, and *The Australian University Review*, a publication of the university staff association.

The study has been informed by a large body of secondary literature. This ranges from institutional histories, political biographies, political histories and academic writings in higher education, education, social policy and economics. It has also drawn on journals of social policy, higher education studies and education economics which have regularly devoted their publications to analysing policy developments in higher education.

This chapter has clarified key concepts that contribute to building the argument of this research. It has outlined the methodology of the study and explained how it interprets the concept of an agenda spanning the policy history of modern reforms to higher education. Finally, it described the sources on which the research is based. The next chapter shows how the thesis engages with theoretical streams in political science and outlines how the field of higher education policy has developed in the existing literature.

Chapter Three: Theoretical Considerations and Literature Review

The thesis engages with literature from several scholarly disciplines to develop its argument. This literature falls into four broad groups. The first group are the historical studies of post-war higher education reform in the UK and Australia. The second group is policy studies using a regime approach and applying a framework drawn from political economy and institutionalist theory.[75] Recent research in this vein has drawn on a comparative political economy approach to analyse national responses to the transition from elite to mass higher education. The third body of literature used in the thesis presents a critique of state funding of higher education rooted in principles of economic efficiency and market liberalism. This critique framed a narrative of reforming higher education policy around the question of financial sustainability and problems of supply and demand. It aimed to recast progressive goals of equity and access by arguing that these were achievable through a market-orientated funding model. Finally, the chapter describes the public policy theories underpinning the concept of a policy system that is used in the thesis. Within this group, the theories of ideas-based networks and advocacy coalitions have contributed to how the thesis analyses the long-term development of the higher education policy systems.

The History of Higher Education Policy

A number of social and political histories of Australia and the UK in the post-war era have focused on the pattern of higher education expansion in relation to wider economic, social and demographic developments. Two works on the UK that have helped inform the thesis are Mandler's (2015) research project on post-war educational provision and Timmins' (2017) history of the British welfare state beginning from the 1940s.[76] Mandler argues that the rise of the mass system must be understood in the context of a transformation in social values reflected in rising aspirations of British families for higher education.[77] In the initial phase of university expansion government was primarily concerned with "manpower planning" where policy was focused on the needs of advanced industries (including the state-run sectors of energy, steel, shipbuilding and transport) for greater numbers of individuals with higher educational and technical qualifications. Planning also extended to the requirements of

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[75] Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Cambridge: Polity Press, 1990).

[76] Timmins, *The Five Giants*.; Mandler, "Educating the Nation: Universities."

[77] Mandler, "Educating the Nation: Universities." p. 7.

various agencies of the post-war welfare state for new professional and para-professional occupations.[78] By the late 1950s, however, the dynamic force driving policy was no longer manpower needs of post-war industry but the groundswell of popular demand for more places in higher education. Mandler argues that the "democratic right" to enter higher education gradually supplanted the concept of meritocratic opportunity as the central principle of new ethos of participation in second half of the twentieth century.[79]

Timmins places the developments in higher education policy in the broader picture of the surrounding institutions, and the planning and evolution, of the British welfare state in the second half of the twentieth century. The growing size, increased demand for and complexity of the higher education system are narrated in reference to national state processes of centralisation and the closer integration of higher education into Britain's long-term macro-political economy. As Timmins argues, this entailed a closer integration with the policy aims in areas such as labour markets, technological and scientific planning, and vocational skills training.

Macintyre et al's (2017) account is a political history placing a radical reform program in Australia in 1987-88 in the larger history of the unfolding of a national policy of higher education in the post-war era. It outlines how the macroeconomic priorities in the 1980s increasingly framed the priorities of the reform path.[80] The study emphasises the developments in the political arena, in particular the success of the Labor Education Minister, John Dawkins, in exploiting events and circumstances to shape policy. Dawkins was able to advance a radical reform agenda through the surrounding national and higher education institutional structures via a strategy of increasing central control of the policy levers. While the thesis concurs with the centrality of Dawkins to the success of the reform outcomes, it takes a somewhat different approach to the question of agency by operationalising the concept of a policy system. It investigates the individual's capacity to alter the dynamics of policy within the constraints of this system and argues that explaining the agency of a policy actor must be balanced by a careful consideration of the prevailing paradigm in which policy is developed, including the rules, operating procedures and norms of making higher education policy. The works described above have helped this approach because they are

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[78] Ibid. p. 3.
[79] Ibid. p. 26. "Educating the Nation: Social Mobility," *Transactions of the Royal Historical Society* 26 (2016). p. 5.
[80] Macintyre et al., N*o End of a Lesson.*

histories grounded in the wider political economy that constrain a government's space for making choices. For example, they clearly identify the implications of the turn to an economic ideology and the adoption of market-orientated instruments by governments of both political stripes. In addition to these accounts, the thesis has drawn on focused empirical studies of policy formulation in national higher education.

Higher education is now an established area of policy studies with its own specialist journals and an increasing number of institutes for research into policy in the field. Michael Shattock, a higher education policy historian, provides the most comprehensive institutional treatment of the history of UK higher education policy in the period covered by the thesis.[81] His history of the development of the post-war British higher education system is an immensely informed and detailed account of the dynamics of institutional change, reflecting his first-hand knowledge of these processes as a university administrator. Shattock aims to identify the determinants of the national policy structures, specifically how increasingly severe financial constraints became the dominant driver of policy. He argues that the small world of higher education policymaking of the early post-war period evolved into a complex policy system more often as a result of *ad hoc* measures and the interventions of individual actors than through a coherent framework of planning. In this account, the higher education policy system, initially a tight-knit, collegial group of vice-chancellors and permanent civil servants, evolved into a more complex decision-making environment incorporating a much greater variety of actors from the non-university institutions, the representatives of local government, staff associations, trade unions and other sectoral lobbyists. Shattock focuses analysis on the junctures that shaped institutional reforms, including the implementation of the binary system, the funding cuts of the early 1980s and the introduction of the funding council model in the late 1980s.[82] He tends to suggest that decision-making processes within the policy system were often the result of contingencies in the political environment, viewing policy not as preordained or carefully planned developments, but often explicable simply as reactions to

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[81] See Michael Shattock, "The Last Days of the University Grants Committee," *Minerva*, no. 4 (1987); Michael Shattock, *The UGC and the Management of British Universities* (Society for Research into Higher Education, 1994); Michael Shattock, "The Change from Private to Public Governance of British Higher Education: Its Consequences for Higher Education Policy Making 1980-2006," *Higher Education Quarterly* 62, no. 3 (2008); Michael Shattock, *Making Policy in British Higher Education 1945-2011*.
[82] Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 9-102.

unfolding events.[83] This leans to a pluralistic interpretation of institutional change that tends to underplay the constraints on policy choices imposed by social and economic structures.

In recent decades there has been a growing body of scholarly work taking a more institutional perspective on the history of the national higher education policy system. An early example of this approach was Susan Davies' doctoral thesis "The Martin Committee and the Binary Policy of Higher Education in Australia" examining the origins of the decision to establish Australia's dual sector system.[84] Hanna Forsyth's doctoral thesis which traces the history of Australian universities through the lens of ownership and regulation of knowledge provided important background on how the battle for control of research has shaped the authority and reputation of the universities.[85] It informed this thesis through its subtle account of the universities' path from essentially public institutions linked to nation-building in the immediate post-war decades to becoming state regulated, commercially-driven institutions. As Forsyth argues, this outcome resulted in large part from the role of the universities in engaging in the economic restructuring of the 1980s. Most recently, Croucher and Waghorne (2021) have told the story of Australian universities from the perspective of building cooperation around common causes. This work has been useful in showing the processes by which the co-ordinating institutions of the universities' interests — the vice-chancellors, the Australian Universities Commission and its predecessor, the universities commission — have evolved and interacted with economic and political forces to knit the universities into national systems of research and student recruitment.[86] As they show, the Commonwealth Government during the Second World War and post-war reconstruction was instrumental in establishing the basis for a national system. The thesis has also drawn from the large number of studies of individual Australian universities that fall under the broad description of institutional history.[87]

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[83] Ibid. pp. 243-4.

[84] Susan Davies, *The Martin Committee and the Binary Policy of Higher Education in Australia* (Melbourne: Ashwood House, 1989).

[85] Hannah Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996" (PhD Thesis, University of Sydney, 2012).

[86] Croucher and Waghorne, *Australian Universities: A History of Common Cause*.

[87] A selection includes: Graeme Davison and Kate Murphy, *University Unlimited: The Monash Story* (Allen & Unwin, 2012); Stuart Macintyre and R. J. W. Selleck, *A Short History of the University of Melbourne* (Melbourne University Press, 2003); André Brett, Stuart Macintyre, and Gwilym Croucher, *Life after Dawkins: The University of Melbourne in the Unified National System of Higher Education*, Studies in the Unified National System of Higher Education (Melbourne University Publishing, 2016); Julia Horne and Geoffrey

Following the 1988 reform agenda, a new scholarly interest in the change and the formation of Australia's modern mass system of higher education resulted in a number of studies, including Marginson and Considine (2000), Aitkin (2017), Croucher et al. (2013), Harman (1991, 2000) and Marshall (1988, 1995).[88] Two of these studies have helped to guide the argument of this thesis. Marshall (1988, 1995) uses the concept of "policy networks" as a way of explaining why the policy system shifted from a period of stability in the 1950-60s associated with the self-regulating university policy community, to a period of growing crisis in the binary institutions culminating in the 1980s.[89] He argues that the organisation of the nation's disparate advanced education institutions into the formal national policy system led to a much more complex network of policy actors, each seeking a greater input into policy. The breadth of the policy network and the incompatible interests of the main policy actors provided the ingredients for potential conflict. Marshall argues that a further challenge to the equilibrium of the policy system was posed by the entry in the 1980s of powerful new actors

Sherington, Geoffrey, *Sydney: The Making of a Public University* (Melbourne University Publishing, 2012); Malcolm I. Thomis, *A Place of Light & Learning: The University of Queensland's First Seventy-Five Years* (University of Queensland Press, 1985); Terry Hogan, *Coming of Age: Griffith University in the Unified National System*, Studies in the Unified National System of Higher Education (Melbourne University Publishing, 2016).

[88] Davies, *The Martin Committee and the Binary Policy of Higher Education in Australia*; Don Aitkin, *Critical Mass: How the Commonwealth Got into Funding Research in Universities* (Canberra: Danbee Books, 2017); Gwilym Croucher et al., *The Dawkins Revolution: 25 Years On* (Melbourne: Melbourne University Press, 2013); Grant Harman, "Institutional Amalgamations and Abolition of the Binary System in Australia under John Dawkins," *Higher Education Quarterly* 45, no. 2 (1991); Grant Harman, "Institutional Mergers in Australian Higher Education since 1960," *Higher Education Quarterly* 54, no. 4 (2000); Grant Harman, "Implementing Comprehensive National Higher Education Reforms: The Australian Reforms of Education Minister John Dawkins, 1987–90," in *Reform and Change in Higher Education: Analysing Policy Implementation*, ed. Åse Gornitzka, Maurice Kogan, and Alberto Amaral (Dordrecht: Springer Netherlands, 2005); Neil Marshall, "The Failure of the Academic Lobby: From Policy Community to Bureaucratic Management " *Australian Journal of Political Science* 23, no. 2 (1988); Neil Marshall, "The Australian Vice-Chancellors' Committee: From Gentlemen's Club to Political Lobby," *Higher Education Quarterly* 49, no. 1 (1995); Neil Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy."; Simon Marginson and Mark Considine, *The Enterprise University: Power, Governance and Reinvention in Australia* (Cambridge University Press, 2000).

[89] Neil Marshall, "Bureaucratic Politics and the Demise of the Commonwealth Tertiary Education Commission," *Australian Journal of Public Administration* 47, no. 1 (1988); Marshall, "The Failure of the Academic Lobby: From Policy Community to Bureaucratic Management "; "The Australian Vice-Chancellors' Committee: From Gentlemen's Club to Political Lobby."; Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy." R. A. W. Rhodes and David Marsh, "New Directions in the Study of Policy Networks," *European Journal of Political Research* 21, no. 1/2 (1992).

from bureaucratic and political arenas declaring an interest in education policymaking.[90] He claims the two chief outcomes of this reconstitution of the policy system were "reorient(ing) the higher education sector towards an economic perspective" and "greater diversification of activity and complexity of function for the universities".[91] The thesis follows Marshall's approach to studying policy networks and the realignment of policy actors into new coalitions of interest as central to understanding why reform agendas succeed or fail.

Harman (1989, 1991, 2005), another Australian policy scholar who has written widely on the 1980s reforms, argues that these were a successful Australian response to the two main problems of massification: (1) achieving the goal of high enrolments under a regime of fiscal constraint; and (2) the demands of complexity and diversification.[92] Harman's view that Dawkins' strategic skills in managing the reform agenda were the key to its success again raises the question of the power and agency of individual actors in policymaking. He notes that Australia followed the same path of similar higher education systems, but "the pace and extent of … change under Dawkins has been greater than in most comparable countries."[93] The "Dawkins' reforms" therefore raise nuanced theoretical issues of reconciling the role of the strong political actor with the concept of systemic policy change which is generally accepted as the outcome of a collective action process.[94] Harman's answer (with which the thesis mostly concurs) is that Dawkins used his unique political talents to tailor a reform strategy that succeeded in gaining the support of a broad coalition of interests. This support was essential to manage the reforms through critical arenas, including the decision-making venues of the Australian Labor Party and the cabinet. Harman also argues that Dawkins' reform agenda achieved a smooth passage because it fitted the post-Keynesian economic

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[90] Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy." p. 276.

[91] Ibid. p. 282.

[92] Grant Harman, "The Dawkins' Reconstruction of Australian Higher Education," in *American Educational Research Association 1989 Annual Meeting* (San Francisco1989). p. 6; Grant Harman, "Increased Government Intervention Versus Increased Institutional Autonomy: The Recent Case of Australian Higher Education," in *American Educational Research Association 1989 Annual Meeting* (San Francisco1989); Grant Harman, "Institutional Amalgamations and Abolition of the Binary System in Australia under John Dawkins." pp 187-189, 195; Grant Harman, "Implementing Comprehensive National Higher Education Reforms: The Australian Reforms of Education Minister John Dawkins, 1987–90." p. 175.

[93] "The Dawkins' Reconstruction of Australian Higher Education." p. 7.

[94] Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies* 44, no. 5 (1996). p. 940. Peter John, *Analyzing Public Policy*, 2nd ed. ed., Routledge Textbooks in Policy Studies (Routledge, 2012). pp. 106-109.

order and approaches to resource allocation in public sector management under the Hawke Government.[95] Among the central themes of the higher education reform project were meeting national economic needs and embracing explicit performance measures for managing publicly funded services.

Both Marshall and Harman draw attention to the use of "economic rationalist" concepts such as efficiency, flexibility and responsiveness, in order to frame the discussion of higher education reform. A recent turn in institutional theory calls for greater focus on this discursive aspect of policymaking involving the construction, elaboration and justification of policy ideas.[96] The thesis agrees on the importance of taking discourse seriously in analysing policy institutions, and outlines the attention, energy and time invested by policy actors in preparing and framing the discourse in ideas that shaped reform agendas and established the legitimacy of policy structures. As this thesis claims, the function of coordinating the discourse of policymaking was carried out in a variety of ways, including national inquiries, and White Papers. National economic agencies and various academic and entrepreneurial economists also played a role in shifting policy discourse around the economic goals of higher education.

Political Economy and Institutionalism

The second category of literature used in this thesis is drawn from regime theory which is concerned with the reasons that a nation state chooses to produce welfare for its citizens through the government or through the market. Regime theorists adopt a political-economic typology which places advanced societies into distinct regime clusters based on the balance of state-market provision. Esping-Andersen, the founder of regime theory in social policy, argues that the reason nation states have formed distinct preferences in favour of market or state solutions in responding to policy issues is a legacy of the nineteenth-century formation of welfare state institutions.[97] Thus, a cluster of nations (including Australia and the UK) that

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[95] Harman, "Implementing Comprehensive National Higher Education Reforms: The Australian Reforms of Education Minister John Dawkins, 1987–90." p. 176.

[96] Vivien A. Schmidt, "Discursive Institutionalism: The Explanatory Power of Ideas and Discourse," *Annual Review of Political Science* 11, no. 1 (2008). pp. 306-307. Vivien A. Schmidt, "Speaking of Change: Why Discourse Is Key to the Dynamics of Policy Transformation." *Critical Policy Studies* 5, no. 2 (2011) 108-112.The modern higher education policy discourse has also been unpacked from the perspective of the historian of ideas, Stefan Collini. See Stefan Collini, *What Are Universities For?* (London: Penguin Books, 2012); Collini, *Speaking of Universities* (London: Verso, 2017).

[97] Esping-Andersen, *The Three Worlds of Welfare Capitalism.* pp. 21-33; E. M. Immergut, "Institutional Constraints on Policy," in *The Oxford Handbook of Public Policy*, ed. Robert E.

he labels liberal market economies (LMEs) constitute a regime type because of a preference for market-based solutions in designing policy in various spheres of welfare production such as labour markets, education and health.[98]

The concept of distinct regime theory has exercised a major influence on comparative policy studies, and as outlined in the previous chapter it has informed the selection of the two cases in this thesis. More recently regime scholars have turned attention to national training and higher education systems, arguing that these have become indispensable for modern states in producing the abundant stock of "human capital" required by the expanded service sectors and advanced manufacturing of modern economies.[99] Others have argued that the training and education system has become a central feature of welfare state "modernisation" (the liberal welfare project prioritising labour market activation through individual skills development).[100] Funding and governance models in higher education from this perspective are viewed as a central element of policy regimes aimed at increasing participation in post-secondary education and training.[101] More recently, the regime typology has been applied in the analysis of national policy choices in the funding and organisation of mass post-

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Goodin, Michael Moran, and Martin Rein (Oxford: Oxford University Press, 2008). pp. 560-562.

[98] Since the publication of Esping-Andersen's *The Three Worlds of Welfare Capitalism* in 1990 an enormous body of literature has developed around the concept of nation-state regimes. Esping-Andersen's concern was with how welfare state regimes *constrain* capitalism identifying a goal that nations pursue through a process that he labelled "decommodification". Esping-Andersen, *The Three Worlds of Welfare Capitalism.* pp. 35-54. A significant offshoot of regime theory, the Varieties of Capitalism (VoC) school has become very influential by arguing that what is critical to understand is the different ways that states *do* capitalism. See Peter Hall and David Soskice, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001). pp. 6-21.

[99] Torben Iversen and John Stephens, "Partisan Politics, the Welfare State, and Three Worlds of Human Capital Formation," *Comparative Political Studies* 41, no. 4-5 (2008). pp. 624-628.

[100] OECD, *Universities under Scrutiny.* (Paris: OECD, 1987); OECD, *Redefining Tertiary Education.* (Paris: OECD Publishing, 1998); Marius R. Busemeyer, "Education," in *The Oxford Handbook of the Welfare State*, ed. Francis Castles, et al. (Oxford: Oxford University Press, 2000). pp. 504, 507; Peter Taylor-Gooby, *New Risks, New Welfare: The Transformation of the European Welfare State* (Oxford: Oxford University Press, 2004); Peter Taylor-Gooby, "The New Welfare State Settlement in Europe," *European Societies* 10, no. 1 (2007). pp. 9-12.

[101] Marius R. Busemeyer and Christine Trampusch, "Review Article: Comparative Political Science and the Study of Education," *British Journal of Political Science* 41, no. 2 (2011). pp. 426.

secondary education.[102] Ansell and Gingrich (2013) argue that LME regimes show a distinct preference, evident since the advent of mass higher education, for market over state policy instruments. This is illustrated by the shift in Anglophone (and LME) countries such as Australia, the UK and New Zealand to the hybrid private/public funded system.[103]

In developing its interpretative framework, the thesis has followed the approach of many empirical policy studies that have used regime theory as a way of advancing a nuanced understanding of the mechanisms of institutional change.[104] For these scholars, the central challenge in the theoretical study of institutions is to provide an adequate explanation of the sources of change and continuity in policy systems. For them, policy studies with its focus on institutional dynamics is an important sphere for extending political science's abiding interest in the sources of stability, continuity and change. The stream of historical institutionalism has formulated a concept of "path dependency" to argue that institutions are inherently resistant to change.[105] In this view, earlier decisions become long-term legacies that confine the choices for action in the present. A major decision to establish institutional arrangements in a sphere of government activity creates constituencies and beneficiaries with vested interests in maintaining structures that give them power, resources and privileges. Institutions are viewed by historical institutionalists as systems of increasing returns to insiders which means that the longer that they endure, the greater the costs of "path-switching" to alternative policies.

Providing a satisfactory theoretical account of the sources of institutional change is a major challenge for historical institutionalists. This is because the assumption of path dependency as limiting the freedom for innovation encourages thinking of government policy systems as running on fixed tracks. This has led to the "punctuated equilibrium" model where change is

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[102] For example: Garritzmann, *The Political Economy of Higher Education Finance*. pp. 28-35; Ansell, Ben W., *From the Ballot to the Blackboard: The Redistributive Political Economy of Education*. Cambridge: Cambridge University Press, 2010. Iversen and Stephens, "Partisan Politics, the Welfare State, and Three Worlds of Human Capital Formation." pp. 607-613.

[103] Ben W. Ansell and Jane Gingrich, "A Tale of Two Trilemmas: Varieties of Higher Education and the Service Economy," in *The Political Economy of the Service Transition*, ed. Anne Wren (Oxford University Press, 2013). pp. 210-212. Spies-Butcher and Bryant, "Universities: A Paradox of Privatisation."

[104] Examples include: Immergut, "Institutions, Veto Points, and Policy Results: A Comparative Analysis of Health Care."; Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States and Japan*; Schwartz, "Internationalization and Two Liberal Welfare States Australia and New Zealand."

[105] Paul Pierson, "Increasing Returns, Path Dependence, and the Study of Politics," *The American Political Science Review* 94, no. 2 (2000). pp. 257-262.

seen to occur only rarely as abrupt and discontinuous episodes in the prevalent pattern of institutional stability.[106] Change is typically attributed to an exogenous shock such as an economic or national security crisis. "Ruptured equilibrium" caused by policy failure of unusual magnitude is seen to open a window for change by inviting new approaches that would not have been contemplated under normal circumstances and by stimulating policy entrepreneurs to come up with radical alternatives. [107] In these circumstances, governments are more likely to be receptive to these alternatives as the basis of a radical agenda for change. Radical agendas lead to the emergence of new arrangements for managing issues in the policy space, new actors and new structures. For example, Hall (2003) argues that a critical juncture in British macroeconomic policymaking as a result of economic crisis resulted in the breakdown of the Keynesian institutions and led to the path-departing shift to monetarism.[108] As he argues, the magnitude of failure created extreme difficulties for economic advisors to the Government to continue to apply the Keynesianism to which they were committed in the face of the apparent failure of these policy instruments to counter inflationary pressures.[109] Along similar lines, it can be argued that a funding crisis in higher education as a result of the advent of mass participation created a critical juncture in this policy system. Many studies of the 1980s higher education reforms suggest this framework of policy failure stemming from a "critical juncture", an unwillingness to recognise the nature of the crisis by the normal policy actors, with the outcome being radical change to the policy institutions.[110] However, this presents a problem in comparing the Australian and the UK

[106] Wolfgang Streeck and Kathleen Ann Thelen, "Introduction: Institutional Change in Advanced Political Economies," in *Beyond Continuity: Institutional Change in Advanced Political Economies*, ed. Wolfgang Streeck and Kathleen Ann Thelen (Oxford: Oxford University Press, 2005). p. 6.

[107] Daniel Béland, "Ideas, Institutions, and Policy Change." p. 702.

[108] Peter A. Hall, "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain," *Comparative Politics* 25, no. 3 (1993). pp. 283-286.

[109] Hall, "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain." p. 287.

[110] The title of a book on the Australian reforms is "The Dawkins Revolution" and another study of the Australian reforms by Macintyre et al. (2017) refer to "the collapse of the policy community". See Macintyre et al., N*o End of a Lesson.* p. 45. Marshall (1995) sees an entirely different structural policy framework emerging following the Australian reforms. See Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy." p. 282-285. The concepts of critical juncture and discontinuity are dealt with in the literature on higher education reforms in the UK. See Shattock, "The Last Days of the University Grants Committee." p. 485.; Ted Tapper, *The Governance of British Higher Education: The Struggle for Policy Control* (Dordrecht: Springer, 2007). pp. 9-26, 147-166.;

experiences of reform since in the latter case, there were effectively a number of "critical junctures" over a decade and half before reforms settled the policy system in its final shape.

The thesis views the concept of critical junctures as one with considerable explanatory potential, but one requiring modification. It draws on revisionist critiques of the equilibrium model arguing that policy systems are not defined by institutional stasis but, in fact, demonstrate capacity for evolutionary change and adaptation.[111] A growing body of empirical research into long-term policy change supports the argument that the means of institutional change do not necessarily or typically fit the model of punctuated equilibrium.[112] For example, Hacker's (2006) study of America's social security system finds that path-departing institutional change occurred without legislative intervention simply through a gradual transformation of institutional settings in response to changing socioeconomic factors.[113] Hacker and others claim that the focus on critical juncture moments has led some historical institutionalists to neglect substantial areas where institutional change is "gradual and incremental but over time can add up to something big."[114] Thelen (2009) claims that the concept of path-dependency places a singular emphasis on "how actors adapt their goals and strategies to the prevailing institutions."[115] However, a close look at policy systems suggests that evidence could point to a very different interpretation, namely "that actors are always trying to bend the institutions and reinterpret the rules to fit their interests and goals."[116] In

Maurice Kogan and Stephen Hanney, *Reforming Higher Education*, Higher Education Policy Series: 50 (London: Jessica Kingsley Publishers, 2000).

[111] Prominent papers by institutionalist revisionists are: Jacob S. Hacker, Paul Pierson, and Kathleen Thelen, "Drift and Conversion: Hidden Faces of Institutional Change," *Conference Papers -- American Political Science Association* (2013); Mahoney and Thelen, "Institutional Change in Advanced Political Economies."; Streeck and Thelen, "Introduction: Institutional Change in Advanced Political Economies."

[112] Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States and Japan*; "Institutional Change in Advanced Political Economies."; Jacob Hacker, "Policy Drift: The Hidden Politics of Us Welfare State Retrenchment," in *Beyond Continuity: Institutional Change in Advanced Political Economies*, ed. Wolfgang Streeck and Kathleen Thelen (Oxford: Oxford University Press, 2005). p. 73.; Daniel Béland, "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift," *Social Science Quarterly* 88, no. 1 (2007). pp. 24-32.

[113] Jacob S. Hacker, *The Great Risk Shift: The Assault on American Jobs, Families, Health Care, and Retirement and How You Can Fight Back* (Oxford University Press, 2006).

[114] Thelen, "Juncture Interview: Kathleen Thelen," *Juncture* 20, no. 3 (2013). p. 215.

[115] Thelen, "Institutional Change in Advanced Political Economies." p. 491.

[116] Ibid. p. 491.

several ground-breaking studies, Thelen calls for a shift in theoretical focus to the adaptive capacity of institutions.[117]

Daniel Béland is another scholar working in the field of institutional change who has informed this thesis.[118] In analysing three major junctures in the history of Social Security in the United States, Béland (2007) demonstrates the explanatory power of the mechanisms of gradual institutional change proposed by Thelen (2009), Hacker (2004, 2005) and Hacker et al. (2013).[119] Béland also argues that processes of institutional conversion should occur in the context of the replacement of old paradigms based on the formulation of new policy ideas.[120]

These findings draw attention to the need to consider incremental forms of change that occurred and prefigured the major restructuring of higher education policy institutions in Australia and the UK. Evolutionary processes of change were crucial in the development of the national policy systems in each country in the early post-war decades. Policy actors working within the institutions of the policy system were able to achieve their goals with great efficiency, and it is important not to underestimate the magnitude nor to misunderstand the nature of change in the absence of ostensible disruption to the policy system. The thesis argues that when placed under pressure, the policy systems in Australia and the UK exhibited significant capacity for adaptation, especially from the mid-1970s under the strain of enormous financial constraints. These adaptations created precedents or provided lessons that contributed to shaping the national agenda reforms of the late 1980s.[121] Pragmatic policy adaptations to the emerging policy dilemmas of mass participation occurred in the absence of a critical juncture. This goes to a central question of this thesis: under what conditions are policy outcomes achieved? Is it through a radical remaking of the policy institutions, or

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[117] Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States and Japan*; Thelen, "Institutional Change in Advanced Political Economies." pp. 488-491.

[118] Béland, "Ideas, Institutions, and Policy Change."

[119] Béland, "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift." pp. 21-24; Thelen, "Institutional Change in Advanced Political Economies." pp. 488-493.; Jacob S. Hacker, "Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States," *The American Political Science Review* 98, no. 2 (2004). pp. 254-256.

[120] Béland, "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift." p. 33.

[121] One of these was the encouragement of the rapid growth of the non-university institutions as cheaper alternatives to the tuition costs of the elite model. This is discussed in detail in Chapters 5-7.

through evolutionary processes within existing institutions? The prolonged path to reform in the UK — through a series of national higher education agendas in the UK beginning in 1987 and ending in 2004 — could be interpreted as a mixture of ground-breaking change, adaptation of existing policy, and policy reversal. This was in marked contrast to the 1987-88 Australian policy agenda, which makes a stronger case for the critical juncture concept.

Political Parties and Higher Education Expansion

Within the literature on the political economy of higher education in the second half of the twentieth century, a group of scholars have looked at changing partisan preferences on issues of higher education.[122] As they show, a response to the growth of opportunity to participate in higher education was that the main political parties reformulated their support for higher education. Over the post-war decades and particularly with the advent of mass participation, the main political parties on the centre-right and centre-left underwent significant fluctuations of their policy positions on issues such as widening access, expansion and public grant funding for tuition and student living expenses.[123] Garritzman (2017) and Ansell (2008) argue that a partisan effects model can predict party switching support for higher education policy by measuring its distributive effects.[124] Social democratic and labour parties, they argue, give strong support to public health care, free education to the age of 16 and public housing because these policies evidently transfer resources to lower income households.[125] However, the distributive implications of public higher education spending are less clear since state support for elite education conflicts with the social democratic preference for public goods that are inequality-reducing and universal. The redistributive effect of a policy of expanding access to higher education when participation levels are around five per cent is to transfer resources to already advantaged households.[126] As Ansell points out, the students who benefited from the creation of more university places in the early post-war period were drawn

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[122] Garritzmann, "The Partisan Politics of Higher Education." p. 24.

[123] M. Busemeyer, "Social Democrats and the New Partisan Politics of Public Investment in Education," *Journal of European Public Policy*, no. 1 (2009). pp. 110-112.; Ben W. Ansell, *From the Ballot to the Blackboard: The Redistributive Political Economy of Education*.

[124] Ansell, "University Challenges: Explaining Institutional Change in Higher Education." pp. 190-191.; Garritzmann, "The Partisan Politics of Higher Education." p. 414.

[125] Howard Glennerster, S. Merrett, and G. Wilson, "A Graduate Tax," *Higher Education Review* 35, no. 2 (1968). p. 26.

[126] Ansell, "University Challenges: Explaining Institutional Change in Higher Education." p. 190.

from a small pool of school completers from well-off households.[127] As the universities of this era were of no interest to their working class constituency, centre-left parties would be expected to give a low priority to a policy of funding the expansion of the universities.[128] On the other hand, Conservative parties were very strong supporters of public investment in higher education in the earlier period of post-war expansion since it was such a vital issue for their professional and middle-class constituents.

Mass participation challenged political parties' capacity for adaptation and produced new frontiers in internal party debates on higher education.[129] Two key aspects were an economy shaped by skills-biased technological change and widening access to the experience of higher education. Social and cultural changes in the wake of these developments created new imperatives in the discourse of politics.[130] This played out electorally through realignments of the voting base of left and right parties. As Garritzmann (2017) argues, the availability of higher education to groups that were previously excluded created significant electoral incentives and ideological reasons for parties to shift their position on the question of expansion.[131] A positive policy supporting expansion had the attraction for labour parties in Australia and the UK of potentially winning voters outside the traditional constituency of left parties. This reinforced the incentives to promise more spending on higher education, and in

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[127] Ibid. p. 219.

[128] Busemeyer and Trampusch, "Review Article: Comparative Political Science and the Study of Education." p. 417. The argument presented here generalising from the pattern of politics in the 1950s needs to be qualified. For example, it was Labour Governments in power in Australia and the UK at the end of the World War II that initiated schemes lasting for half a decade to provide university places to large numbers of returned soldiers. In addition, increasing numbers of MPs in the ranks of the labour parties from the 1950s came from the middle-class occupations — academics, journalists, teachers and managers. The background of these politicians predisposed them to an agenda of widening participation in higher education to all social classes. There had never been a Shadow cabinet endowed with as many Oxford graduates who had taken Firsts as that of the 1950s UK Labour Party.

[129] Mandler (2021) argues that 1988 marked the triumph within the British Conservative Party of modernisers who favoured expansion of education of education opportunities over the traditionalists determined to keep down participation. The former included technocrats and others who simply believed in the intrinsic virtue in spreading higher education. These Conservative modernisers shared much in common in their instincts and goals for higher education with modernisers in the ranks of the "new" Labo(u)r modernisers in Australia in the late 1980s and the UK in the 2000s. See Mandler, *The Crisis of the Meritocracy*. chs. 6,7.

[130] Anthony Giddens, *Runaway World: How Globalisation Is Reshaping Our Lives* (London: Profile, 2002); Anthony Giddens, *Beyond Left and Right: The Future of Radical Politics* (Cambridge: Polity Press, 1994).

[131] Garritzmann, "The Partisan Politics of Higher Education." p. 413.

the long-run reshaped the political contest between the main centre-left and centre-right parties.

Ansell argues that when participation crossed a threshold in the post-war period, centre-left parties switched to positive support for widening enrolments.[132] This played out in the two-party electoral competition in Australia and the UK, where to win government, parties must forge a broad electoral coalition by framing a policy platform to appeal to various targeted groups. With an increasingly university-going electorate, promises for widening access to higher education targeted at non-aligned voters held potential for building electoral coalitions. Most notably, this was the pitch made to voters by Labo(u)r leaders, Harold Wilson in the UK in the 1964 elections and Gough Whitlam in Australia in 1972.[133] Finally, the fact that party branch members and those who made a political career were increasingly drawn from university graduates altered the identity of centre-left parties, increasing their sympathies and connections to higher education.[134]

It was not only electoral incentives that explain why Labo(u)r governments in Australia and the UK have been responsible for programs involving large increases in public funding for higher education. Another part of the explanation are the ideological shifts in centre-left politics in the post-war period. Anthony Crosland, the Labour Party politician, 1960s education minister and theorist, argued the left should revise its priorities in light of the transformation of economic production and the achievement of material affluence.[135] The labour movement, he argued, should move away from its preoccupation with objectives of nationalisation and state ownership which were based on out-dated pre-war economic and social structures.[136] *The Future of Socialism* (1956), Crosland's reformulation of left politics in an era of greater affluence, had a crucial impact in the 1950s in shaping Labour Party

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[132] Ansell, "University Challenges: Explaining Institutional Change in Higher Education." p. 217.

[133] See Harold Wilson, "Speech to Labour Party Conference," (Scarborough, 1 October 1963); Ben Pimlott, *Harold Wilson* (London: Harper Collins, 2016). pp. 301-04. Jenny Hocking, *Gough Whitlam. A Moment in History* (Carlton: Miegunyah Press, 2009). p. 394.

[134] For studies on the social class of parliamentary representatives and the support base that turned Labo(u)r in Australia and the UK into parties representing more middle-class centre-left causes, see Andrew Scott, *Fading Loyalties: The Australian Labor Party and the Working Class* (Pluto Press, 1991). Martin Pugh, *Speak for Britain: A New History of the Labour Party* (London: Vintage, 2011). Ivor Crewe, Bo Särlvik, and James Alt, "Partisan Dealignment in Britain 1964–1974," *British Journal of Political Science* 7, no. 2 (1977).

[135] Patrick Diamond, "The Crosland Legacy," (Bristol: Policy Press, 2016). p. 6.

[136] Anthony Crosland, *The Future of Socialism* (London: Little Brown, 2006). pp. 38-46.

thinking. Crosland's arguments recommending that Labour should explore alternative courses of action to traditional preoccupations of Labourist socialism drove debate within the Gaitskellite wing of the party.[137] In this book Crosland argued that after the achievement of minimum provisions of the Beveridge Welfare State, the Labour Party should seek to focus on methods of extending social equality relevant to modern Britain.[138] Central to this was addressing inequality of educational opportunity that persisted following the *Education Act (1944)* that made secondary education universal but did not alter the segregation of secondary education into elite and inferior school systems.[139] (Crosland did not view — as Blair later did — equal opportunity and social mobility as ends in themselves for Labour's vision of society.[140]) Since the Second World War, the social democratic tradition in Australia and the UK has always strongly advocated a policy of liberal, progressive expansion of higher education. This tradition upholds public investment in higher education based on the "public good" principle and it views universities and further education as a vital element of the broader public education system.

This thesis argues that expansion of higher education was an issue that played out in the larger internal conflicts and divisions over party philosophy, and therefore sometimes led to unexpected policy stances. State support for higher education held the potential to drive a split over university policy in centre-right parties. Conservatives were divided between free market/small state supporters of tuition fees, and state and politicians representing middle-class constituents whose children were beneficiaries of free public tuition, exclusively so in first wave of university expansion.[141] By 1964 there was strong support on both sides of UK politics for the liberal, progressive and expansionist agenda, which was set out with great confidence in the Robbins Report.[142] However, after a further decade of steady expansion, leading politicians in the New Right of the UK Conservative Party such as Keith Joseph became staunch critics of the post-war policy of state funding of higher education.[143]

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[137] Gaitskell who served as Chancellor to the Exchequer in the final year of the Atlee Government was Labor Party leader from 1955 until he died prematurely in 1963. For Crosland's closeness to Gaitskell, see Diamond, "The Crosland Legacy," p. 45.

[138] Crosland, *The Future of Socialism.* p. 98.

[139] Ibid. p. 216.

[140] Diamond, "The Crosland Legacy," p. 66. Crosland, *The Future of Socialism.* pp. 118, 224.

[141] Ansell, "University Challenges: Explaining Institutional Change in Higher Education."

[142] Committee on Higher Education (The Robbins Report), *Higher Education: A Report.*

[143] Andrew Denham and Mark Garnett, *Keith Joseph* (Chesham, Buckinghamshire: Acumen, 2001). pp. 391-3

In the 1980s, a split emerged within centre-left political parties on the question of support for free tuition which had been by and large a strong and uncontested tenet. There was a growing interest in the role that markets could play in widening opportunity for higher education. The source of this split was a new focus on economic theory in the higher education policy discourse.

Economists, Expansion and the Funding Debate

The third category of literature used in the thesis relates to the discourse about principles of higher education funding shaping policy debates in the 1980s. These debates centred on funding issues such tuition fees, loans and taxes, but also linked these to questions of equity and progressivity. These arguments played a critical role in changing the assumptions of the post-war higher education settlement. In the early post-war decades, policy actors in Australia and the UK saw no grounds for doubting the principle of full state funding that underpinned the expansion agenda. However, as the financial pressures of the move to a mass system became more onerous, arguments about the benefits of private funding sources gained adherents, bringing into contestation the principle of full subsidisation through public grants. By the late 1980s a re-evaluation of the funding question was central to the UK and Australian higher education agendas. This section examines the intellectual origin of the economic turn in policy discourse and why it generated alternative funding approaches that appealed to decision-makers as a way out of the funding *impasse*.

In a study of policymakers in the Reagan administration in the mid-1980s, John Kingdon (2011) claimed that the ubiquitous usage of terms like "cost-effectiveness", "trade-offs", "efficiency" and "cross subsidy" reflected "a long-range trend toward more economists (and people receptive to their thinking) in government".[144] Policymakers in higher education were no exception to this trend. A qualitative change in the expert discourse toward economic language, concepts and argument is evident in the White Papers, Committees of Inquiry, ministerial speeches, media and academic writings on higher education from the 1980s onwards.

The cause of tuition fees has been associated with free market think tanks such as the UK Institute of Economic Affairs (IEA) and the Centre for Policy Studies (CPS), the think-tank established in 1974 by the neo-conservative rump of the Conservative Party to promote

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[144] John W Kingdon, *Agendas, Alternatives and Public Policies* (Boston: Longman, 2011). p. 137.

policy alternatives grounded on free-market liberalism.[145] The founder of CPS, Keith Joseph, was UK Secretary of State for Education between 1981 and 1986. Joseph's fervour for neoliberal tenets resonated with key figures in his party, not least Thatcher herself, but he failed to combine it with the strategic pragmatism required in high government office. In bringing a measure for university fees to the point of legislation, he was forced into a humiliating U-turn by his party colleagues who feared being punished by the voters.[146]

Outside the think tanks of the new right and its followers, there were others arguing that the beneficiaries of higher education should pay. When the concept of public funding was largely uncontested, individuals in the disciplines of social policy and welfare state economics put the case for private charges. In the late 1960s, Glennerster et al. (1968) argued for a tax on graduates as a progressive measure to offset the rapidly rising costs of higher education which were borne out of general taxation.[147] Prefiguring a line of argument that was adopted later, they claimed that this would serve the goals of equity and expansion. A graduate tax would return to the community the resources spent on the education of those who had most benefited. Recovered money for tuition and maintenance through the tax system would remove budgetary pressures that restrained the expansion of higher education under the system of full public funding.[148] Farmer and Barrell (1982) argued that fees could free the universities from centralised government constraints on expansion of their institutions.[149] As they argued, the national budgetary imperatives on the public grant arrangements had a perverse consequence in the A-level examination system which functioned as a device to ration the supply of university places.[150] This was a reason that enrolment rates in British higher education lagged behind comparable countries in Europe.[151] Capping student intakes increased the reliance on filtering university offers through "A levels". From a socialist perspective, Farmer and Barrell had strong objections to a practice which they saw as

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[145] For example, see Alan Richmond Prest, "Financing University Education: A Study of University Fees and Loans to Students in Great Britain," (London: Institute of Economic Affairs Occasional Paper, 1966).

[146] Denham and Garnett, *Keith Joseph.* pp. 390-94.

[147] Glennerster et al, "A Graduate Tax."

[148] Ibid. p. 26.

[149] Mary Farmer and Ray Barrell, "Why Students Loans Are Fairer Than Grants," *Public Money* 2, no. 1 (1982). p. 19.

[150] Ibid. p. 20.

[151] Peter Scott and Claire Callender, "United Kingdom: From Binary to Confusion," in *Responding to Massification: Differentiation in Postsecondary Education Worldwide: Global Perspectives on Higher Education: Volume 37*, ed. Philip G. Altbach, Liz Reisberg, and Hans de Wit (Rotterdam: Sense Publishers, 2017). p. 141.

discriminating against working-class students.[152] On the merits of student loans and tuition fees versus a graduate tax, they supported the former on the grounds that students would have a "choice" over the amount of financial support they received and thereby control over the size of future repayments.[153] As this thesis outlines later, the comparative merit of loans and graduate tax was a recurring issue in debate about role of the state and the market in the political economy of higher education.

The idea of private financing of post-school education through loans was first set out by the Chicago economist, Milton Friedman. In a 1955 paper titled "The Role of Government in Education", Friedman claimed that government subsidisation of professional and technical training by making it free or available at a low price resulted in failures in developing an efficient market in human capital.[154] Friedman argued that investment in educational skills ought to be treated on the same principles as investments in the capital market.[155] The return on investment in human capital in the form of higher graduate salaries, he argued, should be the basis for designing a student loans system operating on market principles.[156] However, since normal credit markets would not accept future earning as security on loans, Friedman saw a need for government to play a role as lender.[157] The central tenets of the Friedmanite market in higher education were: government would not be involved in operating universities; its role would be confined to that of lender contracting directly with individual students; and individuals would use a loan to purchase a place at a fee set by an institution of their choice. As Friedman argued:

> Individuals should bear the costs of investment in themselves and receive the rewards, and they should not be prevented by market imperfections from making the investment when they are willing to bear the costs.[158]

The ultimate aim of Friedman's measures to activate market forces was to solve the chronic failure of investment in human capital. Friedman also suggested that loan repayments "could easily be combined with payment of income tax and so involve a minimum of additional

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[152] Farmer and Barrell, "Why Students Loans Are Fairer Than Grants." p. 20.
[153] Ibid. p. 20.
[154] Friedman, "The Role of Government in Education."
[155] Ibid. p. 9.
[156] Ibid. pp. 9-10.
[157] Ibid. p. 10.
[158] Ibid. p. 11.

administrative expense". [159] These arguments prefigured the debates about higher education funding in the late 1980s and Friedman's concept of using the taxation system as a repayment instrument is embodied in the ICL instrument.

The work on higher education financing of two academic economists, Bruce Chapman and Nicholas Barr, had a large and direct impact on government reform agendas in Australia and the UK respectively. Both economists concluded that given the sharp increase in demand for higher education but the desire by governments to be low-taxing countries, substantial increases in national enrolments were most efficiently achieved through incorporating private sources of university financing using fees and loans.[160] Chapman made a major contribution to the shape of national policy when he was appointed as the chief consultant to the Committee on Higher Education Funding, a high level committee set up to consider "possible sources of funding involving the direct beneficiaries of higher education".[161] Chapman's proposal for a system of loans-backed tuition fees was influenced by Friedman's 1955 essay setting out how to overcome market imperfections in human capital investment through applying the principle of deferred payments in student loans.[162]

In Chapman's analysis the government faced a stark policy problem: rapidly rising school retention rates were creating pressures for an expansion in university places which under the existing public grants financing put heavy pressure on government expenditure.[163] He argued that government would baulk at the cost of expansion under the existing policy of financing higher education almost entirely through tax revenue.[164] The advantages of the policy regime designed around loans-backed fees, as Chapman argued, were: (a) it would tap a private funding source — additional to the public grants — that could help to solve a major

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[159] Ibid. p. 11.
[160] Bruce Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education," *The Economic Journal* 107, no. 442 (1997). Meredith Edwards, Cosmo Howard, and Robin Miller, "Paying for a University Education: HECS and Not Fees," in *Social Policy, Public Policy: From Problem to Practice*, ed. Meredith Edwards, Cosmo Howard, and Robin Miller (Crows Nest, N.S.W.: Allen and Unwin, 2001). p. 100.
[161] John Dawkins, "Higher Education: A Policy Discussion Paper," (Canberra: Australian Government Publishing Service, 1987). p. 87.
[162] Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education." p. 745. Friedman, "The Role of Government in Education."
[163] Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education." p. 738.
[164] Ibid. p. 738.

impending supply-side problem in unmet demand for university places; and (b) it achieved the requisite goals of equity and efficiency in policy.[165]

Chapman, Barr and others disputed the assumption of many defenders of free tuition that the distributive outcomes of public funding were inherently equitable.[166] In fact, they pointed out that tuition was not free: someone had to pay for it, and it was the taxpayer who was on average unlikely to enjoy the rewards of a university education.[167] They argued that in a climate of financial stringency where national treasuries had put caps on university intakes, private funding sources were an effective means to increase access because more places would be created. A "direct financial obligation on the consumers of university services" was also justifiable on redistributive grounds given the demonstrated income benefits accruing to graduates. ICLs were designed to lower the "financial barriers to participation in higher education for the economically disadvantaged".[168] The aim was to avoid the undesirable outcomes of student lending in countries such as the United States where time-based repayment loans (TBRL) required repayment within a fixed period. In the US, a combination of weakly regulated loans markets and poorly informed borrowers resulted in high and chronic levels of higher education-related debt.[169] A further problem of TBRLs — as Friedman had identified in this 1955 essay — was the reluctance of lenders to enter contracts where borrowers had little collateral. This meant that for student loan markets to function, it was necessary to provide government subsidies and guarantees against the risk of default.

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[165] Bruce Chapman, "Income Contingent Loans: Background," in *Income Contingent Loans: Theory, Practice and Prospects*, ed. Bruce Chapman, Timothy Higgins, and Joseph E. Stiglitz (Basingstoke: Palgrave Macmillan, 2014). p. 18. O'Reilly, *The New Progressive Dilemma: Australia and Tony Blair's Legacy.* p. 122.

[166] O'Reilly, David, *The New Progressive Dilemma: Australia and Tony Blair's Legacy.* p. 121. Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education." p. 738. Bruce Chapman and Chris Ryan, "The Access Implications of Income Contingent Charges for Higher Education: Lessons from Australia - Discussion Paper Number 463," ed. Australian National University Centre for Economic Policy Research (Canberra: Australian National University Centre for Economic Policy Research, 2003).

[167] Nicholas Barr, *The Economics of the Welfare State: Third Edition* (Oxford: Oxford University Press, 1998). pp. 345-6.

[168] Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education." p. 738.

[169] Bruce Chapman and Timothy Hicks, "The Political Economy of the Higher Education Contribution Scheme," in *Handbook on the Politics of Higher Education*, ed. Brendan Cantwell, Hamish Coates, and Roger King (Northampton, MA: Edward Elgar Pub., 2018).

Studies showed debt aversion had a larger negative effect on the decisions to pursue further studies of qualified school leavers from low-income households.[170] An interest free loan with no set term of repayment removed this disincentive on student debt. Under the Australian HECS arrangements, the government assumed all financial risk and set repayment terms to be contingent on future income. Repayments were required only when the individual's income exceeded a prescribed threshold. There were no time limits to ICLs; there was no penalty for default; and those earning lower incomes incurred lower repayments.[171] The intention of the policy, as Barr described it, was to "get student debt from the overdraft bit of people's brain to the payroll deduction bit".[172] Barr and Chapman's equity claim for ICLs rested on the principles of generosity (by subsidising borrowing), repayment according to benefit, and forgiveness for non-payment.[173] Like much social policy, it was a smart form of income smoothing across the life span. Because it was fiscally neutral, it promoted the goal of higher education expansion.

Like Chapman, Barr was a policy entrepreneur for ICL tuition financing. However, unlike Chapman, Barr was not a complete policy insider with a direct role in developing the Government's agenda. He described his role as "bending peoples' ears" and pressing photocopies of his articles on the press and politicians. He also enumerated the rationale and finer details of ICLs in detailed submissions to the Select Committee on Education and Skills. From the mid-1980s, Barr kept up a detailed commentary in academic journals and the press

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[170] C. Callender and J. Jackson, "Does the Fear of Debt Deter Students from Higher Education?" *Journal of Social Policy* 34 no. 4 (2005). Claire Callender and Martin Kemp, "Changing Student Finances: Income, Expenditure and the Take-up of Student Loans among Full- and Part-Time Higher Education Students in 1998/9," (London: Department for Education and Employment, 2000). p. 285.

[171] Nicholas Barr, "Higher Education Funding," *Oxford Review of Economic Policy* 20, no. 2 (2004). p. 270.

[172] House of Commons Select Committee onEducation and Skills, "Financing Higher Education in the UK: The 2003 White Paper." Fifth Report of Session 2002-03, Volume II, Oral and Written Evidence," (London: The Stationery Office, 2003). p. 24.

[173] Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education." p. 742. Nicholas Barr, "Paying for Higher Education: What Policies, in What Order? Submission to the Independent Review of Higher Education Funding and Student Finance," ed. London School of Economics (London: London School of Economics, 2010). p. 16. Barr draws a sharp distinction between interest subsidies for ICLs which he sees as regressive in benefiting graduates who go on to earn high incomes and forgiveness of loans after 25 years which he sees as progressive for graduates (e.g. nurses, teachers) who do not repay their loan in full.

reviewing all the major efforts — White Papers, legislation, national inquiries — to reform the higher education system.[174]

Barr's academic work involved applying economic theories of information to analyse the welfare state in terms of its "efficiency function".[175] After looking closely at the issue of student loans, he concluded that they could be designed as progressive social policy.[176] From the mid-1980s, he pressed the cause of modernising university financing through academic journals, the media and political arenas in a campaign that that spanned decades.[177] From Barr's perspective, university finance was essentially a three-way debate between public grants, mortgage-style loans and ICLs. Which of these approaches would achieve the three main aims of a higher education system: access, expansion and efficiency? As he argued, where fiscal parsimony had become the prevailing aim of government, it was unrealistic to think that expansion could be achieved through public grant spending.[178] Mortgage-style loans in practice led to inequitable outcomes. This meant that "the only source of funding which is large and not grossly inequitable is an arrangement which allows students to borrow against their future earnings".[179]

A further aspect of Barr's support for tuition fees concerned competition between universities as a means of raising the quality of the best institutions. This entailed giving the universities the power to set their own fees. The question of variable fees was more central in the reform debates in the UK because, as this thesis will outline, severe funding constraints had resulted

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[174] A selection of Barr's commentaries on reports and White Papers are "The White Paper on Student Loans," *Journal of Social Policy* 18, no. 3 (1989); "Financing Higher Education in the UK: The 2003 White Paper. House of Commons Select Committee on Education and Skills, "The Future of Higher Education", Fifth Report of Session 2002-03, Volume II, Oral and Written Evidence."; Nicholas Barr and Iain Crawford, "The Dearing Report and the Government's Response: A Critique," *Political Quarterly* 69, no. 1 (1998).

[175] Nicholas Barr, "Economic Theory and the Welfare State: A Survey and Interpretation," *Journal of Economic Literature*, no. 2 (1992). p. 742.

[176] Barr, *The Economics of the Welfare State*. pp. 351-58

[177] See "The White Paper on Student Loans." p. 409. "Funding Higher Education: Policies for Access and Quality, House of Commons Select Committee on Education and Skills, Sixth Report of Session 2001-2002," (London: The Stationery Office, 2002); Barr, "Student Loans Made Easy," *The Times*, 28 July 1988; Nicholas Barr, "Student Loans: Towards a New Public/Private Mix," *Public Money & Management* 17, no. 3 (1997); Nicholas Barr, "The Higher Education White Paper: The Good, the Bad, the Unspeakable — and the Next White Paper."

[178] "The White Paper on Student Loans." p. 410. "Disentangling the Myths of the White Paper," *Financial Times*, 16 November 1988.

[179] Barr and Crawford, "The Dearing Report and the Government's Response: A Critique." pp. 72-3.

in significant deterioration in the state of the universities. Barr was not alone in being persuaded of the need under a tuition fees regime for institutions to set their fees. But many progressives objected to variable fees on the grounds that they would perpetuate a hierarchical system. Barr argued that it was necessary to make a distinction between social elitism (which he opposed) and educational elitism. In the liberal market framework, variable fees would introduce more bracing competition and promote diversity between institutions creating greater choice which empowers students.[180]

Policy Systems

The period covered by this thesis, particularly from the 1960s, coincided with radical changes in theoretical understanding of what constituted a policy system. This section outlines how increased appreciation of complexity shaped theoretical understanding of policy systems; how empirical studies of policy processes have given increasing attention to understanding the role of expertise in policymaking; and how institutionalist models of change have influenced ways of thinking about policy systems. It links these developments in policy scholarship to the post-war history of higher education policy systems in Australia and the UK.

The thesis sees a policy system as the framework that guides the formulation of policy goals and the means of achieving them in a distinct area of government activity. It has three elements: individuals, ideas and institutions.[181] The thesis treats public policy agendas as long-term processes shaped by the mutual interaction of these three elements.[182] Policymaking is a collective enterprise in social learning, and policy problems are solved collectively.[183] Actors achieve influence in policy systems by working within the constraints of institutions and prevailing ideas about policy, and through cooperation with other actors. These processes of interaction between individuals, ideas and institutions during key periods

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[180] Barr, "Financing Higher Education in the UK: The 2003 White Paper." House of Commons Select Committee on Education and Skills, "The Future of Higher Education." p. 11.

[181] John, *Analyzing Public Policy.* p. 12-13.

[182] The role of individual agency is an argument made with considerable plausibility and sophistication by the approach known as rational choice institutionalism. See Hall and Taylor, "Political Science and the Three New Institutionalisms." Socio-Economic Review, 7, no. 1 (2009). pp. 943-946.; P. A. Hall and K. Thelen, "Institutional Change in Varieties of Capitalism," Socio-Economic Review, 7, no.1 (2009). p. 9.

[183] Hall, "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain." p. 276.

of change in the post-war development of higher education are the subject matter of the thesis. The central ideas were national integration, vocationalism, public provision, human capital, knowledge society and markets. These ideas were pursued in the post-war era by policy specialists developing arguments that aimed to reinforce or change the assumptions of the actors in the policy system or to persuade them to alter how they perceived their interests. Sometimes ideas were converted into policy alternatives that found their way to national decision agendas.

The institutions of a policy system are the rules and norms governing the debates and contests about the goals, alternatives, and instruments of policy. The proximate institutions that constituted the higher education policy systems in this study include the grants commissions, the funding councils, the government departments and the representative bodies of the universities and colleges. Above these were the surrounding national political institutions such as political parties, electoral systems and the regulatory framework for employment. To understand what drove successful change through national decision agendas, the thesis conducts a careful analysis of the dynamic interactions between ideas and the multiple policy actors, entrepreneurs and experts within these institutional arenas.

The concept of a policy system that emerged from early studies originating in the discipline of public administration was state-centred, monolithic and extremely stable.[184] For example, the earliest US studies of national transport, education and agricultural policy in the 1950s emphasised decision-making as a process confined to government bureaucracies, a few large sectoral interest groups and powerful political actors in the executive branch of government.[185] The term "iron triangle" was coined to describe a state-centred system dominated by a small number of actors in mutual agreement about objectives.[186] As the iron triangle metaphor suggests, the policy system was viewed as relatively immune to external

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[184] Graham Allison, "Emergence of Schools of Public Policy: Reflections by a Founding Dean," in *The Oxford Handbook of Public Policy*, ed. Robert E. Goodin, Michael Moran, and Martin Rein (Oxford: Oxford University Press, 2008).
[185] Michael Howlett, M. Ramesh, and Anthony Perl, *Studying Public Policy: Policy Cycles and Policy Subsystems* (Oxford University Press, 2009). p. 148.
[186] Frank R. Baumgartner, Bryan D Jones, and Peter B Mortensen, "Punctuated Equilibrium Theory: Explaining Stability and Change in Public Policymaking," in *Theories of the Policy Process*, ed. Paul A. Sabatier, Christopher M. Weible, and Frank R. Baumgartner (Boulder, Colorado: Westview Press, 2014). p. 67.

pressures of the wider environment.[187] There are resonances between these early theories of the policy process and the institutional equilibrium model described above. They assumed a well-functioning policy system was based on consensus about objectives and stable institutions able to manage the social and economic pressures of the environment.[188]

The 1950s was a period of considerable stability in the higher education policy systems in Australia and the UK. Detailed accounts of the early post-war expansion of the Australian and UK universities by Marshall (1988), Tapper (2007) and Shattock (2012) describe the direction of HEIs in both countries by a small group of policy actors at the highest level of government and the universities.[189] The features of this system were: a state-centred approach; a small circle of policy actors; regular protocols for the conduct of policy; and evidence-based decision-making often through the appointment of a committee of inquiry.[190] These reflected the unitary interests of politicians, educational bureaucrats and university leaders.

However, rapid expansion brought greater complexity to national higher education systems. From the 1960s, in Australia and the UK a diverse range of non-university institutions were incorporated into the national system, adding responsibilities such as teaching colleges and technological education that coexisted with the university interests. New actors brought new agendas which resulted in greater fragmentation of interests and a wider scope for disagreement about the aims of policy.[191] From a theoretical perspective these developments underscored the limitations of the state-focused, top-down model of policy systems. As Heclo (1977) observed, it was a "disastrously incomplete" representation of the dynamics of policymaking.[192] By narrowly focusing on the functional responsibilities of government

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[187] Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy." p. 274.

[188] Baumgartner, Jones, and Mortensen, "Punctuated Equilibrium Theory: Explaining Stability and Change in Public Policymaking." p. 60.

[189] Marshall, "Bureaucratic Politics and the Demise of the Commonwealth Tertiary Education Commission." pp. 20-21. Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 9-18.

[190] David Watson, "Robbins and His Children: The Theory and Practice of Higher Education Inquiries, 1963-2013," *Higher Education Quarterly* 68, no. 2 (2014).

[191] Paul Sabatier, A., "Toward Better Theories of the Policy Process," *Political Science & Politics* 24, no. 2 (1991). p. 151.

[192] Hugh Heclo, "Issue Networks and the Executive Establishment," in *The New American Political System*, ed. Samuel H. Beer and Anthony King (American Enterprise Institute for Public Policy Research, 1978). p. 88.

agencies and powerful client groups in determining the outcomes of policy, it left out the influences on policy of a wide range of policy interests. Policy scholars discovered that policy processes played out in a variety of venues and that interests outside of government such as academic specialists or interest group advocates exercised an important influence in shaping policy outcomes.[193]

The new functions acquired by higher education policy systems in the 1960s brought the pressures of greater complexity. These systems experienced a new set of pressures in the 1980s when Treasuries, finance departments, science departments and national advisory agencies began to criticise the assumptions of the public funding model and to advocate a rival set of policy objectives on a market-based, self-funding model. The fiscal ministers in national cabinets were among the strongest critics. Sabatier (1998) has argued that coalitions based on shared convictions of actors frequently crystalise within policy systems and seek to act in a coordinated way to advance their own alternative policy solutions. The policy field becomes a contest between coalitions with a fundamentally different "set of basic values, causal assumptions, and problem perceptions".[194] Harman's (2005) account of the 1987/88 Australian reform agenda follows Sabatier in describing the minister's leading role in the process of constructing a reform coalition based on the actors' shared belief in the need for a radical economic solution to the problems of the higher education.[195] As he argued:

> Minister Dawkins and his allies formed a broad coalition of interests, and were successful largely because of their clear objectives, the considerable political power they had available to them, their political skills in advocacy and attracting others to their cause, and their willingness to use their available power and skills to maximum advantage.[196]

The concept of advocacy coalitions addressed the limitations of explaining the dynamics of the policy system in a framework that simply reflected its functional, bureaucratic agencies. Empirical studies of public decision-making suggested the need for an account of the policy

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[193] John, *Analyzing Public Policy.* p. 70-71. Heclo, "Issue Networks and the Executive Establishment." pp. 269-70
[194] Paul Sabatier, A., "An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein," *Policy Sciences* 2, no. 3 (1988). p. 139.
[195] Harman, "Implementing Comprehensive National Higher Education Reforms: The Australian Reforms of Education Minister John Dawkins, 1987–90."
[196] Ibid. p. 180.

system that stretched across networks of actors both inside and outside government agencies whose regular interactions contributed to the substance of policy agendas.[197] This policy network approach used the concept of a policy community to describe the networked activities between government insiders and those outside the government who share ongoing interests in the policy sector. Influence stems from mutual "resource dependencies" of the agencies belonging to the policy community.[198] A policy community contains many non-government actors who have a strong interest in the policy sector such as academic experts or issues advocates. Kingdon (2011) describes a policy community as being composed of specialists scattered through and outside of government who have in common "their concern with one area of policy problems."[199] He claims that specialists in the policy community are responsible for bringing unity and coherence to thinking about problems in government, leading the policy community to "eventually see the world in similar ways, and approve or disapprove of similar approaches to problems".[200]

Most members of a policy community have an ongoing engagement in the policy area as a result of vocational choice — as civil servants, advocates, academics or sectoral interests. The thesis uses the concept of policy community to explain how unified action is achieved through the multiple formal institutions of the policy system, including the bureaucracy, the universities, the advanced education providers, local and State governments, funding bodies and interest groups. Members belonging to the same policy community regularly share "their interactions with each other…. (and) know each other's ideas, proposals, and research".[201] The individuals interviewed for this thesis operated in diverse and specialised ways to contribute to the collective outcomes of complex policy system. They included academics, university heads, government ministers and their advisors, bureaucrats, policy entrepreneurs and journalists. As members of a community engaged on a daily basis in a shared policy discourse, they were knowledgeable about each other's ideas, proposals and work. They spent considerable part of their time in formal or informal collaborations and debates about

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[197] John, *Analyzing Public Policy.* p. 70. Kingdon, *Agendas, Alternatives and Public Policies.* R. A. W. Rhodes, "Policy Networks: A British Perspective," *Journal of Theoretical Politics* 2, no. 3 (1990); Howlett et al, *Studying Public Policy: Policy Cycles and Policy Subsystems.* pp. 148-52.
[198] Rhodes and Marsh, "New Directions in the Study of Policy Networks." p. 182. Rhodes, Policy Networks: A British Perspective."
[199] Kingdon, *Agendas, Alternatives and Public Policies*. p. 117.
[200] Ibid. p. 131.
[201] Ibid. p. 117.

ideas that result in developing the background agenda of policy alternatives. These alternatives developed away from the glare of the political spotlight sometimes get noticed and placed on the national decision agenda.[202]

A development that has had a major impact on policy systems is the globalisation of policy expertise, a result of which has been the emergence of transnational policy communities. Decision-making in Australian and UK higher education policymaking in the post-war era has frequently involved learning lessons from abroad. The Murray Inquiry (1957), for example, which set out the blueprint for university expansion in Australia, was led by the senior British universities' administrator during a three-month visit. The ICL funding model pioneered by Bruce Chapman in Australian higher education was consulted in detail by major inquiries in the UK and subsequently emulated in the 2004 reform agenda.[203]

However, as some have argued, a new dimension has been added to this matter with the high dependence of contemporary policymaking and administration on technical-scientific expertise to reduce the increased uncertainty of an ever-widening range issues that are increasingly technical and complex in nature.[204] To contribute in a meaningful way to policy discourse requires advanced qualifications and long immersion in a policy field. Haas (1992) uses the concept of "epistemic communities" to describe the sphere of technical and expert policymaking that increasingly generates programs, policy templates and policy instruments on a global scale.[205] Haas views members of epistemic communities as those endowed with the intellectual and analytical resources to articulate:

> causal beliefs, which are derived from their analysis of practices leading or contributing to a central set of problems in their domain and which then serve as the basis for elucidating the multiple linkages between possible policy actions and desired outcomes.[206]

Haas (1992) points to the trend of governments increasingly looking to transnational policy bodies to reduce policymaking uncertainties across a range of macroeconomic, technological, environmental, health, and educational issues. Any account of national policy history requires

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[202] Ibid. p. 55-7.
[203] O'Reilly, *The New Progressive Dilemma: Australia and Tony Blair's Legacy.* pp. 137-8.
[204] Peter M. Haas, "Introduction: Epistemic Communities and International Policy Coordination," *International Organization*, no. 1 (1992). p. 12.
[205] Ibid. pp. 3-7.
[206] Ibid. p. 3.

an evaluation of the implications for the policymaking processes of the globalization of national policies and the role of global policy actors.[207] National policymakers frequently turn to international policy bodies for evidence-based reviews in policy fields, statistical databases and in-depth studies of national economic and social conditions. In the 1980s, the OECD began extensively to research national higher education policy.[208] This was driven by concern at the stagnation of the sector in the preceding decade. The OECD advocated policies to address the "high and rising" costs to individuals and nations of "low educational achievement and under-investment in human capital".[209] These reports exercised a considerable influence in shaping the beliefs of national higher education policymakers in Australia and the UK. Advisors to the Australian Education Minister, John Dawkins, described him as a keen reader of OECD material which they saw as "pertinent to" and "highly consistent with" Labor's agenda.[210] In the OECD analysis, higher education systems had an essential function in supplying sufficient quantities of human capital which had become the vital factor in high productivity economies.[211] It saw a structural weakness of the universities to develop this capacity, and urged national governments to adopt market liberal models to encourage higher numbers of graduates such as bringing in tuition regimes to supplement public funding for higher education.[212] The OECD held an Intergovernmental Conference on Policies for Higher Education in 1981, and throughout a decade of globalised economic restructuring, it actively promoted a transnational discourse on policy reform. It backed this up with a number of detailed studies of its member countries tying the purposes of higher education systems to national economic performance.[213] These reiterated the case for restructuring of national higher education systems on market liberal lines which, it argued, would achieve levels of enrolment necessary to address the skill requirements of

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[207] Ibid. p. 13. Howlett et al, *Studying Public Policy: Policy Cycles and Policy Subsystems*. pp. 54-60. David P. Dolowitz and David Marsh, "Learning from Abroad: The Role of Policy Transfer in Contemporary Policy-Making," *Governance* 13, no. 1 (2000).

[208] OECD, *Policies for Higher Education in the 1980s* (Paris: OECD, 1983); OECD, *Universities under Scrutiny*.

[209] OECD, *Education and the Economy in a Changing Society*. (Paris: OECD, 1989). p. 26.

[210] Ministerial Staffer B: Interview with author, 2017; Ministerial Staffer A: Interview with author, 2017. There were no less that seventeen references to OECD findings in the Green Paper announcing the higher education reform agenda in 1987. See Dawkins, "Higher Education: A Policy Discussion Paper."

[211] OECD, *Education and the Economy in a Changing Society*.

[212] OECD, *Economic Surveys: Australia 1987/88*. (Paris: OECD Publishing, 1988).; OECD, *Structural Adjustment and Economic Performance*. (Paris: OECD, 1987).

[213] George S. Papadopoulos, *Education 1960-1990: The OECD Perspective*. OECD Historical Series. (Paris: OECD, 1995). p. 151.

knowledge-based economies at a time of sharp reductions in the level of government funding for universities.[214]

In summary, Sabatier's model of advocacy coalitions and the advancement of the concept of policy community developed the view of a more extensive policy system composed of "actors from many public and private organizations at all levels of government who share a set of basic beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules of various governmental institutions to achieve those goals over time."[215] In contrast to earlier analysis of policy communities that has tended to assume homogeneity and unification around agreed goals, Sabatier's model is based on competition within the policy system.[216] The importance of Sabatier's analysis is that the advocacy coalition framework specified the dynamics of conflict which existed at various levels of intensity no matter how well institutionalised was the policy field. This breakthrough provided a strong stimulus for policy researchers to depart from the tendency to assume under the policy community approach stability and core agreement between actors. The suggestion was that the actors in many policy areas while sharing epistemic perspectives were frequently in intense competition and saw in internal coalitions the opportunity to work towards policy goals based on their shared interests in opposition to those of rival coalitions. Sabatier's insights make the study of public policy a more complex undertaking because it identified the reality of high levels of contention within what earlier approaches to policy communities tended to paint as a homogenous set of policy actors dedicated to the harmonious pursuit of their stated goals. Sabatier's framework has proven valuable for analysing higher education reform agendas in Australia and the UK, where advocacy coalitions of proponents of liberal market values successfully challenged the norms and conventions of the policy system.

The thesis views Sabatier's dynamic model of policy systems as arenas for contesting coalitions as an important approach to understanding the nature of policy change. The model locates the source of policy renewal within the policy system itself. Unlike the punctuated equilibrium model, it does not need to explain change predominantly in terms of exogenous

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[214] OECD, *Education and the Economy in a Changing Society*. p. 55.
[215] Sabatier, "Toward Better Theories of the Policy Process." p. 151.
[216] "An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein." p. 139.

factors such as a crisis in wider environment.[217] All the same, Sabatier's theoretical approach is less successful in answering the question of when and why competing coalitions emerge in a policy system. Additional development of the theory is needed to identify the conditions under which advocacy coalitions are the chief mechanism of change in policy systems. In contrast, Thelen (2009), Pierson (2013) and others have suggested that institutional adaptation often serves as a strategy and mode of significant change to policy systems.[218]

The argument developed in the thesis on these questions to some degree synthesises these approaches to institutional change. Changes in the substance of policy and major expansion of the higher education systems in the immediate post-war decades were accomplished through significant adaptation and flexibility within the existing policy institutions. The advocacy coalition model helps to explain the emergence in the 1980s of pressures for major institutional change in the higher education policy systems in Australia and the UK. It is not an exaggeration to describe the reform moment in Australia as a critical juncture with the implication of discontinuous, path-breaking departure from the post-war mode of incremental change. The Australian Education Minister, John Dawkins, often cited a crisis in the policy system as justification for his unilateral decision to abolish the advisory bodies and to bypass the education bureaucracy and many university leaders. On the other hand, identifying a clear institutional departure in the reform agendas addressing the same crisis in the UK is more challenging since these agendas played out over long period. Before turning to the detailed empirical investigation of the formation of national policy systems (Chapters Five to Eight), the following chapter outlines social, educational and demographic developments in the post-war decades which provide the backdrop to later analysis.

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[217] Béland, "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift." p. 22.
[218] Hacker et al, "Drift and Conversion: Hidden Faces of Institutional Change."; Mahoney and Thelen, "A Theory of Gradual Institutional Change."; Thelen, "Institutional Change in Advanced Political Economies." p. 488.

Chapter Four: Participation in Post-war Education

Introduction

This chapter outlines the pattern of post-war growth of higher education in Australia and the UK and describes how social changes and demographic developments contributed to it. Its purpose is to paint a broad-brush picture of the post-war demand for higher education as a background to the analysis of the policy developments in subsequent chapters. It uses statistical sources to outline the growth of higher education enrolments and the changing balance of provision between different sectors within the higher education system during three phases of growth. It also describes trends in increasing rates of school completion. These trends were the basis of the forecasts on which decisions in higher education provision were made, and since school completion was the necessary condition for higher education expansion, accurate predictions of this measure were critical to sound policymaking.

Though there was variation between the two countries, the pattern of expansion in both cases can essentially be divided into three phases. The first phase from 1945-75 was a three-decade period of a steadily increasing enrolments in the nations' public universities, polytechnics and colleges. For a couple of years in the first decade of this phase, enrolments fell slightly, and towards the end of this phase there were signs, especially in the UK, of a faltering in growth. Overall, this was a long period when policymaking assumed expansion through annual increments in the participation rate of the 18-21-year-olds, ever-larger increases in the flow of public funds to support this widening participation, and political support from governments of the centre-left and centre-right for growing the sector whether through increasing the capacity of existing institutions or opening new universities and colleges. The growing pool of qualified school leavers seeking a place in higher education reflected the large number of 18 year-olds (the effect of the sharp rise in birth rates at the end of the World War II) and increasing rates of secondary school completion.[219] The trend of staying-on at school reflected a new spirit of expectation about educational opportunity and schools reforms such as making academic streams in schooling more accessible, changes to school curricula and improving access to examination systems that controlled entrance to the universities.

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[219] Michael Shattock, "Remembering Robbins: Context and Process," *Higher Education Quarterly* 68, no. 2 (2014). p. 112.

From the mid-1970s the rate of participation in higher education in Australia and the UK stabilised and dropped slightly. This reflected a pattern of stagnating enrolments across the rich industrial countries.[220] By this time, participation was just below 15 per cent — the rate that Trow (1974) identified as the threshold separating elite and mass participation higher education.[221] Enrolment rates in higher education stayed at this level for over a decade. Mandler (2015) used the term, the "Robbins escalator", to describe the post-war pattern of secular growth in higher education that was accompanied by a new meritocratic spirit and rising expectations of parents and children. [222] He saw as a mystery needing to be explained why the escalator stopped moving in the mid-1970s before starting up again.[223] A number of factors were at play, and how these interacted with the policy system is the subject of subsequent chapters in this thesis.[224] This period was marked by stagnating levels of public expenditure on higher education as a result of governments adopting monetarist macroeconomic policies emphasising fiscal constraint, retrenchment of public services and cutting state spending.

In this period, the challenges of mass higher education — greater diversity of the student body and significant resource constraints — occupied more of decision-makers' attention. There was also a significant shift to more female and more part-time enrolments. The broadening base of academic ability among students also led to an emphasis on positional distinctions among providers, based on a hierarchy of institutions. As a general rule, universities sat above the polytechnics (in the UK) and the CAEs (in Australia). The latter provided most of the places to students from socially and academically diverse backgrounds. Because the non-university institutions educated students at considerably lower cost, governments in the climate of austerity offered them inducements for them to grow faster than the universities. When first organised into national higher education systems in the 1960s, the non-university institutions were very junior partner to the universities. But, within a relatively short period they had caught up to the universities on the measure of full-time enrolments.

The third phase of post-war growth when the Robbins escalator began to roll again started with a remarkable resurgence in demand for higher education in the mid-1980s. The

[220] Papadopoulos, *Education 1960-1990: The OECD Perspective.* p. 151.
[221] Trow, "Problems in the Transition from Elite to Mass Higher Education."
[222] Mandler, "Educating the Nation: Universities." p. 6.
[223] Ibid. p. 10.
[224] Ibid. p. 25.

magnitude of this demand was on a scale much greater than that of the first phase of expansion.

Expansion

Staying on at Secondary School

A precondition for higher education becoming a common experience for an ever-growing proportion of young people was that more individuals were completing the twelve years of schooling that was a necessary qualification for entry. The trend of increasing rates of school completion that marked the second half of the twentieth century in Australia and the UK was an important aspect of the emerging post-war political economy of higher education. In industrial societies in the twentieth century, it was normal for a child to complete more years of education than her parents. There were many reasons for this: the progressive spread of schooling; the institution of universal schooling; rises in the mandatory school leaving age; and the growing desire of many families to prolong the years their children spend in education. The process in industrial societies during the twentieth century of extending the length of time that the individual spends at school has led observers to use the term the "the human capital century" to describe a relationship between schooling and the requirements of modern production systems.[225] As these scholars argue, educational attainment has advanced as economic production becomes more complex, and universal secondary education and mass higher education reflect the "race" of nations to keep up with the demands for skill and knowledge in constantly innovating economies.[226] The United States was the frontrunner in this race. The "high school movement" of the first half of the twentieth century led to dramatic increases in school completion, with high school graduation rates rising to 50 per cent in 1940 and 60 per cent in 1950.[227] After universal secondary schooling, the next movement in the spread of education was higher education. In the 1950s, over 20 per cent of school leavers entered a course at degree level in the United States making it the pioneer of mass participation. By the early 1960s, one in three young Americans left school to enter full-time higher education.[228] In contrast, Australia and the UK were laggards in this twentieth

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[225] Daron Acemoglu and David Autor, "What Does Human Capital Do? A Review of Goldin and Katz's the Race between Education and Technology," *Journal of Economic Literature* 50, no. 2 (2012); Goldin and Katz, *The Race between Education and Technology*.
[226] Goldin and Katz, *The Race between Education and Technology*.
[227] Ibid. p. 196.
[228] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 66.

century race for more education. It was not until the late 1960s that major improvements in secondary school completions began to be recorded in both countries.[229] Of the young Australians who commenced secondary education in the early 1980s one in two stayed on to complete the final year of schooling. The staying on rate quickly rose to three in four. A similar surge in secondary education completions — lagging the Australian trend by a few

Table 4.1 School staying-on Australia 1967-93
(Source: ABS Cat 4221.0; CTEC)

Year 12 Apparent Retention Rates			
1967	22.7%	1981	34.8%
1969	29.3%	1982	36.3%
1970	30.6%	1983	40.6%
1971	32.4%	1984	45.0%
1972	33.1%	1985	46.4%
1973	34.1%	1986	48.7%
1974	32.8%	1987	53.1%
1975	34.9%	1988	57.6%
1976	35.3%	1989	60.3%
1977	35.1%	1990	64.0%
1978	Not available	1991	71.3%
1979	34.7%	1992	77.1%
1980	34.5%	1993	76.6%

years — also became evident in the UK.[230] Table 4.1 shows retention rates of Australian secondary students to final school year between 1967 to 1993.[231] After a significant jump in the late-1960s, the Year 12 retention rate stabilised and remained at around 34 per cent in the 1970s. The proportion of students choosing to remain to the final year of school grew in substantial annual increments from the early 1980s. This coincided with the severe impact of an economic recession and its aftermath on traditional low-skilled labour markets for early school leavers, many of which were eliminated. Staying-on rates surged

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[229] Ministry of Education, "The Public Schools Commission: First Report (Newsom Report)," (London: HMSO, 1968). p. 42.

[230] The introduction of the General Certificate in Secondary Education (GCSE) in 1988 has been cited as a central factor in the step-change in the rising rate of school staying on. See Jo Blanden and Stephen Machin, "Educational Inequality and the Expansion of Uk Higher Education," *Scottish Journal of Political Economy* 51, no. 2 (2004). p. 232.

[231] These figures are the *apparent retention rate* which measures the number of students in the final year of school as a percentage of students who commenced secondary school five or six years previously. See Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People: Volume 2 (Appendices)." p. 88.

again during the early-1990s — and, again during a severe recession. By 1993, three in four of Australian students who had commenced secondary school six years earlier remained to complete some form of secondary education.

This long-term trend of rising rates of secondary school completions was also apparent from the late 1960s in the UK though the pattern was somewhat different to Australia's (Table 4.2). The rate of staying on for 17-year-olds doubled between 1965 and the mid-1970s, rising to 31 per cent in 1976. (The raising of the school leaving age (ROSLA) to 16 in 1973 appears to have had little impact on the staying-on rate for 17-year-olds. This suggests that ROSLA's effect may have simply been to keep those at the academic tail at school for one further year.) This rate did not alter for the next ten years, and, in fact, dropped back to 27 per cent in 1980. However, as a result of large annual increases in staying-on from the late 1980s, by 1995 six in ten 17-year-olds were enrolled in secondary school.[232]

Table 4.2 School staying-on UK 1960-94.
(Source: House of Commons Library. Education Historical Statistics.)

UK - Secondary school staying-on rate for 17-year-olds	
1960	11.1%
1965	13.9%
1970	20.2%
1971	28.0%
1976	31.0%
1980	27.0%
1985	32.1%
1986	32.7%
1987	33.5%
1988	35.8%
1989	39.4%
1990	43.0%
1991	49.2%
1992	54.6%
1993	58.2%
1994	59.8%

Reforms to curricula and examination systems played an essential role in facilitating increasing secondary school completion in Australia and the UK. These gave access to academic streams from which the majority of students had been excluded. Curriculum reform in both countries was closely linked to school "comprehensivisation", a process that many argued was essential to achieving the democratic ideal of giving all children the opportunity for the best education. This was a

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[232] House of Commons Library, "Education: Historical Statistics," (London 2012). p. 10.

cause embraced by progressives in the British Labour Party, the most notable individual being Tony Crosland, the revisionist theorist of British post-war socialism who became the Education Secretary in 1964.

Crosland and his followers in the British Labour Party identified the restricted opportunity in British educational institutions as one of the principal obstacles in pursuing what they understood as the goal of socialist equality.[233] The object of their ire was the widely resented examination taken by all British school children at the age of eleven in competition for a limited number of places in a public grammar school.[234] The consequence of failing the eleven-plus was relegation to the non-academic, and poorly provisioned schools — the secondary-moderns. As most pupils in these schools left by the age of fifteen, there was little likelihood of higher education studies in the future. This was the destiny of two thirds of children and the vast majority of children from working-class families.[235] While this was a galvanising issue for the British Labour Party from the 1950s, individuals on the Conservative side of politics such as Edward Boyle, Education Secretary between 1962 and 1964, understood the popularity of the comprehensive ideal and positively encouraged its pursuit at the local authority level.[236] Moreover, many Conservative local authorities had begun to phase out the eleven-plus system in their educational jurisdiction. Crosland, who was appointed Secretary of State for Education under the Wilson Labour Government, intending to hasten the end of the system of selection issued the famous 1965 departmental circular (10/65) requesting local education authorities to take steps to accelerate the process known as comprehensivation (ending selection and converting all secondary schools into "comprehensives" with wide curriculum).[237] This was carried out by the majority of local education authorities in the 1960s and 1970s.[238] Comprehensivisation, together with reforms

[233] Crosland, *The Future of Socialism.* p. 231.
[234] Nicholas Ellison, *Egalitarian Thought and Labour Politics* (Routledge LSE, 1994). p. 122. Peter Mandler, "Educating the Nation: Schools." *Transactions of the Royal Historical Society*, no. 24 (2014). p. 12.
[235] Ross McKibbin, *Classes and Cultures: England 1918-1951* (Oxford University Press, 1998). p. 19.
[236] Maurice Kogan, *The Politics of Education: Edward Boyle and Anthony Crosland in Conversation with Maurice Kogan* (London: Penguin, 1974). p. 115.
[237] Timmins, *The Five Giants.* p. 237.
[238] Mandler, "Educating the Nation: Schools." pp. 19-20. Clyde Chitty, *Education Policy in Britain (Third Edition)*, Contemporary Political Studies Series (Basingstoke: Palgrave Macmillan, 2014).

to the examination system regulating entrance to university, were pre-conditions for expanding the pool of school leavers qualified for places in the universities and colleges.[239]

Similar democratising measures were taken by education authorities in Australia to reform secondary school curricula and examination systems.[240] Larger numbers of students choosing to remain to complete secondary school in the 1980s and the greater diversity of the population at the senior years spurred authorities to adapt the senior curriculum to a wider ability range. This led to redesign of both curricula and the qualification framework governing access to post-secondary studies to reflect the requirements of the more diverse student body.[241] The Australian Labor Party (ALP) was elected to office in 1983 at a time of the highest post-war levels of unemployment for young adults. Within months, the new government took steps to initiate an agenda around better outcomes for youth which Hawke had promised in the election campaign.[242] Central to this were an educational maintenance grant (youth allowance) to support young people from disadvantaged households to complete their schooling and a national traineeship employment program. Following his re-election to a second term in 1984, Hawke demonstrated how seriously he desired progress on youth issues by creating a special office within the Department of Prime Minister and Cabinet to co-ordinate this agenda.[243]

The effects of secondary school completion on the higher education system increasingly determined how governments thought about and formulated policy in this area. In the 1960s, the question of responding to demand for places continued to be addressed within the paradigm of the elite model because only one in five young adults completed secondary school (and not all would have met the university entrance requirements determined by the

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[239] Mandler, "Educating the Nation: Universities."; Chitty, *Education Policy in Britain.* For a "New Labour" view that half of the secondary comprehensive schools were a disappointing failure, see Andrew Adonis, *Education, Education, Education: Reforming England's Schools* (Biteback Publishing, 2012). pp. 11-25.

[240] Craig Campbell and Geoffrey Sherington, *The Comprehensive Public High School: Historical Perspectives*, Secondary Education in a Changing World (Palgrave Macmillan, 2006). pp. 73-90.

[241] Victoria Minister of Education, "Ministerial Review of Post-Compulsory Schooling," (Melbourne1985). p. 25.

[242] Bob Hawke, "Federal Election Campaign Speech," (Sydney Opera House16 February 1983). Meredith Edwards, Cosmo Howard, and Robin Miller, "The Search for a Single Allowance," in *Social Policy, Public Policy: From Problem to Practice*, ed. Meredith Edwards, Cosmo Howard, and Robin Miller (Crows Nest, N.S.W.: Allen & Unwin, 2001). p. 16.

[243] Edwards et al, "The Search for a Single Allowance." p. 37.

examination authorities). However, even by the late 1960s, the rapid increase in secondary school staying-on rates had created a demand for higher education that exposed limitations of the elite model. From the 1980s, policymakers began paying greater attention to school staying-on as a consequence of structural economic changes. This was a development that many policy actors believed should be encouraged as they sought to bring education institutions into much closer interaction with modern labour markets. Governments increasingly viewed a central aspect of secondary education policy as the need to respond to the radically changed circumstances of youth-to-work transitions.

The impact of recession on labour markets, in particular the rapid disappearance of traditional avenues of teenage employment, played a major role in altering family and individual attitudes to extending schooling. The collapse of large categories of employment in the post-recession job markets had enormous implications for the education/job-seeking strategies of young adults.[244] Many firms that had traditionally provided employment paths and training for early-school leavers, particularly males, ceased recruitment through apprenticeships. The corporatisation or privatisation of state-owned enterprises hastened this process in the UK. This involved retrenching the operations of industries that had traditionally recruited young school leavers on a large scale. Steel, ship building and coal, sectors facing extreme difficulties competing profitably under globalisation, commenced large-scale programs of job cutting.[245] Discouraging prospects and record levels of youth unemployment led to increasing numbers of young people choosing to remain at school beyond the school leaving age of 16. Most job creation in the 1980s occurred in service or "knowledge" industries which put a premium on skills acquired through higher education. Mandler (2015) refers to the emergence of "a huge, relatively undifferentiated white-collar labour market to which higher education provides the best access".[246] Processes of globalisation, deindustrialisation and technological change were creating new patterns of employer demand based on occupational

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[244] Bob Gregory and P Stricker, "Teenage Employment and Unemployment in the 1970s," in *Youth Employment, Education and Training*, ed. C. E. Baird, Bob Gregory, and F. H. Gruen (Canberra: Centre for Economic Policy Research, Australian National University, 1981); Bob Gregory, "Labour Market Institutions and the Gender Pay Ratio," *Australian Economic Review* 32, no. 3 (1999).
[245] Fritz W. Scharpf and Vivien A. Schmidt, *Welfare and Work in the Open Economy. Volume I.* (Oxford: Oxford University Press., 2000).
[246] Mandler, "Educating the Nation: Universities." p. 28.

skills that required longer periods of preparation through formal education.[247] For all these reasons, school completion and then higher education became the established norm in the eyes of families, employers, educationalists and policymakers.

Widening Participation in Universities

In the 1950s, the entrants to the Australian and British universities consisted almost entirely of students from elite academic secondary school systems in each country. These were either fee-charging private schools or restricted entry academic schools in the public system — grammar schools in the UK and selective entry high schools in Australia.[248] Within this elite system, nonetheless, there were growing pressures arising from rapid increases in the numbers of school leavers who achieved the qualifications necessary to enter university. It was the political danger of these individuals failing to obtain a place that spurred governments to address the issue of the capacity of the universities systems. The shortfall in university places was an acutely sensitive issue for centre-right politicians whose constituents included the growing section of middle-class families that aspired to a university education for their children. For example, whereas 80 per cent of qualified school leavers in the UK attained a university place in 1956, only 60 per cent were able to in 1963.[249] Similar problems in supplying places in Australia underscored the universities' difficulties in keeping pace with the pressures for expansion.[250]

The shortage of places was a major factor in national government decisions to create a number of new universities in the 1960s and in decisions to formulate blueprints for higher education expansion through national inquiries into higher education such as Robbins (UK in 1963), Murray and Martin (Australia in 1959 and 1963).[251] The processes of democratization and occupational restructuring driving reform and extension of secondary schooling asserted

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[247] David Autor, Lawrence Katz, and Melissa Kearney, "The Polarization of the Us Labour Market," *American Economic Review* 96, no. 2 (2006); Jeff Borland, "Education and the Structure of Earnings in Australia," *Economic Record* 72, no. 219 (1996).

[248] McKibbin, *Classes and Cultures: England 1918-1951.* p. 227. Campbell and Sherington, *The Comprehensive Public High School: Historical Perspectives.* p. 51.

[249] Mandler, "Educating the Nation: Universities." p. 5.

[250] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.* p. 12. Murray, Keith *Report of the Committee on Australian Universities.* (Canberra: Government Printer, 1957). p. 82.

[251] Committee on Higher Education (The Robbins Report), *Higher Education: A Report.*; Murray, *Report of the Committee on Australian Universities.*; Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.*

a major influence at advanced levels of education. Trow (1974) observed that the effect of increasing rates of school completion was "to increase the pool of young men and women 'at the margin' of higher education, and thus inevitably …. the proportion of the age grade who are able to go on in response to a variety of other economic and social motivations".[252] The Robbins Report's projections of higher education places required in the medium and long term were based on combining data on birth cohorts with data showing the rising curve of A-level qualified school leavers in the UK in the 1950s.[253] Robbins estimated that rising demand for higher education in the UK would require an increase from 216,000 full-time places in 1962 to 558,000 in 1980-81.[254] The Murray Report (1957), similarly using data on the growth of qualified school leavers in Australia, projected a 120 per cent increase in the higher education student population from 36,465 in 1957 to over 80,000 in 1967.[255]

Murray's figures were revised upwards seven years later by the Martin Report (1963) which projected a surge in total enrolments between 1963-75 from the present figure of 118,000 to 248,000.[256] Not least because they felt the electoral pressures coming from below, governments readily accepted these enrolment targets and proceeded to plan for a massive increase in demand for places through large investment in the capacity of the higher education system.[257]

In the medium term, the national inquiries were correct in forecasting increases in the absolute numbers in higher education and in predicting incremental growth in the rate of demand for places. Robbins' projections of the need for 344,000 full-time places in 1970/71 — a figure seen by contemporaries as highly ambitious — were proven to be conservative as

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[252] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 43.

[253] The minimum qualification for entry to the universities was two A-levels.

[254] Committee on Higher Education (The Robbins Report), *Higher Education: A Report..* p. 149. Shattock, "Remembering Robbins: Context and Process." p. 117. Claire Callender, "Student Numbers and Funding: Does Robbins Add Up?"; Ibid. p. 164

[255] Murray, *Report of the Committee on Australian Universities.* p. 82.

[256] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.* p. 38.

[257] Central to Mandler's argument concerning the drivers of education expansion in the post-war era are what he calls the emergence of a "democratic public discourse" on education to which politicans were acutely attuned. See Mandler, "Educating the Nation: Schools." p. 6.

enrolments by the end of the 1960s considerably exceeded 400,000.[258] His assumption of a steadily increasing rate of demand for university courses was broadly correct for this early period. However, the trends and assumptions on which Robbins relied no longer held in the 1970s. Robbins' estimate of 558,000 places in 1980 proved to be considerably higher than what eventuated. The reasons that Robbins' forecasts went wrong were partly attributable to the assumption that the exceptionally high post-war birth rates would continue. In fact, these peaked in 1964, the year following the tabling of the report, and fell back by more than a third over the following thirteen years.[259] Looking at the future in 1963, a time of peak growth for the public university system, Robbins had less reason to doubt that continual improvements in the age participation rate (API) would drive demand for higher education. However, as the following summary of the post-war patterns of participation bear out, this was no longer true a decade later.

Post-war Participation Trends in the UK

Figure 4.1 shows a picture in the UK of slow increases in participation rates of young adults from 1954 to 1962 with university entrants going from 3.2 to 4 per cent of the age group. As the graph indicates, this rate of growth was too small to meet demand and led to a growing gap between the increasing numbers of qualified school leavers and actual entrants, a problem that was, in fact, a major impetus for the establishment of the Robbins inquiry. Robbins devoted a chapter titled "the short-term emergency" to discuss this widening gap. He recommended that the Government rapidly increase public resources to meet the needs of school leavers seeking to enter higher education between 1965-68, a group that "will far outnumber the places that on present plans will be available for them".[260] In recommending a major increase in the capacity of the universities, Robbins was reinforcing the expansionary agenda that had already begun in the late 1950s. The upshot was a decade of consistent annual increases in the rate of participation in higher education from the early 1960s. Figure 4.2 which includes non-university higher education enrolments shows UK higher education

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[258] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. (London: HMSO, 1997). p. 18. Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 149.

[259] Michael Shattock, "Demography and Social Class: The Fluctuating Demand for Higher Education in Britain," *European Journal of Education* 16, no. 3/4 (1981). p. 382.

[260] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. ch. 18, p. 257.

entering a strong expansionary phase starting at 1961 with the annual growth in the rate of enrolment resulting in the API more than doubling by 1970.

Percentage of age group entering university UK 1954-62
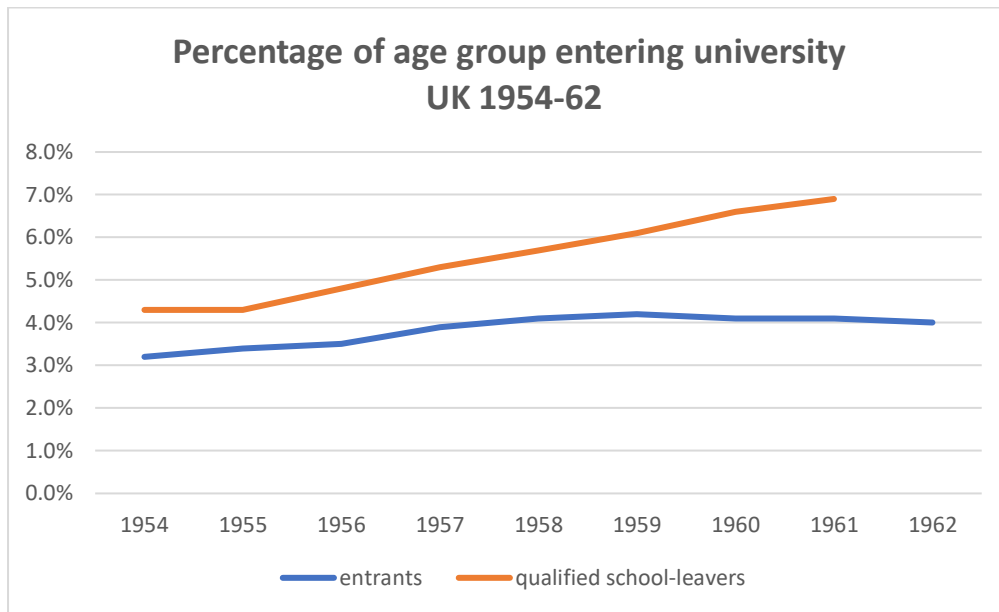
Figure 4.1 UK Percentage of young adults entering university 1954-62
(Source: Robbins (1963))

UK Higher Education Age Participation Rate 1961-2001
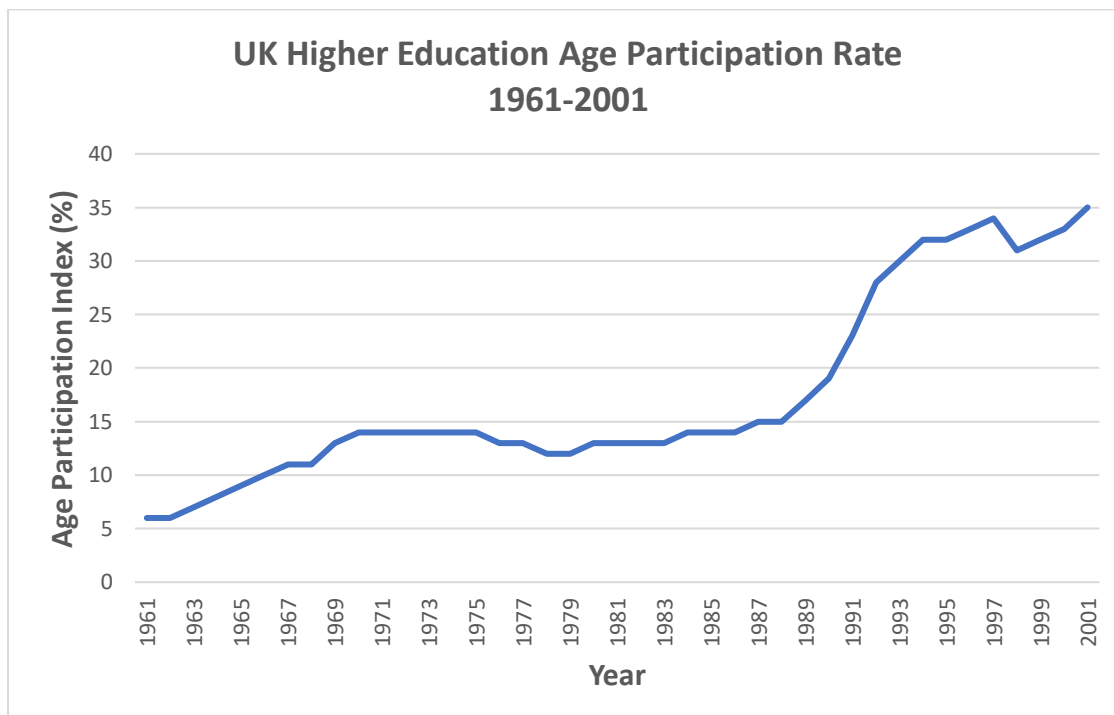
Figure 4.2 UK Enrolment rates of young adults in higher education 1961-2001
(Source: Walker and Zhu[261])

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[261] Walker and Zhu, "The Impact of University Degrees on the Lifecycle of Earnings." p. 14.

The regular annual growth in rates of higher education participation that characterised the post-war university expansion faltered in the early 1970s when enrolment rates stabilised at just below 15 per cent. It was fifteen years before rates of participation returned to the earlier post-war trend of growth.[262] Figure 4.2 shows that the participation rate in the UK dropped slightly in this period to around 13 per cent before surpassing 15 per cent in 1989 from which point there was an unprecedented surge in enrolments that took Britain into the era of mass higher education.[263]

Though the rates of enrolment stagnated across the 1970s, the universities and the polytechnics continued to increase their intakes. From 1970 to 1980, enrolments in UK higher education climbed from 621,000 to 827,000 (Figure 4.3). This was the effect of the "second wave" of the post-war baby boom (individuals born between 1955 and 1964) turning eighteen — university-enrolling age — between 1973 and 1982.[264] As Figure 4.3 shows these extra enrolments were shared quite evenly between the universities and the polytechnics with a slightly stronger growth in the universities' enrolments. A key factor that slowed enrolments in the non-university sector at this time was a decline in places in teacher training colleges as the Government responded to the fall in the school age population (due to the end of the post-war baby boom, mentioned above). From 1980, increases in enrolments in the colleges and polytechnics exceeded increases in the universities. The significance of this in terms of the political economy of higher education is discussed in Chapter 6. Essentially, it reflected that the polytechnics were less resistant than the universities to creating places at marginal cost under the austerity imposed by the Thatcher Government. The Robbins Report had overestimated enrolments in the 1970s based on the correct assumption of a larger birth cohort and the — as it proved — incorrect assumption of a rising trend in participation. This mistaken estimate was inherent in the difficulties of predicting future enrolment patterns. On the other hand, as discussed later, a 1970 Department of Education and Science White Paper

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[262] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society.* p. 20.
[263] Mandler, "Educating the Nation: Universities." pp. 10-20.
[264] Shattock (2014) notes that the principal factors in forecasting post-war enrolments were "the effects of the 'bulge', that is the impact of the sharp rise in the birth rate at the end of the Second World War and the 'trend', the increase in the proportion of students staying on at school and applying to enter higher education." See Shattock, "Remembering Robbins: Context and Process." p. 112.

mistakenly overestimated enrolments in higher education when the demographic downturn was clearly evident.[265]

Total UK Higher Education Enrolments ('000s)

All institutions designated as universities after 1992

Universities — Polytechnics and colleges — Total
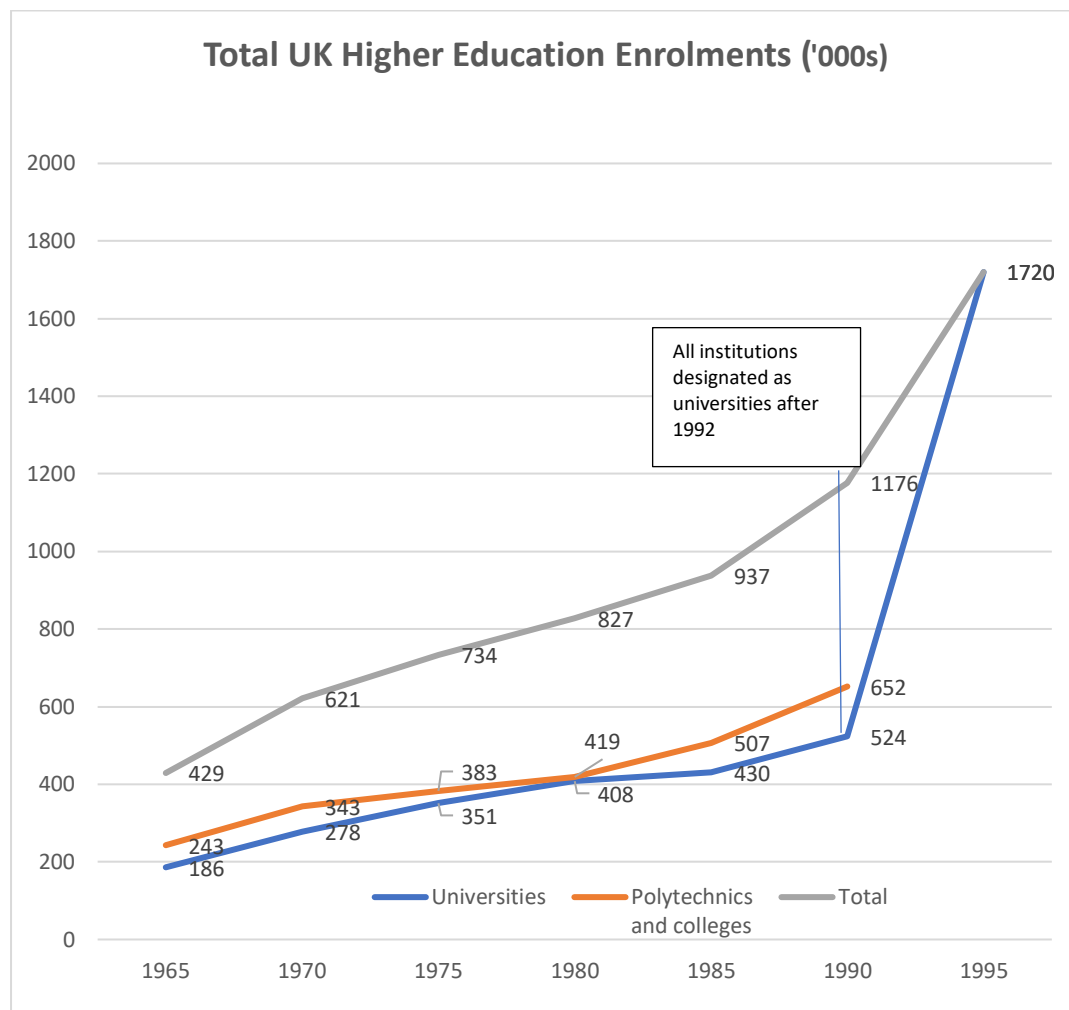
Figure 4.3 UK Total higher education enrolments 1965-95
(Source: Kogan and Hanney 2000[266])

Post-war Participation Trends in Australia

The picture of increasing enrolments in Australia in the post-war decades up to 1980 resembles that of the UK though there are some significant differences. Between 1955 and 1962 the proportion of those aged 17-22 enrolled in Australian universities increased from 4 to 7 per cent (Figure 4.4). This increase in the enrolment rate considerably exceeded that of

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[265] "Demography and Social Class: The Fluctuating Demand for Higher Education in Britain." p. 382. Department of Education and Science, "Education: A Framework for Expansion," (HMSO, 1972).

[266] Kogan, Maurice, and Stephen Hanney. *Reforming Higher Education*. London: Jessica Kingsley Publishers, 2000.

the UK for the same period (Figure 4.1). There is a strong inference that the gap between unmet demand of qualified school leavers and university enrolments was narrower in Australia than was the case in the UK. The level of enrolments had led to a strong belief among senior policy figures that the universities had over-recruited and that this had led to undesirable outcomes. By accepting too many school leavers, it was argued, the universities found themselves in a situation of unacceptably high rates of dropping out in the first year, widespread failure to complete degrees on time, and inefficient use of lecturers' time.[267] These criticisms pointed to the underlying anxiety which was the primary motivation leading to the establishment of the Martin Committee of Inquiry.[268] They also foreshadowed the key recommendation of the Martin Committee which was to create another layer of tertiary institutions at the national level which would contribute to lowering the universities' share of total tertiary enrolments. The recommendation was for this to drop from 58 per cent in 1963 to 50 per cent in 1975.[269] Following Martin's approach, the Government announced in 1968 that a group of Colleges of Advanced Education (CAEs) would form the foundation of a national advanced vocational education sector. Through subsequent policies that encouraged rapid expansion, the CAEs' enrolments increased at a much greater rate than the universities'. As Figure 4.5 shows, intakes grew in the CAEs very rapidly in the first half of the 1970s. By 1980 the CAEs had come to the position Martin considered desirable of enrolling as many students as the universities (Figure 4.6).

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[267] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 66.

[268] For concerns among vice-chancellors about failure rates in university courses and the question of how well secondary schools prepared pupils for university studies, see Croucher and Waghorne, *Australian Universities: A History of Common Cause*. pp. 120-21.

[269] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 37.
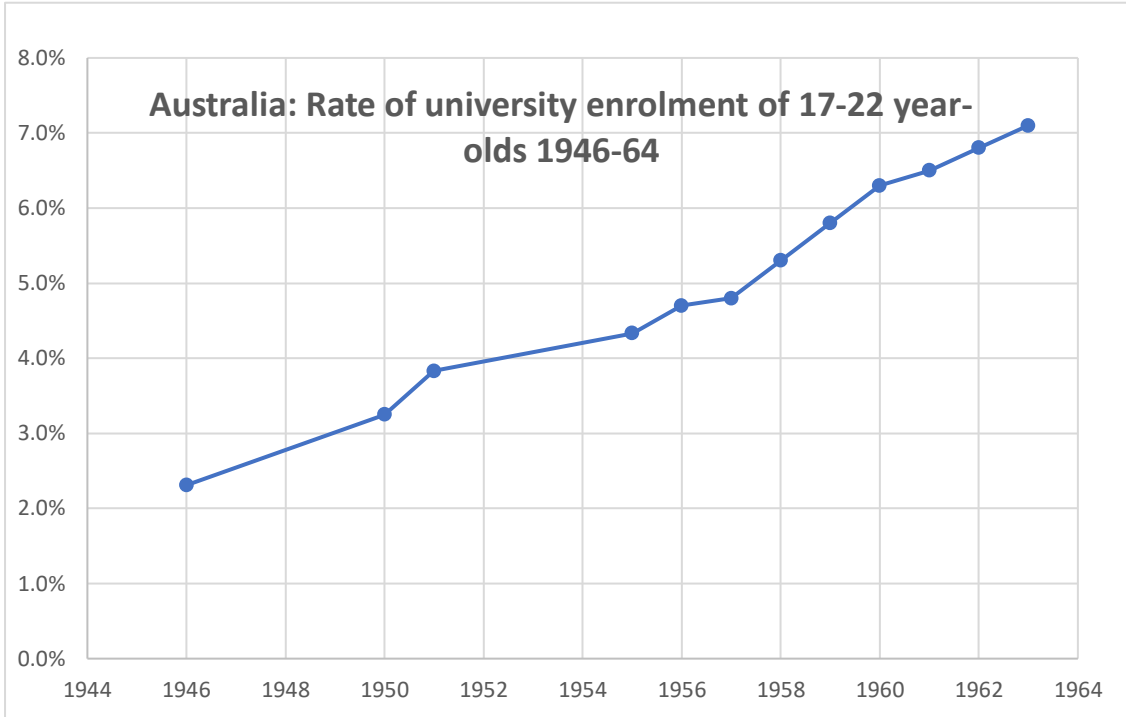
Figure 4.4 Australia University Enrolment Rate 1946-64
(Source: Martin Report 1963)[270]
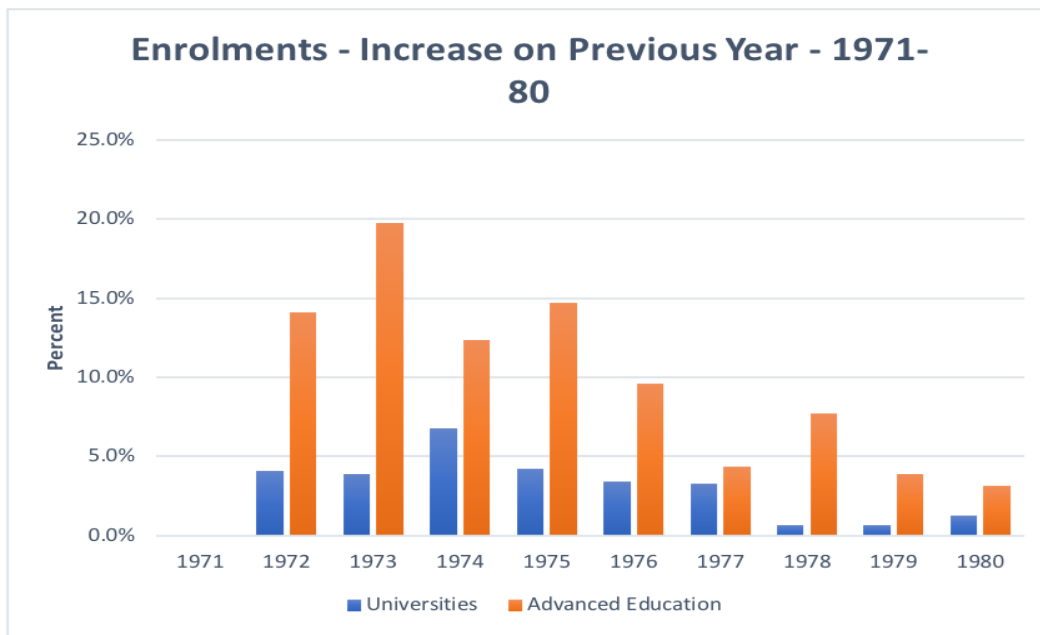
Figure 4.5 Enrolments – Rate of Growth 1971-80
(Source: Commonwealth Tertiary Education Commission 1986)[271]

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[270] Ibid. p. 12
[271] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 282.
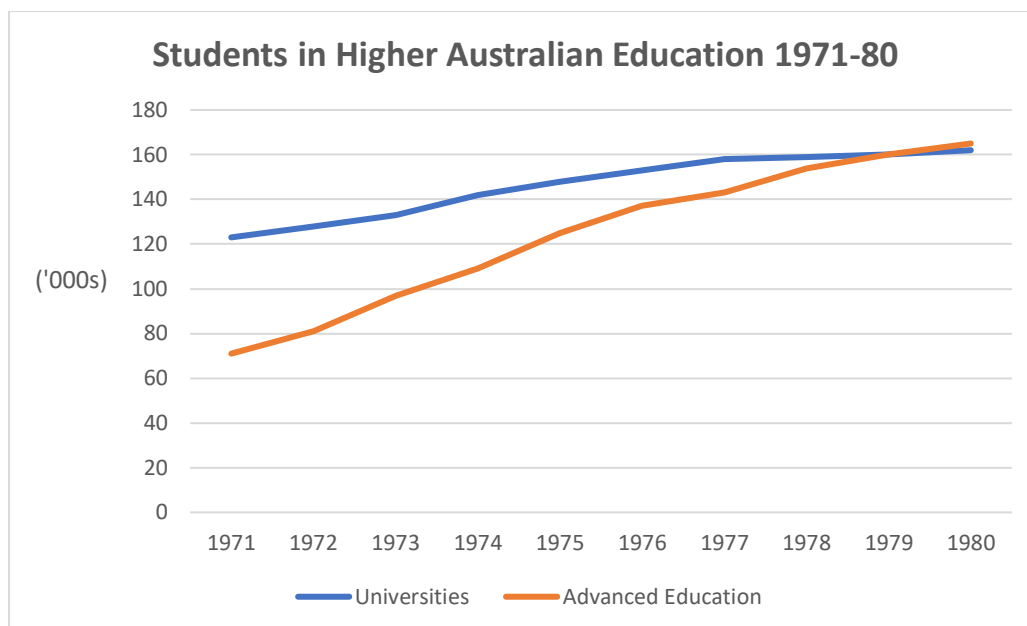
Figure 4.6 Students in Higher Education 1971-80
(Source: Commonwealth Tertiary Education Commission 1986)[272]

The participation rate of young adults crossed the 15 per cent threshold in Australia in the mid-1970s (Figure 4.7) as a result of vast increases in funding of the sector under the Whitlam Government (1972-75).[273] However, in a similar pattern to the UK, participation then fell back and did not exceed 15 per cent again until the mid-1980s. The interruption of the post-war pattern of continuously growing demand for higher education was a matter that policymakers puzzled over and that was the subject of several official inquiries.[274] These noted a growing reluctance on the part of governments to support open-ended expansion of higher education in the 1970s as well as diminishing public enthusiasm for university studies.[275]

A significant factor seen to have had negative effects on participation rates in higher education was a decline in the so-called graduate premium, the effect of a degree in boosting

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[272] Ibid. p. 282.
[273] Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment," (Canberra: Australian Government Publishing Service, 1979). p. 34.
[274] Karmel, "Tertiary Education in a Steady State." Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People," (Canberra: Australian Government Publishing Service, 1982).
[275] Karmel, "Tertiary Education in a Steady State." p. 29.

earnings.[276] The 1970s and 1980s were a time of stagnant incomes and decline in full-time jobs that one economist labelled the "disappointing decades".[277] The ratio of average earnings of graduates to average earnings of early school leavers fell by 25 per cent during this period.[278] These circumstances raised the question of whether the deterioration in graduate outcomes was the result of too many graduates.[279] There was also debate about whether the phenomenon of overqualified workers could be explained as a problem of mismatch between the labour market and the university qualifications individuals held.[280] These trends in graduate employment appeared to support the scepticism expressed by some observers regarding the capacity of the universities to equip their graduates with new types of skills demanded by modern labour markets, particularly the ability to adapt to the forces of technological change.[281]

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[276] A study by Borland (1996) found that while earnings of Australian men and women with a degree were considerably higher against other groups of workers, they declined in relative terms between the late 1960s to the early 1980s. See Jeff Borland, "Education and the Structure of Earnings in Australia." *Economic Record* 72, no. 219 (1996). Richard Blundell et al., "The Returns to Higher Education in Britain: Evidence from a British Cohort," *The Economic journal* 110, no. 461 (2000). p. 379. See also Stephen Machin and Sandra McNally, "Tertiary Education Systems and Labour Markets," (Paris: OECD, 2007).

[277] Bob Gregory, "Aspects of Australian and Us Living Standards: The Disappointing Decades 1970-1990," *Economic Record* 69, no. 204 (1993).

[278] Ibid. p. 74. Tom Karmel, "Are There Too Many Graduates?," *Journal of Higher Education Policy and Management* 19, no. 2 (1997). p. 90.

[279] Francis Green, Steven McIntosh, and Anna Vignoles, "The Utilization of Education and Skills: Evidence from Britain," *Manchester School* 70, no. 6 (2002).

[280] Papadopoulos, *Education 1960-1990: The OECD Perspective.*

[281] Brenda Little and Mary Henkel, *Changing Relationships between Higher Education and the State*, Higher Education Policy: 45 (Jessica Kingsley, 1999).
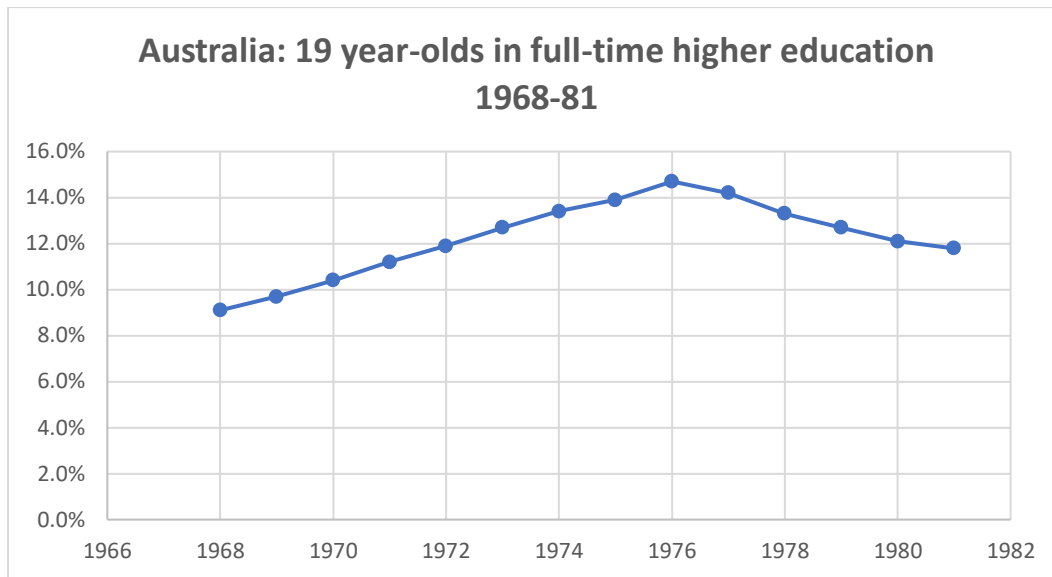
Figure 4.7 Australia: 19-year-olds in full-time higher education 1968-81
 (Source: CTEC 1982)[282]

The momentum for expansion disappeared in the context of a fall in public support for increased spending on social services and the focus of electoral contests on promises to voters to be a low taxing, low spending government.[283] As a consequence, governments had less appetite for policies based on generous public financing of government services. Treasuries and leading cabinet figures raised strong doubt in policy arenas about large-scale state provision that was taken for granted in the era of Whitlam and Peter Karmel, the university administrator who led the education reform inquiries under Whitlam.[284] Against this political background, prominent individuals in the policy community argued that higher education may have come up against a natural limit on expansion. Karmel, the chairman of the coordinating body for the Australian universities and colleges, saw "no signs of a revival of … enthusiasm for education spending that the universities enjoyed in the late 1950s and early 1960s, that the colleges enjoyed in the late 1960s and early 1970s".[285] He believed that at a time when the state had sharply turned to policies of fiscal constraint, HEIs would have

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[282] Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People: Volume 2 (Appendices)." p. 20.

[283] Paul Kelly, *The End of Certainty* (St Leonards, NSW: Allen and Unwin, 1992). pp. 144, 158, 175, 346-47. George Megalogenis, *The Australian Moment: How We Were Made for These Times* (Hawthorn, Australia: Penguin, 2017). p. 174.

[284] Department of Education and Science, "The Development of Higher Education into the 1990s," (London: HMSO, 1985). Macintyre et al., N*o End of a Lesson.* p. 31.

[285] Karmel, "Tertiary Education in a Steady State." p. 29. Macintyre et al., N*o End of a Lesson.* p. 12.

to depend on their "capacity to innovate under stationary conditions".[286] In a similar vein in the UK, Shattock (1981) concluded that, as the size of the 18-year-olds cohort began to decrease from the mid-1980s, the national higher education intake would shrink.[287]

The belief had formed in higher education policy circles that the prospects for growth were unpromising. This was overturned by an unexpected return to a policy of expansion in the late 1980s. A new policy discourse emerged based on themes of modernisation, human capital as a key factor in economic productivity and widening participation. Early indications of this new agenda were found in the publications of liberalising transnational policy bodies such as the OECD which emphasised the crucial importance of national higher education systems in adjusting to processes of globalisation and technological change.[288] Many politicians, policy specialists, industry bodies and economists in Australia and the UK came to embrace the case for an expansionary agenda of higher education along modernising lines recommended by the OECD and others. The key idea that found its way into Green and White Papers was that modern economies had become highly dependent for their success on high levels of educational attainment.[289] The late 1980s was the beginning of a third phase in post-war higher education with Education Ministers in both centre-left and centre-right announcing ambitious targets for higher education participation. In 1987 the Australian Government set a goal to increase the number graduates from 88,000 to 125,000 by 2000.[290] In 1989 the UK Secretary of State for Education, Kenneth Baker, forecast that the participation rate would grow by a third within five years and projected a doubling of the number of students in higher education over a 25 year period.[291]

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[286] Peter Karmel, "Australian Universities after Four Years of Cost-Cutting: Views from the Outside. Address to Fausa " (15 Feb 1979. Karmel Papers. NLA MS 7573.).
[287] Shattock, "Demography and Social Class: The Fluctuating Demand for Higher Education in Britain." p. 389.
[288] OECD, *Universities under Scrutiny*.
[289] For example: "But it is clear that, as the prime source of higher-level skills for the labour market, the higher education system has a critical role to play in restructuring the Australian economy." Dawkins, "Higher Education: A Policy Discussion Paper." p. 8. "Meeting the needs of the economy … with its implications for the scale and quality of higher education must be vigorously pursued." Department of Education and Science, "Higher Education: Meeting the Challenge," (Cmnd 114. London: HMSO, 1987). p. 2.
[290] John Dawkins, "Higher Education: A Policy Statement," (Canberra: Australian Government Publishing Service, 1988). p. 13.
[291] Baker's target was reached much more rapidly. Within a decade of 1987 participation rates in the age cohort had leapt from 15 to 35 per cent. Sanderson, "Higher Education in the Post-War Years." p. 427.

The surge in higher education participation that followed the lifting of supply constraints on university numbers was extraordinary by the measure of previous experience. Between 1989 and 1994 the undergraduate population in the UK grew from 502,000 to 769,000, an increase of more than 50 per cent.[292] By the early 1990s three in ten young people in the UK were enrolled in a university (Figure 4.2). In the same five-year period undergraduate enrolments in Australia grew on average by 6 per cent annually, increasing the population across the national system of universities and colleges from 441,000 to 585,000.[293] Figure 4.8 shows the impact of this leap in participation in Australian universities in the levels of degree attainment in Australia. Degree attainment among 25- to 34-year-olds rose sharply from the mid-1990s, particularly for women. This reflected the increased rates of school staying-on by young women during the late 1980s, and an important process of feminisation of the universities at the level of the students if not the senior academics. By 2005 in this age range, 27 per cent of males and 32 per cent of females had completed degrees. In other words, an unprecedented three in ten individuals in their early career held a university qualification.

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[292] Shattock, "The Change from Private to Public Governance of British Higher Education: Its Consequences for Higher Education Policy Making 1980-2006." p. 193.; Gareth Parry, "Patterns of Participation in Higher Education in England: A Statistical Summary and Commentary," *Higher Education Quarterly*. 51 no. 1 (2008).

[293] Department of Education Training and Youth Affairs, "Selected Higher Education Statistics. 2000." p. 5.
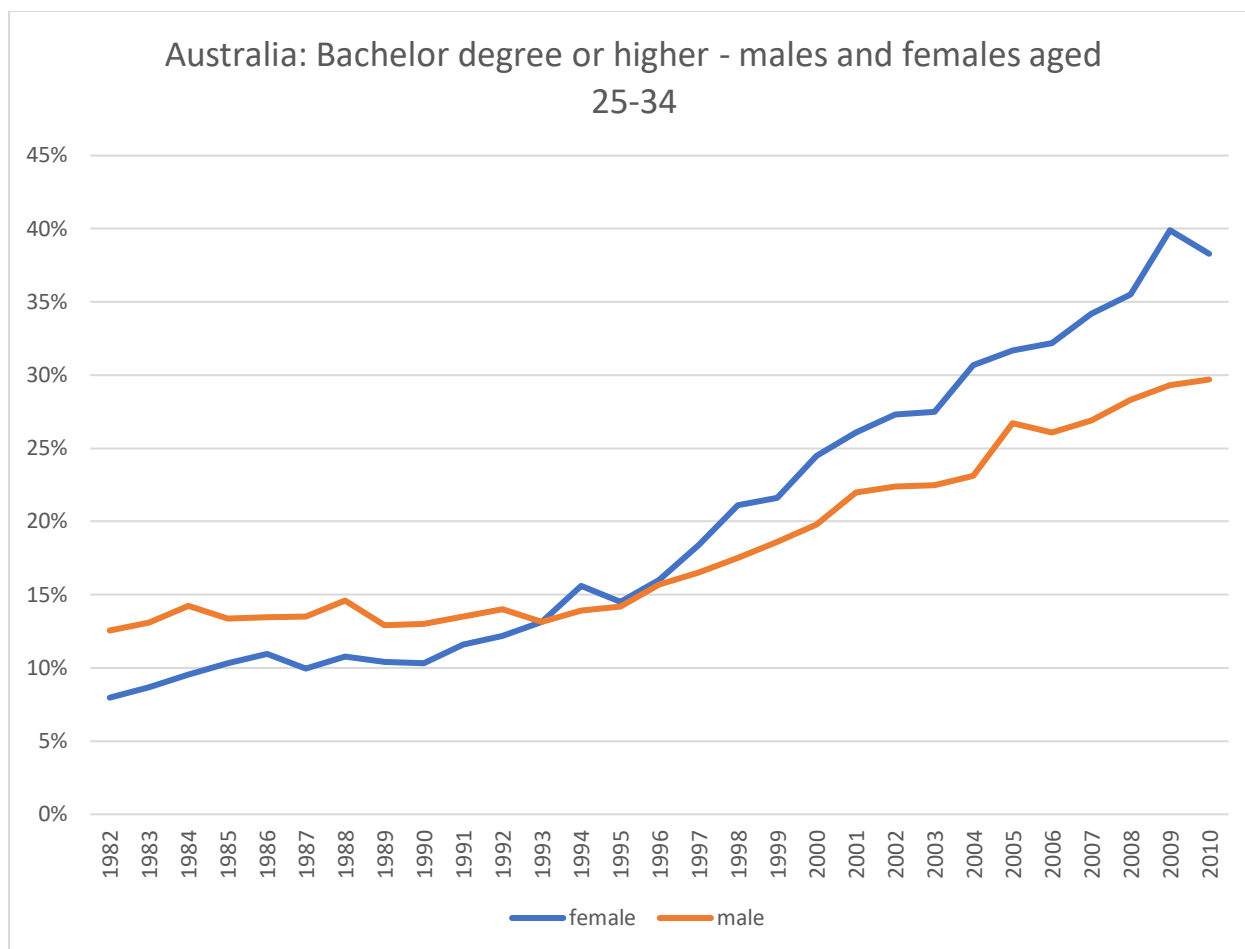
Figure 4.8 Australia Bachelor degree or higher - males and females aged 25-34
(Source: ABS cat. 6227.0)

The momentum of growth quickly drove higher education to a mass system with participation rates eventually climbing to 30 and 40 per cent of the young adult population. A mass system meant more and larger universities. Australia went from 19 universities with an average full-time student load of 8,250 in 1987 to 36 publicly funded universities with an average student load of 13,600 in 1996. Enrolments in 32 of the Australia's 41 universities (including two private) now exceed 20,000 students, and, of these, four universities enrol over 60,000 students.[294] In 2017 the UK's 150 universities (including the constituent colleges of the University of London) enrolled on average 20,000 students.[295]

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[294] Universities Australia, "Data Snapshot: 2019," (Canberra: Universities Australia, 2019).
[295] Willetts, *A University Education.* p. 38. Universities UK, "Patterns and Trends in Uk Higher Education 2018," (London: Universities UK, 2018).

Conclusion

The pattern of participation in higher education in Australia and the UK is divided into three phases: a phase of regular incremental annual growth in rates of enrolments in the first three post-war decades; a subsequent phase of more than a decade where participation rates of school leavers remained constant though enrolment growth continued due to a demographic bulge; and, finally, a phase of sharp increases in participation where both countries rapidly surpassed the 15 per cent mass higher education threshold taking it within a few years to levels over 30 per cent. There were variations in the broad pattern within phases and between countries. Enrolment growth in the UK universities was slower than Australia in the 1950s, resulting in a wider gap between growing numbers of qualified school-leavers and successful university entrants. Most of the growth during this first phase of expansion in the UK occurred through a sharp rise in participation in the 1960s after the tabling of the Robbins Report. In the early 1970s there was a temporary surge in the rate of participation in Australia. This was attributable to the Whitlam Government's (1972-75) abolition of university fees, a decision that earned Whitlam a special place in the hearts of students, graduates and lecturers. Following Whitlam's ejection from office in 1975, the participation rate entered a prolonged phase of stagnation in Australia.[296] After the pause in growth in this second phase, the signs of a return to higher participation emerged sooner in Australia than the UK — the mid-1980s rather than the final years of that decade.

The three phases described in this chapter corresponded to fundamental shifts in the political economy of higher education. The transition from an elite to a mass system reflected a complex set of processes in the transformation of the political economy of higher education in Australia and the UK.[297] The long-term changes in this political economy structured the constraints and opportunities of government policy. These processes are analysed in detail in subsequent chapters. The principles and institutions of elite higher education could be sustained while growth in the universities' enrolments was limited to a small population of

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[296] Karmel, "Tertiary Education in a Steady State." p. 29.

[297] Another country where parallel changes in the political economy of higher education were unfolding at the same time was New Zealand. The debates about funding and governance of the sector are strikingly similar and unsurprisingly New Zealand looked to Australia and the UK for policy ideas, as did the latter two countries look to New Zealand. See Jonathan Boston, "The Funding of Tertiary Education: Enduring Issues and Dilemmas," in *Redesigning the Welfare State in New Zealand*, ed. Jonathan Boston, Paul Dalziel, and Susan St. John (Auckland: Oxford University Press, 1999).

school-leavers performing at the highest academic levels. However, the population of eligible school leavers grew in size as expectations of university studies became more widespread and reforms of school and examination systems were implemented. Governments' planning for larger enrolments and building new universities proved successful in political and policy terms for a considerable period of time. However, the will of governments to underwrite expansion through ever-larger allocations of public revenue weakened at the same time that the boundaries of further participation seemed to be reached. Part of the explanation for the halt in enrolment growth lies in the strategy of fiscal contraction in a severe economic downturn and growing parsimoniousness in relation to higher education spending.

Spending cuts were not the single factor behind the decline in participation that became evident from the mid-1970s but they had a significant effect. What became evident later was that this was a period of policy uncertainty due to new and difficult problems related to the transition from an elite to a mass system of higher education. Enrolment rates stagnated in the second phase in part because policymakers continued to draw on the assumptions of the elite model which was very expensive. Governments had become resolute against raising taxes but were reluctant for political reasons to take steps to find other funding sources such as tuition fees. They fell back to supply-side measures such as tight control of places through capping numbers. The weakness of this strategy was revealed when the scale of demand in the third phase forced governments to shape policy around the requirements of mass participation. The following chapters are a detailed analysis of the history of government agendas in the transition to mass higher education systems in Australia and the UK.

Chapter Five: The National Policy System in Australia from World War II to the mid-1980s

Introduction

This chapter analyses the pattern of development of the Australian higher education policy system in the period from World War II to the early 1980s. It argues that this system evolved in an orderly and effective manner mainly as a result of the mutually reinforcing interactions between existing institutions, the choice of policy instruments to shape expansion, and wide agreement regarding the framework of ideas underpinning the policy goals. During this period enrolments grew rapidly, firstly in the universities and later in the advanced education institutions. This growth was driven by the pressures of post-war economic growth and prosperity that created the need to organise the HEIs into a coordinated, national policy system.

The chapter begins by describing the role of the Commonwealth Government after World War II in setting down the foundations of a national higher education system through shaping its governing structures and securing public resources for expansion. In the 1950s a handful of civil servants, the Universities Commission and the Vice-Chancellors exercised a powerful influence in determining the national policy framework. In planning the expansion of the universities, this small network essentially determined the shape of a national system and the assumptions that would guide its development. Because the policy interests were unified and received undivided support from government, the policy system in this early phase of post-war expansion was marked by agreement, consistency and continuity. The chapter shows how at the outset, the Commonwealth[298] and a handful of individuals in university circles established the framework of principles relating to public provision, expansion, economic need, widening access and educational opportunity that guided subsequent policy. The Government chose to use the instrument of the large-scale inquiry to examine and advise on the pattern of higher education development, its needs, resources and the guiding principles as the basis of a blueprint for the higher education system. The architecture of the Australian higher education system was based on the recommendations of two national inquiries chaired by institutionally esteemed academic administrators: the Murray Committee (1957) and the

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[298] The thesis uses the term Commonwealth according to the common practice to refer to the federal Australian Government. The Australian federation consists of the Commonwealth Government and six State Goverments.

Martin Committee (1964). Because they were so central to the decision processes and because they gained legitimacy within the policy community, these inquiries served to frame the parameters and assumptions of future policy discourse.

At the beginning of this post-war phase, the consensus in favour of expansion based on the liberal, progressive university model underpinned the stability of the policy system. Vice-chancellors, academic administrators, leaders of business and scientific organisations believed that the enormous individual and economic benefits of higher education expansion were incontestable. Senior cabinet figures put their support behind a major program of public funding of this expansion. However, following the absorption of a large number of advanced education institutions in the 1970s, the policy system reflected greater diversity of goals, and this in turn created the potential for greater fragmentation. Contestation between the universities and the advanced education institutions about their respective roles altered the dynamics of policymaking and this meant that the sector more frequently did not present a unified voice in the public and political arenas. Compounding these difficulties were two major issues that were the outcomes of expansion. The first was dwindling resources since the costs of high levels of participation had led governments to take the view that the universities and colleges were draining money away from areas that had a higher claim on public funds. A second area of contestation was the problem of provision in a more diverse landscape. Disputes abounded about questions of academic versus vocational training, degree-awarding powers and whether advanced education could replicate university degree courses. These debates touched on the goals of public research funding. The question of how research should be organised to serve the needs of a modern nation had originated in the war. In the context of rapid expansion this question was often subordinated to disputes over the privileges of being awarded research funding. The overwhelmingly male community of vice-chancellors and universities academics were deeply resistant to calls from those outside the universities for parity in areas such lecturers' research allowances and powers to award higher degrees.[299]

The stability of the policy system at the beginning of the post-war phase of expansion stemmed from trusted advice from expert insiders and the process of determining the parameters of policy through major national inquiries. These inquiries exemplified processes of change that were incremental and adaptive, and reinforced confidence in the formal

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[299] Vice-chancellor A: Interview with author, 2017.

decision-making structures and the assumptions that underpinned the equilibrium of the policy system. However, as the chapter argues, the rapid growth of the advanced education sector altered the dynamics of the policy system. Failure to manage the dissatisfaction of key interests was the source of a growing crisis in the policy system.

Development of Higher Education in Australia and Expansion in the Post-War Decades

Australian universities have always depended on the resources and agency of government. This is the most significant aspect of the development of Australian HEIs that has shaped the organisation of the modern policy system.[300] The colonial governments were the indispensable instrument in founding the four oldest universities — Sydney (1851), Melbourne (1853), Adelaide (1874) and Tasmania (1890).[301] This set the pattern for the other Australian universities which were established under an Act of Parliament in one of the six post-federation State legislatures as public institutions and subsequently relied in considerable measure on the state for funding and other support.[302] In planning the earliest Australian universities the founders looked to English and Scottish universities and adopted elements of their curricula, conventions and outward appearances (such as architecture and gowns).[303] Australian institutions, to a large degree, also followed British universities in matters of governance such as vice-chancellors, professorial boards, senates and councils.[304] However, scholarly traditions were frequently subordinated to the practical requirements of the settler societies.[305] From the beginning, Australian universities placed great emphasis on

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[300] Department of Employment, Education and Training (DEET), "National Report on Australia's Higher Education Sector." (Canberra: Australian Government Publishing Service, 1993). pp. 2-3.

[301] Macintyre et al., N*o End of a Lesson.* p. 13.

[302] Universities in the Commonwealth territories were established under the Commonwealth Parliament. The Australian National University (ANU) in Canberra was set up under Commonwealth Government legislation in 1946 as a post-graduate university to meet Australia's advanced research needs. Charles Darwin University (CDU) was granted degree-awarding status under a 2003 Act of the Northern Territory Legislative Assembly.

[303] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.* p. 176. Julia Horne and Geoffrey Sherington, "Education," in *The Cambridge History of Australia*, ed. Alison Bashford and Stuart Macintyre (Cambridge: Cambridge University Press, 2013). p. 376-83. Hannah Forsyth, *A History of the Modern Australian University* (Sydney: NewSouth Publishing, 2014). p. 7.

[304] Croucher and Waghorne, *Australian Universities: A History of Common Cause*. p. 8.

[305] Stuart Macintyre, "The Poor Relation: Establishing the Social Sciences in Australia, 1940–1970," *Australian Historical Studies* 40, no. 1 (2009). p. 54.

the higher professional disciplines such as law, medicine and engineering. In this respect, they resembled the English civic universities which were established in the second half of the nineteenth century. However, the municipal spirit and initiative that played such an important part in the creation of these institutions was not strong in Australia.

From the beginning Australian universities suffered from a shortage of qualified academics which they made up for by recruiting heavily from Britain. At the turn of the century and in the interwar decades, professors in Australian universities gravitated to Britain when they travelled or took leave for study. They saw Britain's established universities as offering essentially more interesting opportunities to develop their interests than universities located in other Australian cities. Ther deference to the British centres of learning repeated across the young universities of the British colonies and dominions contributed to the maintenance of an imperial network based on informal links of friendship and correspondence.[306] The Universities' Bureau of the British Empire aimed to give a formal footing to this network. It ran an appointments service and acted as a clearing house for the exchange of information between the older British universities and institutions in all parts of the empire. The prominence of economic interests was reflected in detailed reporting regarding the location of specialised disciplines such as mining and forestry in the British settler societies.[307] The Bureau hosted quinquennial congresses in the interwar years that brought together senior academics from the imperial network of universities to exchange ideas.[308] Despite the greater consciousness of Australian institutions as members of a national scholarly community in the second half of the twentieth century, aspects of British hegemony persisted in subtle ways.

The state was also an essential instrument in developing the non-university institutions of higher education.[309] Separate systems of technical and vocational institutes, and teachers' colleges were developed and funded by State governments which placed responsibility for the direction of this sector under bureaucratic agencies. The goals of these institutes and colleges were to serve the needs of industries, agriculture and schools that operated in the State rather than the national sphere. Crucially, the responsibilities for Australia's HEIs up to

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[306] Croucher and Waghorne, *Australian Universities: A History of Common Cause*. p. 12.
[307] Tamson Pietsch, Andrew Thompson, and John M. MacKenzie, *Empire of Scholars: Universities, Networks and the British Academic World, 1850-1939* (Manchester: Manchester University Press, 2013). pp. 155-161.
[308] Ibid. p. 162.
[309] Outside of government notable philanthropists and elements of the mechanics' institutes movement contributed to promoting technical education in the late nineteenth century.

the 1940s remained within the jurisdictions of the six State governments. There was no obvious reason for the involvement of the national government because the functions of the professions, industries and schools were centred in the sphere of the relevant State.

World War II was a turning point in Australia in the organisation of higher education into a national policy system. At the outbreak of war, the universities were a small concern of national government; with enrolments adding up to 10,000 nationally (in a population of 7 million), they did not touch the lives of most Australians. However, the Commonwealth and the universities formed connections in the circumstances of war when economists left their academic posts to take up positions in wartime planning, and several university departments were co-opted into defence-related research. Academic specialists in fields such as tropical medicine, aeronautics and drugs were posted to branches of the armed services.[310] Well before the war ended, a plan for an enhanced national role for the universities was in train. Following the recommendation of the head of the Department of Post War Reconstruction, H.C. Coombs, the War Cabinet assigned responsibility to a committee drawn from administrators in army education, the Universities Commission and technical training to plan a training scheme for returning soldiers. The aim was to enhance their skills and to facilitate their transition into the labour force of the post-war economy. The outcome of the committee's work was the establishment of the Commonwealth Reconstruction and Training Scheme (CRTS) which would provide living and tuition costs for returned soldiers to complete full-time university or other vocational courses.[311] The CRTS would assist 21,000 individuals to complete university courses and a further 200,000 to receive some form of non-university vocational training. The scheme's peak years were 1945-51. Due to the scheme, nation-wide enrolments at the universities grew to 30,000, which represented a doubling of the pre-war level.[312] While a huge and welcome financial boost, the ambitions of CRTS posed major challenges to the teaching capacities and physical facilities of the universities and colleges. A second set of challenges for the Australian Vice-Chancellors was

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[310] Stuart Macintyre, *Australia's Boldest Experiment: War and Reconstruction in the 1940s* (Sydney: NewSouth, 2015). p. 61. Hannah Forsyth, "Post-War Political Economics and the Growth of Australian University Research, C.1945-1965," *History of Education Review* 46, no. 1 (2017).

[311] Kate Darian-Smith, "World War 2 and Post-War Reconstruction, 1939–49," in *The Cambridge History of Australia*, ed. Alison Bashford and Stuart Macintyre (Cambridge: Cambridge University Press, 2013). p. 107.

[312] Commonwealth Department of Education Training and Youth Affairs (DETYA), "Education for All Australians: A History of the Commonwealth Education Agency 1945-2001," (Canberra 2001). p. 26.

the direction of the universities after the winding down of the scheme and the disappearance of the unique circumstances justifying it. There was a powerful motivation to achieve greater clarity regarding uncertain and undefined questions such as the size of the sector, sources of funding, and the matter of its nation-wide organisation.[313]

The success of CRTS as a nation-building program in bringing university to so many individuals was an excellent trial and a guide to policymakers in how they might shape the path of expansion and organise HEIs within a national framework.[314] However, the development path of the post-war higher education system remained uncertain. It was well into the 1950s before the Prime Minister, Robert Menzies, committed his government to taking a decisive role in developing a higher education system on national lines and substantially increasing financial assistance to the universities. A number of decisions following the end of CRTS represented incremental steps in this direction. The first of these was the Commonwealth's acceptance of the recommendation of the 1950 Mills committee (chaired by the economist R.C. Mills) on university finances.[315] Under its constitutional power to grant financial assistance to the States, the Commonwealth agreed to fund one quarter of the recurrent costs of the universities conditional on the universities receiving a certain level of income from State government grants and student fees.[316] This was the first of several decisions that cemented the Commonwealth's role as the major direct funder of higher education in Australia. It foreshadowed the national system of Commonwealth triennial funding for the universities that was eventually implemented, based on the recommendations of the 1957 Murray Report (discussed below). In 1965 the Minister for Education and Science, John Gorton, took the crucial step of introducing non-university institutions into the higher education policy system by announcing that the Commonwealth would match State funding for a number of advanced education institutions.[317] Finally, the

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[313] Australian Universities Commission, "Sixth Report of the Australian Universities Commission," (Canberra: AGPS, 1975). p. 72.

[314] Aitkin, *Critical Mass*. p. 62.

[315] DEET, "National Report on Australia's Higher Education Sector." p. 8.

[316] The *States Grants (Universities) Act (1951)* was based on recommendations of the Mills Committee appointed by Menzies to inquire into university finances. See ibid.; DEETYA, "Education for All Australians: A History of the Commonwealth Education Agency 1945-2001," p. 25. Richard Mills was a Sydney University professor of economics who worked for the Commonwealth Government on establishing the uniform federal income tax and on the CRTS. He accepted a full-time appointment in 1945 as both chairman of the Universities Commission and director of the new Commonwealth Office of Education.

[317] Commonwealth Parliamentary Debates (CPD). Senate. 24 March 1965. p. 71. Bob Bessant, "Robert Gordon Menzies and Education in Australia," *Melbourne Studies in*

Commonwealth reached agreement with the States in 1974 to assume full responsibility for funding the universities, advanced education institutions and teachers' colleges. Each of the steps just described consolidated a national system and reinforced in policymaking arenas the principles of an integrated national higher education system, with the costs of provision becoming a responsibility of the Commonwealth.

Shifting funding responsibilities to Canberra naturally meant a greater national focus on the planning aspects of the sector. The Commonwealth assumed a coordinating role across a growing range of activities — defining the challenges, forecasting the trends, expanding existing institutions and planning new universities. This gave a clear shape to the idea of higher education as a national policy system, a discrete functional area in the early stages of development, but comparable to other national policy systems in areas such as Trade, Primary Industry, Transport, Health or Social Services. State premiers and State treasuries steadily relinquished financial responsibilities for widening enrolments in the universities and colleges which were taken on by the Federal Treasury and other fiscal departments in Canberra. As a result, these national departments became increasingly significant players in the policy system. In the following section, the thesis shows how the transformation of the policy system was guided by two major inquiries appointed by the Prime Minister, Robert Menzies (1949-66). The aim of these inquiries was essentially to lay out the blueprint for the Australian system of higher education and to recommend the principles by which this system should be encouraged to develop. As this thesis will argue, the use of major inquiries as a policy instrument with the emphasis on extensive evidence gathering and analysis in consultation with the major institutional interests played a unique role in the early formation of the policy system. For governments in this era, they served the important purpose of facilitating major changes while preserving continuity in the policy institutions.

The Australian Blueprint for a Post-war Higher Education System

Menzies' leadership was crucial in the decisions to fund the expansion of the public universities through Commonwealth grants, to institute national structures for higher education policy, and to extend funding to advanced education institutions.[318] The impetus

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Education 19, no. 1 (1977). p. 96. K. N. Jones, "Planning in the Context of the Rolling Triennium," in *Academia Becalmed: Australian Tertiary Education in the Aftermath of Expansion*, ed. G. S. Harman, et al. (Canberra: Australian National Univesity Press, 1980). p. 116.

[318] Bessant, "Robert Gordon Menzies and Education in Australia." pp. 89-97.

for the emergence of higher education as a national system, especially after the late 1950s, stemmed from Menzies' willingness to invest political capital to advance a universities agenda.[319]

Menzies' admiration for the scholarly traditions of British universities inspired his ambition to develop the potential of Australian higher education. He had been a brilliant student and, through winning scholarships, had progressed from modest circumstances to excel academically in Melbourne's elite school system and in law at the University of Melbourne. His talents as an advocate led to rapid success as a barrister before he turned to a political career. Menzies reached the summit of education, law and politics by the power of intellect, and, unsurprisingly, he extolled the university as "one of those civilised and civilising things which the world needs as never before."[320]

Despite his enthusiasm for the world of the universities, Menzies initially had reservations about increasing the Commonwealth's role in the post-war universities. These stemmed from his judgement that significant increases in federal expenditure on tertiary education would meet political resistance in the early 1950s and from his beliefs regarding the proper constitutional limits to Commonwealth action in a traditional area of State responsibility.[321] However, by the mid-1950s, persuaded by the views of the Vice-Chancellors and prominent science administrators such as Sir William Clunies Ross, the head of the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Menzies became convinced that the Commonwealth should lead a national project of higher education expansion.[322] In the same way as leaders of other post-war Western economies, he viewed public investment in higher education and the number of highly educated people as essential foundations for economic prosperity. Advised by a small group of university leaders, bureaucrats and scientists with whom he felt a natural affinity, Menzies provided the key ingredient of political leadership for the post-war expansion of the higher education system.

In addition to recognising the contribution of the universities to the growing post-war economy, Menzies was ahead of most of his peers in national politics in recognising that a

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[319] Alison MacKinnon and Helen Proctor, "Education," in *The Cambridge History of Australia*, ed. Alison Bashford and Stuart Macintyre (Cambridge: Cambridge University Press, 2013). p. 441.
[320] Bessant, "Robert Gordon Menzies and Education in Australia.' p. 78.
[321] Ibid. p. 93.
[322] Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." p 105.

university education was becoming an aspiration of the middle class. University studies were increasingly seen, in the words of one sociologist, to be "one of the decencies of life rather than an extraordinary privilege reserved for people of high status or extraordinary ability."[323] Menzies tied the policy of expanding higher education into a growing meritocratic discourse, viewing opportunity for higher studies as a thing that modern Australian families would aspire to.[324] He reconciled generous state funding of a public university system with his pragmatic market liberal beliefs and presided over a prolonged period of government-funded expansion.[325] Under Menzies' leadership between 1950 and 1963, university funding increased from 0.1 to 0.6 per cent of GNP, and participation in Australian universities grew from 3.3 to 7.1 per cent .[326]

Menzies appointed two national inquiries to set out the blueprint for a national higher education system. To lead these he chose prominent figures from the university world. The institutional framework for the higher education system essentially sprang from the recommendations of these inquiries and endured for over two decades. This framework proved highly stable and underpinned the incremental manner of decision-making during a period of rapid change and innovation. The policy system that brought it about began to falter only when the expansionary principles collided with the fiscal crisis of the mid-1970s. The following two sections of the thesis examine the significance of the two inquiries in determining the beliefs and policy structures of this phase of expansion.

The Murray Inquiry

The instruction to the first national inquiry into the future of Australian universities was to advise the Government on "how the Universities should be organised so as to ensure that

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[323] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 41.

[324] Bessant, "Robert Gordon Menzies and Education in Australia." Commonwealth Parliamentary Debates (CPD). House of Representatives. 28 November 1957. p. 2694; Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." p. 113.

[325] The 1951 *States Grants (Universities) Act* to invest public money in the states' universities also provided public funds for a Commonwealth Scholarships Scheme for able students to cover the costs of their university tuition and means-tested bursaries to cover living expenses for some. In many cases the bursaries were not enough to encourage young adults from low-income families to sacrifice full-time employment for three years of study at university.

[326] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 12.

their long-term pattern of development is in the best interests of the nation."[327] Menzies chose, Sir Keith Murray, the chairman of the British University Grants Committee, to lead of the inquiry. Murray completed this task during a three-month visit to Australia in 1957. During this time, he conducted consultations with the nine existing Australian universities and took submissions from a range of organisations.[328] The report's recommendations — on widening participation, national coordinating structures, technological education and public funding of the universities — were accepted in their entirety. These were announced to the parliament by Menzies as the basis for a modern university system appropriate to national needs.[329]

The reasons the Murray report gave for the need to commence a dramatic expansion of the universities rested on the widely agreed position of economists and social planners that in advanced economies, prosperity and improved living standards depended on an abundance of "skilled manpower". In the words of the report:

> The Post-war community calls for more and more highly educated people … Industry and commerce call for more graduates, government and public administration call for more graduates, and all the services of the welfare state call for more graduates.[330]

In this vein the report argued that it was a matter of vital national interest to invest resources in an education system that would capture the full potential of its young people:

> High intellectual ability is in short supply and no country can afford to waste it; every boy and girl with the necessary brain power must in the national interest be encouraged to come forward for a university education and there must be a suitable place in a good university.[331]

The Murray report brought together themes that would be central to Australian higher education policymaking for the following two decades. As described, it framed expansion in terms of the economic need for skilled "manpower … to meet the accepted demands of a

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[327] Murray, *Report of the Committee on Australian Universities.* p. 127.
[328] Tompkins Pauline, "Australian Higher Education and the Murray Report," *The Journal of Higher Education* 29, no. 7 (1958). p. 362.
[329] Murray, *Report of the Committee on Australian Universities.*; Aitkin, *Critical Mass*. p. 65. Commonwealth Parliamentary Debates (CPD). House of Representatives. 28 November 1957. p. 2694.
[330] Murray, *Report of the Committee on Australian Universities*. p. 7.
[331] Ibid. p. 8.

rapidly developing country."[332] The report's analysis of demographic factors highlighted the important role of forecasting for long-term policy planning, especially the impact of trends in birth cohorts and in increases of qualified school leavers on demand for university places.[333] The report affirmed the principle of widening educational opportunity and dismissed the notion that the potential for expanding university enrolments was restricted to a limited pool of cognitive ability. While around 4 per cent of the age cohort went from school to university in the mid-1950s, the report cited research indicating that 16 per cent of the 17-18 year age group possessed the intellectual ability above the minimum required to successfully undertake university studies.[334]

In view of the anticipated scale of enrolment growth, the Murray report claimed that "there is an irrefutable need for the development of a national policy for the Australian universities."[335] To this end it recommended the creation of an intermediary body modelled on the British University Grants Committee (UGC). Its functions would be to ascertain, in consultation with the universities, how best to allocate the public grant and to advise the Government on this and other policy matters. Murray argued that this arrangement would leave "the universities as free from interference, as is possible in a modern State where so much of university revenue comes from government sources."[336] Accepting this recommendation, Menzies created the Australian Universities Commission (AUC) to be chaired by Leslie Martin, the professor of physics at the University of Melbourne. Martin was a central figure in the administration of Australian defence science in the 1950s and played a part in Australia's association with the British Government's nuclear weapon tests whereby radioactive desolation was inflicted on twelve test sites between 1952 and 1957.[337] The AUC

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[332] Ibid. p. 98.

[333] Ibid. p. 81.

[334] Ibid. p. 22. See also the position of the next major review of higher education: "The Committee believes that the pool of talent among the youth of this country is greater than some have thought, and it is certainly greater than the number of places at present available in institutions of higher education." Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 12.

[335] Murray, *Report of the Committee on Australian Universities.* p. 98.

[336] Ibid. p. 99.

[337] Martin was one of three Australians who was present at the atomic detonation of Britain's first bomb test on 3 October 1952 at the Monte Bello Islands off the coast of Western Australia. See Tim Sherratt, "A Political Inconvenience: Australian Scientists at the British Atomic Weapons Tests, 1952-53," *Historical Records of Australian Science* 6, no. 2 (1985). p. 143. Home, R. W.: Martin, Sir Leslie Harold (1900-1983). *Australian Dictionary of Biography, Volume 18*, (Acton: ANU Press, 2012).

was instrumental in shaping a period of uninterrupted growth in higher education, including planning the establishment of a number of new universities. Its importance in the policy system stemmed from its primary responsibility in allocating the Federal Government's triennial grants which by the early 1960s, had grown to constitute over 40 per cent of the universities' budgets.[338]

At the outset, the AUC operated within a policy arena limited to a small number of actors: cabinet, the Vice-Chancellors and the AUC. Key features were the AUC's unrivalled understanding of the sector through first-hand knowledge of the universities; strong mutual agreement between a small number of actors regarding the direction of university policy; and a strong rapport between the leading figures in the policy and political streams, Martin and Menzies. Because of the social prestige of the universities and the Government's trust in the judicious advice of academic administrators, the AUC retained a high degree of discretionary power over the policy agenda and implementation. With these advantages of a limited number of policy actors and the absence of conflict, major policy developments played out through evolutionary processes of institutional adaptation and mutual agreement. For example, the planning and implementation of a program of building new universities in the 1960s was carried out through a small group of university leaders close to the AUC.[339]

The AUC was at the centre of the higher education policy system in a period of progressive expansion largely free of the pressures that might pull policy in opposing directions. The policy system became much more diverse as a result of the incorporation of advanced education institutions, such as teachers' colleges, which began in 1965. This process developed in stages and did not initially have a major impact on the dynamics of policy making.[340] For a long period, the policy system was dominated by prominent academics and academic administrators: individuals such as Murray, Martin and Peter Karmel. These individuals formed a close-knit community where well-informed analysis applied to decision-making processes reinforced confidence and continuity in the policy system. A feature of this system since the 1940s was mobility between government and the universities as already

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[338] The Commonwealth share of the universities' source of income increased from 20.5 per cent to 43.9 per cent between 1951 and 1961. At the same time the States' share dropped from 43.7 per cent to 36.3 per cent and the share from student fees from 16.7 per cent to 8.6 per cent. See DEET, "National Report on Australia's Higher Education Sector." p. 75. Macintyre, "The Poor Relation: Establishing the Social Sciences in Australia, 1940–1970." p. 59.

[339] Macintyre et al., N*o End of a Lesson.* pp. 14-15.

[340] John, *Analyzing Public Policy.* pp. 70-73

described in the case Martin and illustrated in the careers of the economists Richard Mills, Douglas Copland (founding ANU vice-chancellor (1948-53)) and Sydney Butlin who were seconded during the war to the bureaucracy.[341] Mills was the first chair of the Universities Commission established in 1942, the key administrative body in the Commonwealth's growing role in financing the universities in the1950s and the precursor to the statutory AUC established in 1959.[342] The agricultural economist John Crawford was appointed from a university posting to a position as rural advisor at Commonwealth Department of War Organisation of Industry. Highest public offices in post-war reconstruction, commerce and trade were to follow before reverting to academia as director of the ANU Research School of Pacific Studies.[343]

The AUC's authority to speak in matters of higher education was accepted by the main actors in the policy arena: the cabinet, the Commonwealth Treasury, the Commonwealth Office of Education in the Department of Prime Minister and Cabinet, the Commonwealth Department of Education and Science, and the Australian Vice-Chancellors' Committee (AVCC).[344]

A key reason for the cohesion of the policy system was that the Murray report had confined its recommendations to the universities and left aside the question of the non-university institutions. These institutions made up the other layers of provision in the States' post-school education and training infrastructure. Among them were teachers' colleges, technical institutes which provided a wide range of training from apprenticeship programs to high level diplomas in engineering, and a further group of colleges specialising in nursing, agriculture, horticulture, theology, music and kindergarten teaching. In 1957, when Murray conducted his inquiry, the question of how these institutions should complement the universities in the overall framework of the States' higher education systems appeared less urgent. However, alarmed by surging demand that threatened to overwhelm the universities, the AUC urged the Government to conduct a new inquiry. Martin was subsequently appointed to conduct an inquiry into this sector of higher education. The next section examines how this exercise modified key assumptions of the policy system.

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[341] Croucher and Waghorne, *Australian Universities: A History of Common Cause* pp. 53, 72.
[342] Ibid. pp. 61, 106. Groenewegen, P. D.: Mills, Richard Charles (1886-1952). *Australian Dictionary of Biography*, (Melbourne: Melbourne University Press, 1986).
[343] Macintyre, *Australia's Boldest Experiment: War and Reconstruction in the 1940s*. p. 168.
[344] Commonwealth Department of Education. p. 31.

The Martin Inquiry

The Martin Inquiry's recommendation to divide the national higher education system into dual sectors — vocational and university — was a turning point that shaped the pattern of higher education policy for a quarter of a century. The implementation of this recommendation essentially to develop a binary structure of higher education created the conditions for growing divisions and contestation between the policy actors. These emerging fractures can be traced to the reasoning of the Martin review and the reasons why the Government chose to follow the path that Martin recommended.

By 1962, by virtue of its funding contribution, the Commonwealth had assumed the crucial role in determining the policy framework of university higher education. Forty-four per cent of the universities' budgets were funded by Canberra compared to the States' contribution of 36 per cent.[345] This was a marked contrast to the non-university sector where the States constituted 84 per cent of institutional funding sources and the Commonwealth a mere 4 per cent.[346] The Martin Committee argued that there were strong grounds for some of these institutions to join the universities under a shared national policy framework. As this Committee was essentially an instrument of the AUC, the terms for accomplishing this integration (i.e. the binary system) reflected the viewpoint of the AUC whose leadership over policy in the national arena in the early 1960s was unrivalled. In the absence of any organised alternative source of policy advice, the AUC recommendations on how the non-university institutions should fit into the national system were largely unchallenged in decision-making processes of the Commonwealth Government.

When Martin was appointed to chair of the AUC in 1959, the resources of higher education were stretched by the need to address acute shortages of advanced technical and managerial skills in the expanding industrial economy.[347] In a context where university enrolments had almost doubled in the three years since the Murray Report, Martin had serious concerns about the implications of these rapid increases.[348] At his urging Menzies appointed a high-level review to be led by Martin himself and composed of current and future leaders of Australia's universities to inquire into "the pattern of tertiary education in relation to the needs and

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[345] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 221.
[346] Ibid. p. 222.
[347] Ibid. p. 9.
[348] Ibid. p. 12

resources of Australia … and make recommendations … on the future development of tertiary education."[349]

Deciding how the non-university institutions should fit into a coherent higher education system was a more complex problem than organising the universities. The first difficulty was differentiating the non-university institutions. Tertiary education covered "all education following a full secondary school training", an all-embracing concept that referred to institutions that varied enormously in size, function, curriculum and facilities.[350] Further complicating matters was that these institutions — teachers' colleges, institutes of technology and miscellaneous specialist colleges in the arts, music, agriculture and pre-school education — came under the jurisdiction of the State governments and were enmeshed in their administrative machinery. Government bureaucracies and influential business and the professional groups at the State level had long-established interests in these non-university tertiary institutions. Policy formulation, planning and regulation of these institutions were managed through State government departments and higher education advisory boards. State governments had a direct role in choosing directors of the large technical institutes and in appointing representatives of local professional and business groups to the governing boards. How would these structures coexist with the principles of university autonomy in a single policy system? This was a question the Martin Inquiry worked on for three years. Whatever the answers were would add complexity to the policy system.

There were important threads of continuity between the Murray and Martin reports, the most obvious being the belief that greater investment in higher education was absolutely essential to Australia's economic future. The Martin Report declared: "a dynamic economy must be prepared to devote a relatively high proportion of its resources to tertiary education."[351] Martin accepted the need for radical increases in the supply of technically trained people, but

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[349] Ibid. p. 225. This could be seen as a somewhat circular request since, as Chairman of the AUC, Martin was asking the government to ask him to inquire into higher education.
[350] Ibid. p. iii. The term "tertiary education" described the stage of the modern education system that is beyond primary and secondary education. It is divided into vocational education or training and higher education. Educational planners in Australia and the UK consider there to be a distinction between further education and higher education based not entirely on vocational orientation but on the mode of learning A feature of the modern political economy of education is that the boundaries between these divisions are not neat and that there is considerable overlap between sectors with potential for merging. Aitkin, *Critical Mass*. p. 68.
[351] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 10.

he and his colleagues were apprehensive that rapid expansion of the universities would dilute their essential character as places of scholarly learning.[352]

Martin and his colleagues were unsettled by several developments as a consequence of rapid rises in university intakes. One concern was the high rates of failure at first year examinations and evidence in several universities and in certain disciplines that fewer than half of the students were graduating in minimum time.[353] The inquiry focused attention on the limitations of the universities' facilities in the form of buildings, classrooms, laboratories and the shortage of staff in key disciplines.[354] Stretched resources and difficulties in maintaining standards of academic excellence were early indicators of what became the problem of increased diversity in the student population that Trow (1974) identified with the transition to systems of mass higher education.[355] The Martin Report connected failure rates to the admission of a larger group of "tail enders" who tended

> to restrict the effectiveness of education that can be given to first year students as a whole. By their failures and repetition of courses, they are increasing the difficulties occasioned by the already over-burdened resources at first year level-laboratory space, basic equipment, essential reference textbooks, tutorial facilities and even accommodation for study and discussions.[356]

The desire to prevent dilution of the pedagogical standards of the universities was central to Martin's approach to considering the role of the non-university institutions. For this reason, the report devoted many pages to spelling out the principles of scholarship that should distinguish a university education from a vocational education. Martin, who had worked as a physicist at the Cavendish laboratory in Cambridge, believed that the essence of a university education was instruction by scholars who are engaged in research at the frontiers of knowledge.[357] Though this conceptualisation may not have exactly matched the reality of

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[352] Meek, "The Transformation of Australian Higher Education from Binary to Unitary System." p. 487.

[353] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia*. p. 66.

[354] Ibid. pp. 9-12.

[355] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 46-55.

[356] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.* p. 62.

[357] Martin formed his idea of the essence of a university during his experience in post-graduate studies under Sir Ernest Rutherford, the physicist and director of the Cavendish laboratories. He believed in an essential distinction between a pass and an honours student that justified the creation of two sets of HEIs. See C. J. Goedegebuure Leo and V. Lynn

Australia's universities, its unmistakable implication was that only a part of the cohort completing school was suited to university studies. For the others, a different education would be more beneficial:

> The technical colleges in general are concerned with a student population which, on the average, will be of a somewhat lower academic capacity, but overlapping in ability with those taking university courses. Their function is to provide a more practical form of education as an alternative to the university approach, and thus be complementary to the universities with their emphasis on scholarship and research.[358]

The conceptualisation of university scholarship *versus* vocational education was developed in detail in a chapter of the report on the education of engineers. A Bachelor of Engineering degree, the report claimed, was indispensable in equipping individuals with the qualities of thought, judgement and analysis required to work as a professional engineer. On the other hand, courses designed to train technicians in a speciality which would also include "a good knowledge of mathematics and science" should be taught at sub-degree level in the technical colleges, the principal objective of which "is to equip men and women for the practical world of industry".[359] Karmel, who was a member of the Martin Committee, explained this distinction:

> The universities were to move in the direction of full-time internal study, more graduate work, an academic orientation and a concern with scholarship and research. The colleges were to be practically oriented to industry and commerce, flexible in their teaching methods and admission arrangements, and essentially diploma-granting institutions.[360]

In line with apparent skills shortages, the colleges were to specialise in science, technology and engineering with a technical and vocational orientation and studies relevant to business and administration. They were to "resist the temptation to copy the educational processes and

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Meek, "Restructuring Higher Education. A Comparative Analysis between Australia and the Netherlands," *Comparative Education*, no. 1 (1991); Davies, *The Martin Committee and the Binary Policy of Higher Education in Australia* p. 47.

[358] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.* p. 152.

[359] Ibid. p. 127.

[360] Peter Karmel, "The Context of the Reorganisation of Tertiary Education in Australia: A National Perspective," in *The Reorganisation of Tertiary Education in Australia* (Toowoomba: 1982).

curricula of the universities."[361] More rigorous entry requirements would curb the growth of enrolments at the universities where individuals who failed to gain a place would be diverted to the non-university institutions.

It is instructive to contrast the Martin Report's concept of a binary division between the universities and the non-university institutions with the contemporaneous UK Robbins Report.[362] Robbins argued that convergence to a comprehensive multi-faculty university model was desirable and believed it important to allow the "organic" development of regional colleges and colleges of education to develop over the long term into universities.[363] Martin's fundamentally different approach assumed that only a narrow band of school leavers were equipped for study at the university level and that beyond these students, resources should be directed to a different and more explicitly vocational model of tertiary education.

Since per student costs in the technical and teachers' colleges were much lower, the financial advantages of this approach were attractive to government. As public finances tightened and demand for higher education increased, the alternative of encouraging enrolment growth in the non-university institutions became very compelling.[364] On the grounds that the non-university institutions had little role to play in research, the formula for grant funding covered only the costs of tuition. After accepting most of the recommendations of the Martin Report, the Government reviewed the institutes of technology, technical colleges and specialised colleges in nursing, pharmacy and agriculture in the six States and identified 26 institutions as eligible for Commonwealth grant money. These formed the nucleus of a national advanced education sector of higher education.[365] As more non-university institutions were added to this group, a system of colleges of advanced education (CAEs) emerged that eventually, in

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[361] Martin, *Report of the Committee on the Future of Tertiary Education in Australia Tertiary Education in Australia.*; Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 184.

[362] The arguments of the Robbins Report are covered at length in Chapter Six.

[363] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 138. Peter Scott, "Robbins, the Binary Policy and Mass Higher Education," *Higher Education Quarterly* 68, no. 2 (2014).

[364] The Martin Report used the term "technical college" to refer to both the large metropolitan institutes of technology which existed in most States and the institutions that carried the name technical college.

[365] Commonwealth Parliamentary Debates (CPD). Senate. 24 March 1965. Pp. 71-72. Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 225.

terms of enrolments, equalled the size of the universities.[366] With the exception of the inclusion of some teacher training programs in the CAEs in 1969, teacher education remained the responsibility of the individual State administration. Williams (1992) claims that the national binary system took formal shape with agreement reached in 1973 for the Commonwealth Government to extend financial aid to the State teachers' and a further group of State technical institutions.[367]

The Martin Committee's concern about preserving the academic character of the universities can be considered an early response to the funding dilemma of mass participation. Well before the fiscal crises of the 1970s brought a sharp focus to levels of public grant funding, these were already a significant preoccupation in the policy system. The costs of staff and resources of traditional university courses was seen as an inherent limitation to achieving educational outcomes for a larger and more diverse student body. The binary system aimed to overcome these limitations by targeting costly research and controlling the flow of students into more expensive undergraduate and post-graduate degrees.[368] As a consequence of this policy, the CAEs grew faster and became a more prominent presence in the national system. However, the disparities between the sectors fuelled tensions, particularly between old and new policy actors, that in the long-term destabilised the policy system. The following section discusses these developments.

The Rise and Fall of the Karmel Era

This section explores growing difficulties in the policy system from the mid-1970s focusing on the role of Peter Karmel whom many observers see as the authoritative figure shaping higher education during the twenty-five years of the rise and fall of the binary system.[369] Appointed as chair of the AUC in 1971, Karmel held the top policy post for the following decade. He was a figure who commanded enormous authority and respect in the policy community and from governments on both sides of politics. His understanding of the higher education system was immensely informed and his astute analyses of issues rested on a deep understanding of the political, economic and demographic drivers of Australian education

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[366] Peter Karmel, "Reflections on a Revolution: Australian Higher Education in 1989 " (Canberra: Australian Vice-chancellors' Committee, 1989).

[367] Bruce Williams, "The Rise and Fall of Binary Systems in Two Countries and the Consequence for Universities," *Studies in Higher Education* 17, no. 3 (1992). p. 285.

[368] *The Martin Committee and the Binary Policy of Higher Education in Australia*, p. 23.

[369] Croucher and Waghorne, *Australian Universities: A History of Common Cause* pp. 146-47. Aitkin, *Critical Mass.* pp. 104-05

policy.[370] Kingdon (2011) could have had Karmel in mind when describing the "inner-outer" career of the policy actor who combines a regular vocation with extended periods working inside government.[371] Karmel served as a junior member of the Martin Committee while he was principal-designate in charge of planning a second Adelaide University campus on land granted by the State Government. (Following the new State Labor Government's decision to establish an independent institution, this became South Australia's second university, Flinders University, in 1966, and Karmel was duly appointed as its young vice-chancellor.) Later he was a member of the Commonwealth Vernon Committee (1965) on national economic policy. Karmel led the Whitlam Government's landmark inquiry into secondary education (1973) which developed the needs-based funding model for the schools.[372] When the AUC was abolished in 1977, Karmel was appointed as chairman of the replacement statutory authority, the Commonwealth Tertiary Education Commission (CTEC). The CTEC was responsible for providing advice and coordinating the Commonwealth's activities in all sectors of post-secondary education. CTEC was designed to achieve greater efficiencies and coherence through a single coordinating body for the two sectors of higher education.[373]

As an architect of the binary system, Karmel supported its principles and continued to defend it against its critics arguing that it could overcome the difficulties besetting it in its latter years. Karmel was a "principled pragmatist" who believed that improvements in policy rested on incrementalist methods of decision-making.[374] He argued that university decision-making

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[370] Macintyre et al., N*o End of a Lesson.* p. 26. Policy Academic B: Interview with author, 2017.

[371] Kingdon refers to "inner-outer careers" of those who move between academia and government. Karmel who was "plugged into" government and politics can be seen as an outstanding example of these. See Kingdon, *Agendas, Alternatives and Public Policies*. p. 56.

[372] Peter Karmel, "Schools in Australia: Report of the Interim Committee for the Australian Schools Commission," (Canberra: Australian Government Publishing Service, 1973). Ian R Wilkinson, Ian R, Brian J Caldwell, R J W Selleck, Jessica Harris, and Pam Dettman, "A History of State Aid to Non-Government Schools in Australia." (Canberra: AGPS, 2006). pp. 55-61. Jenny Hocking, *Gough Whitlam. His Time* (Carlton: Miegunyah Press, 2014). p. 86.

[373] CTEC was the policy structure that had been recommended by the 1965 Martin Inquiry but rejected by the education minister, John Gorton. Bessant, "Robert Gordon Menzies and Education in Australia." pp. 96-7. DEET, "National Report on Australia's Higher Education Sector." p. 12. CTEC amalgamated into a single coordinating body the advisory, planning and governance functions for the universities and the CAEs. CTEC also advised the government on matters of education in the Technical and Further Education (TAFE) sector and in addition to subordinate advisory councils for the universities and the CAEs, CTEC contained a subordinate council for technical education. Funding of the TAFE institutions still remained a predominant responsibility of the State governments.

[374] Macintyre et al., N*o End of a Lesson.* p. 26.

involved "complicated issues in a complex organism" and supported a gradualist institutional approach to policy in which change ideally "flowed from the work of committees which have included prominent academics, academic administrators and distinguished citizens."[375] For Karmel, this was embodied in the structure and underlying principles of the AUC. The AUC was a statutory body devised to safeguard the interests of the Government that funded the universities, and, at the same time, so that academics who were competent in the problems of the universities could give advice while remaining free of political interference. For a long period, the statutory body had been a major factor in the stability of the higher education system. The Government accepted the guidance of the AUC based on its accumulated expertise and first-hand knowledge of the universities.

Karmel was deeply sceptical of systemic solutions advanced by radical critics who attacked the HEIs on grounds of inflexibility, lack of competition and resistance to change. He believed these claims were exaggerated, arguing that "the institutional structures within which higher education operates cannot be made to simulate an atomistic, competitive model."[376] The problems with the binary system were best addressed in incremental steps moving "a little in the right direction" not through wiping the slate clean and starting over.[377] In 1987 when talk of national restructuring was in the air, Karmel argued that internal reforms over the previous decade were already yielding returns in efficiency and effectiveness within the sector as a result of vigorous staff reviews and staff development, a commitment to strategic planning.[378] While he consistently argued for the merits of gradualism in policymaking, Karmel noted "an abrupt change in atmosphere" in the late 1970s and a trend for education institutions to be "blamed for the deficiencies of the economy and the imperfections of society."[379] This intensifying criticism of higher education was the backdrop to an increasing fragmentation of the higher education policy community that developed under Karmel's leadership.[380]

Soon after Karmel's appointment to the AUC, the Whitlam Government came to power and introduced a raft of higher education reforms which proved an important turning point in the

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[375] Karmel, "Reflections on a Revolution: Australian Higher Education in 1989 ". p. 6.
[376] "Private Initiatives in Higher Education," *The Australian Universities Review* 30, no. 2 (1987). p. 6.
[377] "Reflections on a Revolution: Australian Higher Education in 1989 "; Policy Academic B: Interview with author, 2017.
[378] Karmel, "Private Initiatives in Higher Education." p. 7.
[379] "University of Queensland Graduation Ceremony," (1985).
[380] "Annual Lecture Academy of Social Sciences in Australia," (5 November 1985).

policy system. The effect of the reforms was to accelerate the incorporation of the non-university institutions into the national policy system. This process had a crucial impact on the dynamics of the binary system and made the relationship and the linkage between universities and non-university institutions a critical focus of policy.[381] The reforms centralised and nationalised the advanced education structures as part of an ambitious education reform agenda under the Whitlam Government. The AUC under Karmel's leadership was the key institutional actor keeping in advance of these changes and played a critical advisory role in shaping developments. An important effect of the changes was to break up the policy monopoly that the university interests had exercised in higher education by paving the way for new actors. This resulted in a more heterogeneous policy system with greater potential for fragmentation. Advanced education problems that had played out at the State level would now be contested within the national higher education policy arenas.

Whitlam's agenda aimed rapidly to expand opportunities in higher education. Its centrepiece was the abolition of tertiary tuition fees, a decision that generated divisions and angst in the 1980s Labor Governments. The immediate impact on the higher education policy system related to the extension of federal control over the non-university institutions. Whitlam was a centralist convinced that the States should be sidelined to remove an obstacle to his plans for higher education, as in other fields of policy.[382] To achieve this end, he obtained the States' agreement to a radical proposal for the Commonwealth to take over all State funding responsibilities for advanced education. This would be applied not only to the 26 advanced education institutions under existing Federal-State joint funding, but also extended to the States' systems of teachers' colleges and a wide range of technical colleges that were reclassified as CAEs. These two policies — the takeover of funding and the broadening the membership of the CAEs — had enormous implications for the normal operations and the policy dynamics of the binary system. In a single year, Commonwealth's CAE outlays grew from $72 million to $183 million, and, within four years, the number of designated CAEs had increased from 26 to 73.[383] The integration of these institutions into the national policy arena

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[381] Williams, "The Rise and Fall of Binary Systems in Two Countries and the Consequence for Universities." p. 285.

[382] Hocking, *Gough Whitlam. His Time*. pp. 87-8.

[383] In the same year (1972-73 to 1973-74) Commonwealth expenditure on the universities rose from $190 million to $313 million. Commonwealth Parliamentary Debates (CPD). House of Representatives. 23 August 1973. p. 317. The majority of the new CAEs were small colleges enrolling less than 2,000 students. Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 228.

resulted in a major shift within the binary system in the balance between the vocational and university sectors.[384] Reflecting Martin's aim to grow the non-university institutions' enrolments, by 1973 the CAEs were already on a path of rapid growth with increases in excess of 15 per cent annually over the previous five years.[385] Whitlam's national consolidation reinforced this momentum favouring growth in the CAEs.[386]

This incorporation of a large advanced education sector inevitably complicated a higher education system in which the university interests dominated policymaking. It created a new group of actors with interests often at variance to those of the universities. The influx of students into the advanced education sector also amplified contradictions inherent to the binary system and created opportunities for new policy actors to dispute its principles and logic. Adding to the complexity of the policy system were difficulties related to dual jurisdictions. While the advanced college institutions came under the coordinating responsibilities of the Australian Commission on Advanced Education (the counterpart of the AUC), they continued to be under the management of State Boards of Advanced Education.[387]

As the advanced education institutions matured, it became increasingly evident that the binary concept was an inadequate representation of reality. In particular, the CAEs performed diverse educational functions many of which approximated what the universities did. The idea of the CAE was broadened by Whitlam's decision to include the teacher training colleges which, as Karmel himself observed, "radically changed the nature of the advanced education sector".[388] Having grown rapidly in the post war period in response to large school-building programs across the cities and regions, the teachers' colleges came to occupy a unique position in post-secondary education. School education which was a State responsibility was a major driver of politics at this level. Immigration and the post-war baby

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[384] Karmel, "Tertiary Education in a Steady State." p. 27.

[385] DEET, "National Report on Australia's Higher Education Sector." p. 13. Grant Harman, "Introduction," in *Academia Becalmed. Australian Tertiary Education in the Aftermath of Expansion*, ed. Grant Harman, et al. (Canberra: ANU Press, 1980). p. 4.

[386] Of the 370,000 students in higher education in 1985 175,000 (107,000 full-time) were enrolled in the universities and 195,000 (97,000 full-time) in the CAEs. See Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 76.

[387] Williams, "The Rise and Fall of Binary Systems in Two Countries and the Consequence for Universities." p. 286.

[388] Karmel, "The Context of the Reorganisation of Tertiary Education in Australia: A National Perspective."

boom created waves of enrolments which led to the establishment of comprehensive high schools. These soon outnumbered the older academically selective institutions.[389] Programs of rapid expansion of State teachers' colleges were adopted to overcome teacher shortages along with implementation of comprehensive public financial assistance through bonded teacher "studentships". For politicians at the State level and their constituents, these issues that were the top priority in the sphere of higher education.[390] Already, the expanding teachers' colleges were closer to the universities than to other tertiary institutions run by the States. The teaching diploma was based on a generalist, non-technical curriculum similar to that of a university degree in the humanities or sciences. A minority of the staff carried out research. And the teachers' colleges also looked like a university campus, made up overwhelmingly of young, full-time trainee teachers undertaking a three-year course of studies. These similarities underscored the difficulty of maintaining the integrity of the binary idea in practice.

The key flaw of the binary framework in practice was its failure to provide a coherent account of processes of change and growth shaping the political economy of higher education. The institutions of the binary system reinforced Martin's rigid division between the sectors, removing incentives for more flexible and innovative policy thinking around the convergence of the larger CAEs in metropolitan locations to a multi-faculty university model. As noted above, in the decade following the creation of the CAEs in 1965, enrolment growth in these colleges exceeded that of the universities by a considerable margin.[391] This reflected success in terms of the binary policy's goal of controlling enrolment growth in the universities. However, changes in the curricula of the CAEs belied the original binary concept of separate vocational and scholarly streams. The preference of many school leavers who had failed to gain a university place was for precisely the generalist degree course they had missed out on, especially as they would often be competing for the same jobs as those educated in the universities. To attract these students, the CAEs began to move away from

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[389] MacKinnon and Proctor, "Education." p. 440.

[390] Campbell and Sherington, *The Comprehensive Public High School: Historical Perspectives.* ch. 3. For the pressures injected into State politics on the issue of secondary education provision by interests of the the non-government (predominantly Catholic) schools sector. See Wilkinson et al., "A History of State Aid to Non-Government Schools in Australia." pp. 19-50.

[391] While enrolments at the universities doubled in this period there was a fivefold increase in the number of students in the CAEs. See DEET, "National Report on Australia's Higher Education Sector." pp. 8-13. Croucher and Waghorne, *Australian Universities: A History of Common Cause* p. 128.

their traditional role as technical or technology educators and to emulate the universities by offering similar courses.

The 1970s was a decade when the CAEs transformed themselves into degree-awarding institutions.[392] As early as 1968, in spite of the understanding that these institutions should remain "diploma-awarding", the Victorian Government approved a degree awarded by an advanced education college.[393] Following this precedent, which did not result in the Commonwealth's withholding the financial grant, approvals of degree courses across a wide range of studies by State Boards of Advanced Education rapidly picked up pace.[394] By 1978 more than half of national CAE enrolments were at degree level, with the preponderance of degree studies at this time in male-dominated areas of study such as engineering, technology and applied science.[395]

The CAEs, particularly the metropolitan institutes of technology, were popular with school leavers because they offered degrees *and* because their curricula were seen as practical and relevant. By working with employers to develop courses focused on professional accreditation and the needs of industry, these institutes won a reputation for being responsive to workplace developments, particularly the application of new technology. Where the universities were not troubled about demand for their courses due to intense competition for places, many advanced education institutions were proactive in their efforts to increase enrolments. They put considerable effort into attracting students through innovation and adaptation of courses to the demand for new skills, particularly in non-traditional professions. They cultivated a reputation for developing courses that would assist students enter newly professionalised occupations in finance, engineering, town planning and accounting (often linked to practical experience with local firms).

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[392] Harman, "Institutional Amalgamations and Abolition of the Binary System in Australia under John Dawkins." p. 181.

[393] The precedent was set when the Victoria Institute of Colleges used its statutory power to award a degree in Pharmacy for students completing studies at the Victorian College of Pharmacy which was funded as a diploma-awarding college under the Commonwealth's CAE funding rules. Committee of Inquiry into Education and Training (Williams Committee). p. 238.

[394] Williams, The Rise and Fall of Binary Systems in Two Countries and the Consequence for Universities." p. 286.

[395] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 80. Committee of Inquiry into Education and Training (Williams Committee). p. 222. Karmel, "The Context of the Reorganisation of Tertiary Education in Australia: A National Perspective."

The most outspoken critics of the binary principle were well qualified academics in the CAEs wishing to pursue research who chaffed at the exclusion of CAEs from public research funds.[396] The university interests who reaped the benefits of the universities' earlier policy monopoly in higher education were largely satisfied with the existing arrangements and, in the eyes of their critics in the CAEs, complacent about taking measures to overhaul outdated aspects of the system. Unresolved conflict around this issue in various policy arenas played a large part in destabilising the binary system. The incorporation of the CAEs in the national higher education system stimulated the organisation of national networks based on shared interests. The most important was the Directors of the Central Institutes of Technology (DOCIT), a group that represented the larger metropolitan institutes of technology in each State. DOCIT emerged as the leading internal critic of the binary system. Its campaign for parity with the universities attracted the sympathy of critics who, for a range of motives, opposed the Commonwealth's arrangements for the universities. DOCIT argued that the long-established reputation of the metropolitan institutes for teaching and industry-based research should place them on equal terms with the universities. In setting out the grounds of their arguments for parity, DOCIT emphasised that the majority of their teaching programs were long courses and undergraduate degrees.[397]

These policy tensions became more acute during the latter part of Karmel's leadership. Karmel feared that altering the existing structures would weaken a system that had contributed to a proven record of stable and harmonious policymaking. In particular, he feared that the consequences of radical institutional change would be damage to the goodwill within the policy community and loss of the expertise carefully and painstakingly acquired through the work of the secretariat of the AUC and then CTEC.[398] Karmel had an astute grasp of the new dynamics driving higher education policy, and he continued to believe that the tensions could be managed within the existing policy structures.[399]

The AUC and CTEC under Karmel had built a vast expertise in the higher education system. Karmel instilled in these bodies a professional ethos that was based on the traditional

[396] Smart, Don, Roger Scott, Katrina Murphy, and Janice Dudley, "The Hawke Government and Education 1983-1985," *Australian Journal of Political Science* 21, no. 1 (1986). p. 76.
[397] Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 230-33.
[398] Peter Karmel, "Vice-Chancellor's Report to A.N.U. Council 13 Nov 1987," (Papers of Peter Henry Karmel. NLA MS 7573. ACC03.208.).
[399] "Reflections on a Revolution: Australian Higher Education in 1989 ".

conception of higher education as autonomous institutions whose concern is with knowledge and truth in the broadest sense.[400] A strong believer in applying statistics to the policy processes, Karmel developed the resources and expertise of the AUC (and CTEC) through a number of exhaustively researched reports that synthesised the complexities and trends of modern higher education.[401] These were based on first-hand knowledge of the institutions, rigorous evidence gathering, and analysis of data. Exhaustive reports of the state of the higher education system including analysis of enrolment trends and matters of concern accompanied submissions for triennial funding. These were the hallmarks of an incremental, inquiry-led approach to policy development that that for a long period enjoyed broad approval among the key policy actors.

Karmel left the CTEC to become Vice-Chancellor of the Australian National University (ANU) in 1982. Subsequently, he assisted CTEC by agreeing to direct two large-scale inquiries into pressing issues. The first of these titled *Learning and Earning* (1982) aimed to clarify the implications for higher education participation of disruptions in patterns of youth employment.[402] It shone a light on issues of skills, labour markets, educational participation and youth transitions, detecting trends that foreshadowed the dramatic collapse of the youth job market in the early 1980s.[403] The second major CTEC inquiry that Karmel agreed to lead, the *Review of Efficiency and Effectiveness in Higher Education* (1986), provided a detailed and systematic analysis of the use of resources in the higher education system at a time when the management practices and efficiencies of the universities and colleges were coming under sustained scrutiny.[404] As this thesis discusses in Chapter Seven, the Government's interpretations of the findings of this review played an important role in shaping a new reform discourse and in providing many of the ideas that went into the Green and White Papers.

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[400] Ibid. p. 10.

[401] For example, see Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People."; Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education."

[402] "Learning and Earning: A Study of Education Opportunities for Young People."

[403] "Learning and Earning: A Study of Education Opportunities for Young People: Volume 2 (Appendices)." p. 52.

[404] "Review of Efficiency and Effectiveness in Higher Education." The UK Committee of Vice-chancellors and Principals conducted a similar inquiry into university efficiencies a year earlier — a good example of policy emulation between countries. See A Jarratt, "Report of the Steering Committee for Efficiency Studies in Universities," (Committee of Vice-Chancellors and Principals (CVCP). London1985).

In a decade of slow growth, the CAEs grew notably faster than the universities by adapting to the climate of fiscal severity. Underlying these pressures was the unsustainability of maintaining the per capita costs of elite higher education as society underwent the transition to mass higher education.[405] By emerging as indispensable providers of lower cost courses, the CAEs grew much faster than the universities. The CAEs became the majority provider between 1975 and 1986 with higher education enrolments growing by 66 per cent against the universities 22 per cent rate of increase.[406] In the following decade this greatly strengthened their influence and capacity to drive institutional change in the policy system.

When the Liberal-National Country Party coalition under Malcolm Fraser returned to the government benches following the defeat of the Whitlam Government, it took no steps to return higher education responsibilities to the States. However, Fraser used the Commonwealth's centralised funding power to drive down costs through federal budgetary processes, so that parsimony quickly became the keynote of higher education policy. While higher education spending tripled under the social democratic Whitlam Government, it barely grew in real terms for over a decade after the election of the Fraser Government in 1975.[407]

The decade following the Whitlam reforms is the key period for studying the shift in the dynamics of the higher education system. The Commonwealth takeover of the CAEs gave a fiscally parsimonious government control of a set of institutions which it could use to meet demand by creating cheaper places than the universities. The policy settings allowed the mechanism of drift to alter the policy goals by prioritising fiscal savings.

Many regional and specialised colleges with limited annual intakes were considered to be too costly and were pressured to merge with larger institutions. The result of "economy-of-scale" rationalisations was a reduction in the number of CAEs from 81 to 45 between 1975 and 1985.[408]

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[405] Trow, "American Perspectives on British Higher Education under Thatcher and Major." p. 2.

[406] Commonwealth Tertiary Education Commission, "Report for the 1988-1990 Triennium, Vol 1, Part 4, Advice of Advanced Education Advisory Council," (Canberra: Canberra Publishing and Printing Co, 1987). p. 13.

[407] Total Commonwealth spending on higher education climbed from $1 billion in 1972 to $3 billion in 1975. It was a little over $3 billion in 1988 (December 1991 prices). See DEET, "National Report on Australia's Higher Education Sector." p. 71.

[408] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 191-95.

Conclusion

This chapter has outlined the development of the Australian higher education policy structures in the immediate post-war decades. Change originated from social, economic and political needs that occupied the centre stage of government policymaking: the growing aspiration for higher education; the needs of post-war industry and professions for the technical and special expertise imparted by a university education; and the drive for greater national integration of the sector. The period from the mid-1950s to the mid-1970s was marked by regular annual increases in the rate of enrolment, and much of this growth occurred along the line of the elite model of the full-time three-year degree. Steady expansion by means of public funding, manageable with the level of enrolments in the 1950s and 1960s, was a feature of the political economy of higher education in this era. University education was conceptualised as a public good: the social benefits added to national welfare and it was within the financial capacity of the state. This was "a golden age" for the public model of higher education (strongly supported by government and reinforced by voter preferences). Academic freedom was seen to be safeguarded through the principle of delegating responsibilities for the ("arm's length") coordination and allocation of grant funds to statutory bodies.[409]

This chapter has also outlined the central role of major inquiries in shaping the national institutions of the Australian higher education policy system. It has argued that the two major inquiries, Murray in 1957 and Martin in 1964, played a critical role in setting down the institutional foundations of the post-war higher education policy system. The Murray Report set out a liberal, expansionist model for a national university system. The Martin Report set down the blueprint for the binary system. This chapter has argued that the Martin Report partly anticipated key difficulties of the transition to mass higher education by aiming to protect the elite model. By channelling enrolments through separate academic and vocational streams, cost pressures could be contained in the vocational sector. This would protect the academic exclusivity of the universities. This strategy foreshadowed challenges of cost and diversity characteristic of the transition to a mass system of higher education that became more pressing in the 1970s.

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[409] Martin Trow, "Defining the Issues in University- Government Relations: An International Perspective," *Studies in Higher Education* 8, no. 2 (1983). p. 117. Grant Harman, "Australian Experience with Co-Ordinating Agencies for Tertiary Education," *Higher Education*, no. 5 (1984). p. 504.

The binary system came to maturity after the Whitlam Government brought a wide range of CAEs under Commonwealth funding. In fully joining it, the CAEs redefined the concept of a national system of higher education, not least by ending the universities' monopoly over the direction of policy. More fragmentation around interests and priorities changed the dynamics of decision-making. In addition, a pattern of enrolments in the non-university institutions in favour of more degree courses upset the original rationale for the binary system. Unequal funding for what many argued were the same courses fed a sense of disparity expressed through dissent and acute disagreement in the policy system.

Bringing the CAEs under Commonwealth funding extended the boundaries of the policy community which now included a range of actors with potentially countervailing interests to those of the universities. These conflicts of interests were contained while the aspirations of the CAEs were largely determined by the organisation and regulation of the institutes and teachers' colleges through bureaucracies at the State level. After funding responsibility for all advanced education was vested in the Commonwealth (with the willing acquiescence of State treasuries), the CAEs came under the Commonwealth Advisory Committee on Advanced Education and subsequently CTEC. This did not isolate the CAEs from the pressures of State politics and local interests. As this chapter has shown, the already large and growing city institutes redefined themselves by responding to changing demands of business and of labour markets that State Governments and business lobbyists fostered. These pressures infiltrated the national policy system. The upshot was a serious blow to the homogeneity of the policy system which had been centred around the privileges and concerns of the university interests. The tensions inherent in Martin's dual framework increasingly expressed themselves in the politics of the national policy system. Unifying national higher education under the Commonwealth was a condition of broadening the national higher education policy community. But it also planted the seeds for alternate policy agendas and the emergence of an advocacy coalition pressing for a new order of higher education. As Chapter Seven will argue, this was a crucial factor in how the politics of the radical restructuring of the policy system played out in the late 1980s.

Confidence in the capacity of the state to achieve the policy goal of full public financing of tuition and maintenance suffered with the crisis of macroeconomic policy brought on by the 1973 oil price shock to the world economy. Up to the late 1960s, a policy environment favourable to public investment in higher education was strengthened by sustained annual GDP growth and by cross-party political consensus. The social and economic pressures

driving demand were managed painlessly because there was still headroom to expand student intakes within the parameters of national budgets. However, from the mid-1970s the macro-economic policy of budget stringency became a central factor in higher education decision-making.

By the mid-1970s the focus was cost reductions through merging of smaller HEIs into larger entities to achieve economies of scale, through slowing enrolment growth and encouraging intakes at the lowest per student cost. The Fraser Government years were a sustained period of cutting budgets and squeezing resources of higher education providers. This led to higher staff-student ratios, larger teaching loads, and diminished investment in libraries and laboratories. This was the context that generated the search for alternatives and new ideas and prepared the ground for far-reaching reforms in the late 1980s.

Chapter Six: UK Higher Education Policy System from World War II to mid-1980s

Post-war Policy Institutions and the Roots of the Modern Elite Model

Britain's post-war higher education system grew out of the extension of government powers in World War II and the use of these powers to plan the needs of post-war society. The universities were brought into the machinery of government, organised and funded to apply economic expertise and scientific research to advance the national wartime objectives and to plan the needs of post-war society. Before World War II, a mere 2 per cent of 19-year-olds were in full-time education, a minority of whom were in a small number of universities (consisting of the ancient English and Scottish universities, the University of London and its colleges, and the urban "redbricks").[410] The rapid co-option of the universities into government planning was a recognition of the strategic importance of advanced defence research in Britain's war. This gave impetus to the emergence of higher education in the immediate post-war decades as a distinctly national policy system.

Two developments shaped the contours of the post-war higher education landscape. The first was expansion as a steadily increasing number of young school-leavers continued their studies in the universities and colleges. The second was the organisation and planning of higher education as a national system bringing first, the universities, and later, a swathe of regional and local colleges from teacher education to advanced technology, into a centralised planning structure. The early phase in the 1950s was the consolidation of a national framework for the universities that incorporated traditions of autonomous governance under a national arrangement for public grants. This was followed in the 1960s by the complex task of establishing the coordinating principles of organising into the national system a wide variety of "advanced education" and "further education" institutions, most of which were in the jurisdictions of local authorities. Government responses to these two developments — expansion and national integration — determined the form of the higher education system.

This chapter outlines the major developments in the UK higher education policy system up to the early 1980s. It argues that the changes to the policy system in this period were largely the result of evolutionary processes of adaptation within existing institutional structures. While

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[410] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. pp. 22-4. McKibbin, *Classes and Cultures: England 1918-1951*. p. 249-53.

there was certainly no absence of crises, the processes of change were not "path-departing institutional transformations."[411] There were clearly factors posing a threat to the stability of the system such as unresolved conflicts of interest that led to fragmentation of the policy community and the intensification of fiscal pressures. However, the institutional structures of policy up to the early 1980s provided a framework of continuity. This framework absorbed new policy actors and moderated conflicts that had the potential to rupture the equilibrium of the collective decision-making processes. Strong economic growth in the immediate post-war decades established the conditions for consensus politics between the major political parties regarding the Keynesian policy paradigm and the principle of public funding of higher education. This went with adherence to Westminster practice of reaching decisions based on independent advice from the non-partisan civil service and the relevant policymaking bodies. In this context, the role of the University Grants Committee (UGC) was crucial. The UGC emerged from the war to exert a dominant influence on planning the future of higher education. It achieved a singular legitimacy in the eyes of government and the policy interests over the formation and direction of the national system.

The UGC was established in 1919 as an intermediary body for the purpose of consulting regularly with the vice-chancellors and advising government about the universities' needs and making recommendations on the allocation of the public grant to the universities.[412] It was an unusual administrative structure because it was set up by the simple means of a Treasury minute and therefore had no statutory status. This meant the UGC came under the Chancellor of the Exchequer and was located in the Treasury rather than in the Board of Education (the forerunner to the Education Ministry). The Treasury maintained a section for dealing with the universities until the UGC was relocated to the Department of Education and Science in 1963. The key actors in university policymaking in the 1950s — Treasury officials, members of the UGC, the Committee of Vice-Chancellors and Principals (CVCP), and the Chancellor of the Exchequer — were almost without exception Oxbridge graduates who shared a social (almost exclusively male) and intellectual milieu sympathetic to a British and liberal idea of the university.[413]

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[411] Béland, "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift." p. 22.
[412] Timmins, *The Five Giants*. p. 157.
[413] Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 15-19.

The post-war role of the UGC was enhanced when the Cabinet, urged by the Minister of Education, Ellen Wilkinson (1945-47), accepted key recommendations of the 1946 Barlow Committee on Scientific Manpower.[414] According to the historian of post-war UK higher education policy, Michael Shattock (2012), this was a "watershed in relations between the universities and the state". [415] The Government's decision committed it to a more active universities policy, in particular, by setting a target of a large increase in national enrolments. At the same time, it was decided that the number of members and the permanent staff of the UGC should increase, and that additional responsibilities should be included in its terms of reference. The most important addition was the role of assisting the Government "in the preparation and execution of university development plans".[416]

The UGC's chief policy concern was the national university system. This meant that the scope and the capacity of the UGC to address higher education in its entirety as a unified system was limited by its expertise and by its identification with the universities' interests. What the UGC best understood was a particular mode of learning: full-time study, mostly residential, with a three-year degree undertaken by school leavers whose academic ability had been proven by examination. This was a subset of the population in post-secondary education that was estimated at over 2 million individuals who were predominantly enrolled in part-time studies.[417] Nevertheless, the universities were viewed as the logical starting-point for a national higher education system and, therefore, their particular needs were the primary focus of policy attention in the early post-war years. Organising the universities presented itself as a more manageable task than dealing with post-school education more generally, given that they were a homogenous set of institutions in a higher education landscape that included very diverse and decentralised providers of advanced education. The non-university providers consisted of a myriad of institutions: from colleges for the education of teachers to a remarkable number of small colleges for music, theatre and the arts; from advanced technical colleges to small local providers of specialised technical training. It was difficult to find unifying principles, and most vice-chancellors had strong reservations whether many of the non-university institutions exhibited the standards that would warrant them being treated as

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[414] Alan Barlow, "Scientific Manpower: Report of a Special Committee Appointed by the Lord President of the Council," (Cmnd 6824. London: HMSO, 1946).

[415] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 15.

[416] Ibid. p. 15. Roy Lowe, *Education in the Post-War Years: A Social History*, Routledge Library Editions. (London: Routledge, 2012). p. 60.

[417] Ibid. p. 63.

peers of the universities — or would ever do so. The McNair Report (1944) on the training of teachers, calling for standardising three-year courses in teacher training, stimulated a debate about widening degree awards for teachers, a goal that the UGC resisted.[418]

A major complication was that the governing arrangements for most of the institutions in this sector came under the local education authorities (LEAs) set up under the relevant local authority. Questions such as who should manage these institutions, what their goals should be, how they should complement one another, whether they should be amalgamated and the lines along which they should develop in the future of higher education presented formidable organisational problems to policymakers.[419] Organising the non-university institutions at a national level raised complex challenges that intersected with other policy agendas, such as improving industry and vocational education which was considered to be of critical importance. As discussed below, the supply of advanced vocational skills never ceased to play a crucial role in determining the dynamics of subsequent national agendas in higher education. Industry's need for higher levels of scientific manpower was a national preoccupation at this time that led to two inquiries into technological education, the Percy Report on Higher Technological Education (1945) and Barlow Report on Scientific Manpower (1946).[420] Both of these reports placed at the forefront of policy debate questions about the capacity of the universities to meet Britain's need for skills in advanced technology.

The circumstances of higher education in the 1950s meant that, at the outset, the priorities and preoccupations of the UGC were critical in determining the structures of the modern higher education policy system. It was to prove a golden period of influence for the vice-chancellors.

The UGC's first challenge was planning thousands of extra places created under the post-war reconstruction scheme supporting tuition and living expenses of ex-servicemen and women. The influx of undergraduates represented a 50 per cent increase over pre-war enrolments. To meet these costs, as well as those of building up infrastructure damaged by bombing, the

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[418] Ibid. pp 57-9. The elitist opinions of the vice-chancellors was evident in post-war decade in the question of recognition of courses for the education of teachers. The majority believed that the standards of these courses fell well short of being worthy of a degree award. See Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 31-43.
[419] "The Last Days of the University Grants Committee." p. 472.
[420] Ministry of Education, "Special Committee on Higher Technological Education (the Percy Report)," (London: HMSO, 1945); Barlow, "Scientific Manpower".

universities appealed to the state.[421] This was a turning point in the role of the state as the primary funding source of the universities: between 1939 and 1950 the proportion of the universities' income coming from the parliamentary grant grew from 35.8 to 63.9 per cent.[422] Against the background of large industrial nationalisations and welfare state innovation, this was a key moment when public funding was chosen as the policy path for higher education. The public funding model was institutionalised and became an inherent feature of the political economy of higher education for four decades after the war.

Decisions taken in the immediate aftermath of war were crucial in structuring interactions between the universities and the state. As in the case of many European countries in the post-war period, the universities in Britain became almost completely dependent for their running costs on state subsidies. However, the UK was exceptional in avoiding the state bureaucratic oversight or political interference connected to this funding in other countries. Unlike many European countries where financing and coordinating responsibility came together under a central state department, the "arm's length" principle of safeguarding the universities from political interference was preserved in the UK by vesting in the UGC the central advisory role and, through the quinquennial grants, "maximum autonomy" in funding.[423] The UGC preserved these functions up to the 1970s on the grounds of the "grants committee principle", successfully defended by the policy community as a necessary safeguard of academic freedom.[424] Tapper (2007) observes:

> Whilst the bureaucratic interaction between the UGC and the universities increased in the post-war years and parliamentary scrutiny grew …. neither the bureaucratic demands nor the political intrusion could scarcely be described as severe or restrictive.[425]

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[421] Enrolments in 1939 were 50,000. Post-war enrolments peaked at 85,000 in 1949/50. Shattock, *Making Policy in British Higher Education 1945-2011*. p. 11.

[422] McKibbin, *Classes and Cultures: England 1918-1951*, p. 49.

[423] Marianne Bauer and Maurice Kogan, "Higher Education Policies: Historical Overview," in *Transforming Higher Education: A Comparative Study*, ed. Maurice Kogan (Dordrecht: Springer, 2006). p. 26.

[424] The grants committee principle was described by Robbins as: "a committee independent of politics and not subject to ministerial direction, yet maintaining close contact with the organisation of government, which advises the Chancellor on the magnitude of the amounts needed and distributes the funds made available." Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 239.

[425] Tapper, *The Governance of British Higher Education: The Struggle for Policy Control*. p. 30.

The state was effectively the paymaster of the universities, and the senior civil service, in the words of one historian, "treated the universities as a power in the land, perhaps more powerful than the church".[426] The UGC's location in the Treasury until 1963 resulted in a unique arrangement where the Treasury was both an "advocate for (university) expansion at the same time as being the guardian of the public purse".[427] Because it played the instrumental role in planning expansion of the universities, the UGC became a powerful voice in the subsequent debate about organising the non-university institutions into the national policy system.

The UGC's influence in higher education policymaking was unrivalled for almost two decades. A key to the power of the universities was the recognition by political parties that a new spirit of social mobility had raised the aspirations of the growing numbers of middle-class households with matriculants seeking a university place.[428] The preferences of these voters could be swayed by the promise of university places. The opportunity to capitalise on the clamour for more university places was a major reason for the remarkably successful outcomes of the university lobby of vice-chancellors led by Keith Murray, chairman of the UGC between 1953 and 1963. The UGC's power as a policy actor derived from its first-hand knowledge of the universities and its authoritative analyses of educational and demographic trends. Nothing better illustrates the Government's dependence on this expertise than the process of establishing nine new universities on greenfield sites in the early 1960s. Shattock (2006) claims that Whitehall essentially deferred to the experts in the UGC and ceded the power "to found a new generation of universities in the 1960s with absolutely minimal levels of external accountability".[429]

Two important decisions at this time reinforced the influence of the universities in the emerging national higher education system. First, the creation of a national authority on university admissions in response to the introduction of a General Certificate of Education

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[426] Shattock quotes Henry Brooke, Financial Secretary to the Treasury in the Conservative government, observing "…it is one of the redeeming features of the lives of Treasury Ministers that we have contact with the universities". In a meeting with the vice-chancellors Brooke noted that one of them had been his tutor and another had played on the same college hockey team. Shattock, *Making Policy in British Higher Education 1945-2011*. p. 51.
[427] Timmins, *The Five Giants*. p. 200.
[428] Shattock, "Demography and Social Class: The Fluctuating Demand for Higher Education in Britain." p. 386. Mandler, "Educating the Nation: Universities." p. 19.
[429] Michael Shattock, "Policy Drivers in Uk Higher Education in Historical Perspective: "Inside out", "Outside in" and the Contribution of Research," *Higher Education Quarterly* 60, no. 2 (2006). p. 135.

resulted in many schools organising resources and curriculum around the minority of secondary students who sought to achieve universities' entry requirements.[430] The second decision that reinforced the universities' elite model of higher education was the 1962 *Education Act* (1962) that mandated a national formula for tuition and maintenance awards. This legislation was based on the recommendations of the 1960 Anderson Committee report, *Grants to Students*.[431] Under the Act, British residents who had attained two A-level passes and who were admitted to a university were automatically entitled to public funding for maintenance costs.[432] This institutionalised what in comparison with other industrial countries was a very generous system of student financing.[433] In the context of the rising levels of enrolments in full-time higher education in the decade that followed, this decision had an enormous impact on the public revenue requirements of meeting the costs of higher education.

The enduring strength of the UGC in the decision-making framework reinforced incrementalism in policymaking processes and institutional continuity in norms, rules, instruments and procedures that guided the conduct of policy. The UGC overcame sources of tension in the post-war years that had the potential to disrupt the equilibrium of the emerging policy system.[434] Firstly, it skilfully navigated a course between divisions within the policy community over questions concerning expansion, academic standards and the goals of university education.[435] In the initial stages of university expansion, the UGC saw off the challenge of the "more means worse" opponents (a significant group in the Conservative Party) who believed that increasing enrolments would spell an inevitable decline in quality.[436] It also strongly resisted pressures from interests within the Department of Education and Science, such as the teacher training and supply branches, who were pressing for greater joint planning and integration of functions.

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[430] P. Swinnerton-Dyer, "Policy on Higher Education and Research: The 1991 Rede Lecture," *Higher Education Quarterly* 45, no. 3 (1991). p. 214.

[431] Willetts, *A University Education.* pp. 41-42. Ministry of Education and the Scottish Education Department (Anderson Report), "Grants to Students," (London: HMSO, 1960).

[432] Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," p. 253.

[433] Rachel Bowden and David Watson, "Why Did They Do It? The Conservatives and Mass Higher Education, 1979-97," *Journal of Education Policy* 14, no. 3 (1999). p. 252.

[434] Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 16-19.

[435] Trow, "Problems in the Transition from Elite to Mass Higher Education." pp. 28-32.

[436] Willetts, *A University Education.* p. 143.

Signs of tensions over financial matters between the Government and the UGC began to emerge in 1962. These were the first indications of the essential dilemma that began to loom larger, namely, that there were limits to the capacity to maintain the expensive elite model for a growing cohort of students. The Government was equivocating about maintaining parity of academic salaries with the civil service, which the universities saw as a convention of policy. At the same time, the Treasury was reluctant to reach its usual "in-principle" agreement with the UGC to fund places for the forecast expansion over the following decade. Following a stand-off with the UGC, the Conservative Macmillan Government, sensitive to the politics, backed down on both these matters. However, these concerns were an important factor in ending the UGC's unique insider status in the policy system.[437] In 1963 the UGC was reassigned as a responsibility of the education portfolio. This foreshadowed the development of a more intense competition for influence within the policy system between the UGC, the Department of Education and Science, and emerging policy actors in the public system.

The early focus of national policy on the universities supported the tendency to identify higher education with the universities. This did not help to develop policy responses to urgent issues that pertained to the non-university providers. By the early 1960s the question of the organisation of the non-university side of higher education had become a central agenda in higher education policy, particularly the issue of developing a national framework for the diverse range of institutions operating in local jurisdictions. A catalyst for this agenda was the debate involving the Ministry of Education and other agencies regarding the future of the colleges for the education of teachers. But how teachers should be educated was just one of many compelling questions competing for attention on the national agenda. Others included the balance of pure and applied research, vocationalism, technological universities and industrial skills. These issues were wrapped up under the heading of "the organisation of higher education" which was the subject of the landmark 1963 Robbins inquiry discussed in the next section.

The Impact of Robbins on the Policy System

The Robbins Report, released in 1963 to the keen anticipation of the higher education community and the public, was a landmark in post-war higher education policy for several

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[437] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 121.

reasons.[438] It was a blueprint laying out how diverse educational traditions could be combined into a unitary higher education system fit for the modern era. Its assertion that the experience of higher education should be available to a much greater proportion of the young adult population implied that barriers of social hierarchy would come down. No other report had analysed the state of higher education on such an immense base of evidence. In short, the report persuasively affirmed a liberal, progressive and expansionist view of higher education open to anyone on the meritocratic principle of "ability and attainment". Higher education admitted a "plurality of aims", but, above all, it stood for a world that cultivated learning as a general principle and that "promote(d) the general powers of the mind". [439] To these inspiring tenets, the Robbins Report added a comprehensive list of concrete and practical recommendations for change.

The prime minister, Harold Macmillan, appointed Lionel Robbins in 1961 at a time when the Government was under intense pressure for its failure to keep up the supply of places for a growing pool of school leavers holding the two or more A levels (or Scottish "Highers") requisite for university entry. Whereas 25,000 had achieved these in the mid-1950s, this had risen to 64,000 by 1964, and the capacity of the higher education system was failing to keep up with demand.[440] Higher levels of education were widely perceived as the path to individual social mobility and the route to greater national prosperity, and the Labour Party in opposition had seized on education as the key to a better future. (In the same month the Robbins Report was released, the new Labour leader, Harold Wilson, delivered his famous "white heat" speech to the party conference promising "a tremendous building programme of new universities" and the establishment of a new fully dedicated Ministry of Science.[441]) In this context, the Conservative Party, conscious of the importance of the issue to its middle-class constituents and aiming to counter their opponent's charge of a government out-of-

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[438] At the time of the publication of the Robbins Report only two official reports surpassed it in sales, the Beveridge Report and Lord Denning's report into the Profumo affair. See D. P. O'Brien, "Lionel Charles Robbins, 1898-1984," *Economic Journal* 98, no. 389 (1988). p. 120.
[439] Mandler, "Educating the Nation: Universities." Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. pp. 6,7.
[440] While four in five qualified school leavers gained a university place in 1958, only three in five did so in 1962. See Mandler, "Educating the Nation: Universities." p. 5. Committee on Higher Education (The Robbins Report), "Appendix I. The Demand for Places in Higher Education," (London: HMSO, 1963). p. 119. Sanderson, "Higher Education in the Post-War Years."
[441] Wilson, "Speech to Labour Party Conference," (Scarborough, 1 October 1963); Sandbrook, Dominic, *White Heat: A History of Britain in the Swinging Sixties*. London: Abacus 2007. pp. 3-4.

touch with the dynamic forces driving modern industry and society, announced a comprehensive inquiry into the future of higher education in the UK. Robbins was instructed "to review the pattern of full-time higher education in Great Britain and in the light of national needs and resources to advise Her Majesty's Government on what principles its long-term development should be based".[442]

Robbins had worked closely with the giant figures of British wartime and post-war planning who shaped the social, educational and economic institutions of Britain's post-war welfare capitalism. After completing an economics degree at the London School of Economics (LSE), he worked briefly as a research assistant to William Beveridge, the future author of the 1942 report on social insurance and full employment. [443] He then took up a lectureship at the LSE, the institution to which he formed a lifetime attachment. Robbins moved from his academic post there to take the position of director of the Economic Section of the Office of the War Cabinet. Thus, Robbins was plunged into the machinery of wartime and post-war policy, which assumed the necessity of developing the state's use of a panoply of instruments of economic and social planning. This was a time when, according to David Edgerton, "the worlds of thought and action were peculiarly conjoined, which helped a future of close interconnection of state and university in the aid of a national project of reconstruction."[444] His experience in this milieu largely explains why Robbins, essentially a conservative in his economic thinking, embraced state funding and planning of higher education and went on to become the central figure in elaborating the widely agreed post-war argument in favour of higher education as a "public good".[445] The Robbins Report cemented this approach as a more or less unchallenged norm of policy until the 1980s, when the way of thinking about the principles of higher education funding came under a sustained attack by neo-classical economists.

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[442] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. iv.

[443] William Beveridge, "Social Insurance and Allied Services," (London: His Majesty's Stationery Office, 1942).

[444] David Edgerton, *The Rise and Fall of the British Nation* (Milton Keynes: Random House, 2019). p. 397.

[445] Robbins theoretical work was informed by strong liberal economic principles and he was for a period a critic of Keynes's theories. Robbins was also a member of the Mont Pelerin Society, a club for intellectuals, economists and politicians dedicated to promoting neo-classical economics. See O'Brien, "Lionel Charles Robbins, 1898-1984."

The Robbins Report has been celebrated as a watershed in the development of the post-war higher education system, not least because never before had such a clear and internally consistent statement of principles that should guide the organisation of higher education been set out.[446] A 50 year retrospective on the report organised by the London School of Economics (LSE) — the institution that Robbins had made his home as professor in economics — described his feat in synthesising the available data and trends in higher education as follows:

> an extraordinary research effort to support evidence-based policy. Though there have been other significant inquiries, higher education policy has often lacked such an evidentiary basis.[447]

In reaching its findings the Robbins Committee received 400 written submissions; engaged in continuous dialogue with relevant Departments of State; conducted formal hearings with 90 organisations and 31 individual witnesses; and its members made several visits to other countries to study their higher education systems.[448] The report crystallised in memorable phrases many of the current themes of higher education and left a powerful legacy on the policy discourse. Central to the report was the "Robbins' principle" that "assumed as an axiom that courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so."[449] A nation's prosperity depended on the benefits of harnessing the talents of the large pool of able individuals.[450]

As well as its contribution to national growth and prosperity, there were other vital reasons for government to support widening access to higher education. The overwhelming case for

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[446] Howard Glennerster and Nicholas Barr, "Shaping Higher Education 50 Years after Robbins," (London: London School of Economics, 2014). Collini, "From Robbins to Mcinsey: The Changing Policy Framework."

[447] Nicholas Barr and Howard Glennerster, "Preface," in *Shaping Higher Education 50 Years After Robbins*, ed. Nicholas Barr (London: London School of Economics, 2014). Craig Calhoun, "Conclusion: The Robbins Report and British Higher Education Past and Future," in *Shaping Higher Education: 50 Years after Robbins*, ed. Nicholas Barr (London: London School of Economics, 2014). p 66.

[448] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*.

[449] Ibid. p. 8.

[450] Robbins believed that the potential pool of ability was far larger than existing higher education intakes: "In short we think there is no risk that within the next twenty years the growth in the proportion of young people with qualifications and aptitudes suitable for entry to higher education will be restrained by a shortage of potential ability." See Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 54. Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion." p. 56.

public investment in higher education rested on the collective benefits that it brought to society. University education made an immense contribution to the values of citizenship; it preserved and furthered traditions of learning; and it advanced the common culture.[451] Thus the case for extending the benefits of higher education was rooted in a progressive, liberal viewpoint that saw government as an indispensable instrument for promoting desirable collective values and extending opportunity. But by the 1980s, there was a mounting attack on this justification for public spending on higher education, as the policy discourse shifted decisively to utilitarian cost-benefit considerations.

The Robbins Report has been equated with the unleashing of expansion in higher education but, as observers have noted, the dynamics of expansion were already in full swing.[452] As this chapter has already outlined, key decisions pre-dating Robbins had already put in motion developments in higher education policy. Murray's 1959 call for a doubling of enrolments in a decade presaged Robbins' recommendation for a program of massive expansion. Both responses were part of the pattern of regular upward revisions of forecast enrolments. In 1961 — the year the Robbins Committee was appointed — Murray had already persuaded the Government of the necessity to create from scratch new universities. By 1968, a total of nine "plate glass" universities had been established.[453] Robbins favoured both the creation of more universities and the upgrading of other institutions. As in other policy fields the structures and traditions of existing institutions set boundaries and constraints on solutions and opportunities available to reformers. Governments of whatever political stripe experience the same institutional inheritance and cannot avoid the long-term build-up of pressures which decision-makers must factor in. These facts play a key role in constituting long-term threads of continuity. In higher education in this period, the limits on the range of policy alternatives were the result of "almost inexorable demographic and economic pressures".[454] Robbins' upward revision of earlier forecasts led to an enrolment target to over half a million students. Basing its analysis on school completions, students sitting A level examinations, and birth cohorts, the report forecast demand for higher education to grow from 216,000 to 558,000

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[451] Claire Callender, "Student Numbers and Funding: Does Robbins Add Up?" p. 167.
[452] Peter Scott, "Robbins, the Binary Policy and Mass Higher Education."
[453] Timmins, *The Five Giants*. p. 120. Seven new universities, sometimes referred to as the Shakespeare universities — East Anglia, Essex, Kent, Lancaster, Sussex, Warwick and York — were established pre-Robbins. The post-Robbins universities were University of Stirling (1967) and the New University of Ulster (1968).
[454] Lowe, *Education in the Post-War Years: A Social History.* p. 153.

full-time student places in Great Britain between 1962/63 and 1980/81.[455] Feeling the electoral pressures coming from below, the Government readily accepted these enrolment targets, as well as the need to plan for a massive increase in demand for places by large investment in the capacity of the higher education system.[456]

Like many in the policy community, Robbins tended conceptualise higher education in terms of what Trow termed "the elite model".[457] Its components were the three-year full-time generalist degree and the belief that institutional autonomy was the key safeguard of academic freedom. For Robbins, the key to institutional autonomy was the "grants committee principle" exemplified by the UGC which he described as[458]

> a committee independent of politics and not subject to ministerial direction, yet maintaining close contact with the organisation of government, which advises the Chancellor on the magnitude of the amounts needed and distributes the funds made available[459]

Robbins believed that the progress of higher education in the UK should result in the extension of the grants committee principle to ever more institutions as he expected these to become more like universities.[460] The Robbins Report reinforced and legitimised key concepts and assumptions of the elite model at a critical moment of diversification in the functions of the higher education policy system. However, the elite model proved a flawed template for the massive expansion of UK higher education, as the mounting costs to the higher education budget of proliferating enrolments in three-year degrees eventually provoked a political reaction.

Robbins' vision of applying the principles of the elite model to a higher education system at least two or three times larger was a radical policy departure.[461] The terms of reference had instructed the Robbins Committee to review "the pattern of full-time higher education" particularly

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[455] Callender, Student Numbers and Funding: Does Robbins Add Up?" p. 164.
[456] Mandler, "Educating the Nation: Universities." p. 4.
[457] Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion." p. 62.
[458] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 235.
[459] Ibid. p. 239.
[460] Ibid. p. 151.
[461] Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion." p. 62.

whether any new types of institution are desirable and whether any modifications should be made in the present arrangements for planning and co-ordinating the development of the various types of institution[462]

The report developed a framework for reconceptualising a higher education policy system, with the non-university institutions necessarily playing a crucial role. Through careful argument, taking in every part of what could be described as "advanced education", it set out the basis for inclusion of the non-university institutions. Previous inquiries touching on how non-university providers should fit into the national higher education system had focused on specific areas such as teacher education. In embracing the concept of a unitary higher education system, Robbins pulled together the concerns of these earlier reports.

One of the key questions in organising the non-university institutions into the national higher education framework was the matter of accreditation and of what constituted "university status". The McNair (1944) and Percy (1945) inquiries had been concerned with the question of recognition of advanced level courses in teacher and technical training respectively. [463] At the time that the UGC was attracting national attention in planning the expansion of the universities, other concerns such as technological education were foremost on the agendas of a range of policy actors. These latter included officials in the Ministry of Education, the Board of Education, advisory bodies such as the National Advisory Committee for Education in Industry (NACEIC), the Advisory Council on Scientific Policy, the Federation of British Industries (FBI), staff organisations such as the Association of Teachers in Colleges and Departments of Education (ATCDE), and the Local Education Authorities (LEAs) responsible for most of technical and technical education.

Which institutions should be "degree-granting" was a matter of sharp contestation between the UGC and elements within the Ministry of Education such as the National Advisory Committee for Education in Industry and Commerce (NACEIC). Already, a number of individuals training to be teachers were taking external degree courses administered through the University of London. Lobbying on the part of powerful voices for the founding of a "British MIT" led to the decision do designate Imperial College in London as the top-ranking

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[462] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 1.
[463] Ministry of Education, "Teachers and Youth Leaders (the Mcnair Report)," (London: Ministry of Education, 1944). "Special Committee on Higher Technological Education (the Percy Report)."

university in the field of higher technology studies.[464] One of the most significant developments in technological education was the designation of ten institutions as Colleges of Advanced Technology (CATs) following the recommendations of a 1956 White Paper.[465] As centres of higher technological education, these were claimed as commensurate to universities and worthy to receive direct grant funding and degree-awarding powers. Bringing the CATs within the purview of the UGC was a policy outcome that was far from pleasing to several powerful actors and papered over significant divisions of opinion concerning how the higher education sector should develop. As discussed below, the proposal to establish a separate stream of technical institutions in 1967 argued for in the cabinet by Secretary of State, Anthony Crosland, reopened these divisions.[466] One would be hard-pressed to identify a more consequential decision for the course of post-war UK higher education policy.

While the issue of the universities' control and regulation of degree-granting powers was an important item on the agenda of the developing policy discussion, the Robbins Inquiry gave it a much sharper focus. Such questions increasingly drew attention to the dynamics within the policy system between the UGC and other policy interests such as the Ministry of Education, and the local authorities. The sharpness of debate among actors determined to assert influence around these key issues illuminated the struggle for policy control and revealed a greater plurality of interests in the policy system than evident in contexts where the universities alone were in view.

Robbins viewed his essential task as setting out the principles of organisation that should underpin the framework of higher education. The report noted: "it is difficult to defend the continued absence of co-ordinating principles and of a general conception of objectives".[467] This meant determining how the non-university institutions — labelled the "public sector" since it was funded and overseen by Ministry of Education and run by local authorities — should be organised in relation to one another and to the universities that would achieve a

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[464] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 25-6.
[465] Ministry of Education, "Technical Education," (Cmnd 9703. London: HMSO, 1956).
[466] Crosland justified the policy in an in-depth interview several years later. However, he admitted that he blundered by announcing the policy through a public speech when he was fresh to the portfolio and his knowledge of the subject was superficial. See: Maurice Kogan, *The Politics of Education: Edward Boyle and Anthony Crosland in Conversation with Maurice Kogan* (London: Penguin, 1974). pp. 193-96.
[467] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 5.

higher education system directed to common purposes.[468] Further education in the early 1960s was a vast field of providers including the CATs (which had been placed under the direct administration of the Ministry of Education), colleges for educating teachers, regional colleges, area colleges, colleges in the arts and commerce and the Scottish Central Institutions. Robbins' deliberately broad definition of "higher education" encompassed all "advanced" courses where the basis of instruction went beyond the Advanced level of the General Certificate of Education.[469] This concept of "advanced education" gave explicit recognition to the reality that the higher education system contained a diversity of policy actors with competing interests, rather than simply the arena in which the UGC pursued its goals.

In a similar manner to Australia, many British colleges revealed a capacity for adaptation. On the one hand, they shaped their courses around rapid changes in the nature of skills required by industry and commerce. These processes received encouragement through bodies such as the Manpower Services Commission which, together with industry organisations, saw the non-university sector playing a vital role in supplying acutely needed skills or (to use the economists' term) human capital. On the other hand, the non-university providers were also responsive to increasing numbers of school-leavers missing out on a place in the universities. Robbins' recommendations about the organisation of higher education touched on these trends, which were also the source of differences among policy actors concerning the role of the public sector institutions. This debate had major consequences for the policy system which are the subject of the next section.

UK Government and the Polytechnics in the Early 1980s

The Conservative Government immediately accepted the main recommendations of the Robbins Report when it was published in 1963. However, the October 1964 general election brought Labour to the Government benches. One of responsibilities of the new Secretary of State for Education, Anthony Crosland, was to decide on the consequential and long-term problem at the heart of the Robbins' Report which was the organisation of the public sector of higher education. This was an area where it became apparent that Crosland and Robbins were in fundamental disagreement. Robbins had a positive and encouraging attitude to growing evidence of a trend of convergence of many public sector institutions to the

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[468] Timmins, *The Five Giants*. p. 243.

[469] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 2.

comprehensive multi-faculty model of the universities. In Robbins' mind, the increasing overlap in the courses of the public sector institutions and the universities, and the equivalence in academic standards between the former and many universities, were positive indications of what he viewed as "organic growth".[470] To speed up the creation of university places, he identified ten public sector institutions from Regional Colleges and Colleges of Education which, in addition to the CATs, he argued had demonstrated a record of achievement justifying university status without delay.[471] Furthermore, compared to the plate-glass universities set up from scratch from the late 1950s, many colleges were rooted in a long educational tradition.[472] Unlike the CVCP which generally sought to preserve distinctions between the existing universities and the advanced colleges, Robbins viewed convergence as an organic process with inherent benefits.[473] He envisaged a "greatly enlarged autonomous sector" as more colleges advanced in standing and joined the ranks of the universities.[474] This process would bring more institutions under the grants committee principle.

Robbins recommended that of the 558,000 places needed in higher education within 15 years, 346,00 should be provided in universities.[475] The first major steps to achieving a comprehensive model of national higher education based on the multi-faculty university should be the immediate conversion of the CATs to universities, the creation of six new universities, and the enlargement of the existing universities.[476] In the future, the projected enormous growth in enrolments would also be absorbed by new universities planted in the "great centres of population" and by the "existing colleges selected for the eventual granting of university status".[477]

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[470] Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 159.
[471] The argument concerning the pattern of development and appropriate organisation of higher education is set out in Chapter 11of the report. See Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. pp. 147-58.
[472] Ibid. p. 13.
[473] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 37. Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 150. Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 160.
[474] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 238.
[475] Ibid. p. 152.
[476] Ibid. p. 154-5. Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 160.
[477] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 163.

While Crosland agreed with Robbins on the urgent need for "co-ordinating principles" and a "general conception of objectives" in British higher education, he did not share Robbins' view that this should be achieved within a unitary system.[478] Crosland set out his views in a speech at Woolwich in which he argued that the implementation of a unitary system with local colleges aspiring to university status would result in an undesirable hierarchy. As he put it, using a football analogy: "Such a system would be characterised as a continuous rat-race to reach the First or University Division, a constant pressure on those below to ape the Universities above, and a certain inevitable failure to achieve the diversity in higher education which contemporary society needs".[479]

Crosland's proposed alternative was a dual system which would contain a second sector alongside the universities. This was to be based on a new type of institution, the polytechnic, inspired by the technical and engineering colleges in Europe which had a formidable reputation.[480] In 1967 Crosland announced the creation of 28 polytechnics that were to be multi-faculty institutions formed through amalgamation of networks of technology, commerce and art colleges most of which were linked to local authorities.[481] Crosland placed great faith in Britain's traditions of industry training and saw the technical colleges which played a critical role in training the workforce of Britain's regional industries as a foundation for the polytechnic model.[482] His aim was that the polytechnics would give young adults a viable alternative pathway to the universities. They would be vocational, professional and industry-based institutions with a separate ethos distinguishing them from the liberal learning traditions of the universities.[483] The key to this dual system would be "parity of esteem" where each sector would make "its own distinctive contribution to the whole".[484] Crosland's conception of an alternative sector to the universities was also motivated by a scepticism shared by others about the confidence the Robbins Report placed in the ability and

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[478]Ibid. p. 5. Scott suggests that the motives for rejecting Robbins' "path of organic growth" of the universities included maintaining a populist "people's" alternative to the traditional universities, the persistent emphasis in post-war policy on the theme of technical education and the desire to keep a sector of higher education under the local authorities. Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 155-57.

[479] Anthony Crosland, "Woolwich Polytechnic Speech," (28 April 1965).

[480] Sanderson, "Higher Education in the Post-War Years." p. 423.

[481] Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 155.

[482] Timmins, *The Five Giants*. p. 244.

[483] Ibid. p. 245.

[484] Crosland, "Woolwich Polytechnic Speech."

willingness of the universities to embrace the program of expansion that it was advocating.[485] In this view, the assumption that outdated structures of the traditional universities would readily adapt strained credulity.

The decision to create the polytechnics as the foundation of a vocational sector of higher education separate in its aims, principles and culture from the universities was contingent on Crosland's appointment. Had Richard Crossman, Labour's Shadow Secretary of State for Education who favoured a unitary system, been appointed to the education portfolio, the polytechnic idea may never come on to the Labour Government's agenda.[486] In developing the idea of the polytechnics, Crosland relied heavily on the advice of two individuals who had long associations with the world of local authority colleges. These were Toby Weaver, a left-leaning senior official in the Department of Education and Science, and Eric Robinson, a representative of the Association of Teachers of Technical Institutions and vice-principal of a London technical college.[487] Both individuals were staunch supporters of "the local patriotism and administrative and educational experience" of local government, and opponents of what they saw as the elitist premise in the Robbins Report that all would benefit from an expansion of the universities.[488] Why Crosland was receptive to these arguments is crucial to explaining the origins of the UK binary system.

By his admission Crosland's knowledge of further education, in respect of both its structures and details, was somewhat superficial when he found himself heading policy which led him initially to rely on his departmental officials as he worked at absorbing the substantial matters underlying the government's policy objectives.[489] However, few others in British left politics were as independent and original in their thinking, nor thought so deeply about education as Crosland. He was the leading revisionist theorist in progressive Labour debates who emphasised the enormous contribution of educational institutions to the foundations of a just

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[485] Mandler, *The Crisis of the Meritocracy*. p. 91.
[486] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 56.
[487] Clive Booth, "The Rise of the New Universities in Britain," in *The Idea of a University. Higher Education Policy Series: 51*, ed. D. C. Smith and Anne Karin Langslow (London: J. Kingsley Publishers, 1999). Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 54-68. Maurice Kogan, "Anthony Crosland: Intellectual and Politician," *Oxford Review of Education* 32, no. 1 (2006). p. 79. C. D. Godwin, "The Origin of the Binary System," *History of Education* 27, no. 2 (1998).
[488] Toby Weaver quoted in: Shattock, *Making Policy in British Higher Education 1945-2011*. p. 58.
[489] Kogan, *The Politics of Education: Edward Boyle and Anthony Crosland in Conversation with Maurice Kogan*. p. 193.

society. During the two decades following the defeat of the Attlee Government, Crosland's writing setting out the terms of debate about the aims of parliamentary democratic socialism made him a leading intellectual force within the Labour movement. In *The Future of Socialism*, Crosland supported the mixed economy as a path to prosperity and claimed that socialist objectives were not served by further nationalisations of the means of production but by fighting for opportunities for individuals, mainly through education, to develop their potential.[490] For Crosland and other revisionists, the most urgent immediate task in education was to abolish the 11-plus examinations that determined the selection of one child in three for a grammar school. Though the grammar schools had numerous supporters in the Labour Party, Crosland was trenchant in his belief that the concept of opportunity justifying grammar school selection was indefensible and spurious.[491] Its chief outcome that should anger socialists was that it consigned the majority of British children to the inferior system of secondary modern schools. As he argued, these "marked education and social disparities" should be the main target of socialists whose aim was to "create a society which is contented and deemed to be just".[492] At the same time as announcing the polytechnics, Crosland issued a Departmental circular requesting local education authorities to submit and implement plans to phase out selection and convert schools in their jurisdiction to comprehensive schools with entry open to all. However, some found it curious that while Crosland was a fierce opponent of hierarchy in the schools, he should lay the foundation for a dual system in higher education.[493]

Crosland's decision to create the polytechnics won few supporters from the outset. The universities resented Crosland's implication that they were not responsive to changes in society. Progressives aligned with the principles of autonomy and academic freedom were dismissive of Crosland's claim that keeping the polytechnics under local authority would be a counterweight to the universities and would enhance democracy and equity through the

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[490] Crosland, *The Future of Socialism*. For an interesting discussion of the tension between the anti-elitist and the pro-meritocracy strands in Crosland's thinking, see Ben Jackson, *Equality and the British Left: A Study in Progressive Political Thought, 1900-64*, Critical Labour Movement Studies (Manchester University Press, 2007). pp. 169-76.
[491] Crosland, *The Future of Socialism*. p. 224. Susan Crosland quotes her husband as saying: "If it's the last thing I do, I'm going to destroy every fucking grammar school in England." Susan Crosland, *Tony Crosland* (Cape, 1982).
[492] Crosland, *The Future of Socialism*. p. 266.
[493] Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 160.

principle that he termed "social control".[494] Robbins, himself, remarked on the "supreme paradox" of a government "pledged to abolish artificial hierarchy and invidious distinctions in the schools" recreating these distinctions in higher education.[495] Local authorities were understandably the strongest supporters of the new polytechnics. They had opposed the earlier removal of the CATs from their jurisdiction. They saw in Robbins the prospect for further "decapitating" of their institutions.

As polytechnics focused on the tangible needs and incentives in the evolving higher education system, it was clear that there was not a solid coalition within the policy system committed to defending the original goals of the polytechnics.[496] The polytechnics outgrew their local authority parents and pushed for their own independent charters. Historical institutionalists use the term "policy drift" where "the meaning and the role of existing institutional arrangements" are transformed through "the slow alteration of such arrangements due to changing socioeconomic circumstances."[497] This is largely what occurred in relation to the polytechnics. While remaining under the control of the local authorities, they grew to play a pre-eminent role in providing opportunities to the national pool of school leavers aspiring to higher education. But contrary to Crosland's aspirations, school leavers were not looking for a technical education in the polytechnics so much as a substitute for a place in a general, liberal degree course of a university. We have observed a similar trend in relation to the Colleges of Advanced Education in the Australian case. To meet the demand for places, the polytechnics increasingly committed resources to providing degree courses to those who failed to gain a place at the universities. By the mid-1970s, in response to the demand of school-leavers for degree programs, and driven by aspirations to parity with the universities, the polytechnics and colleges had vastly expanded their activities in offering qualifications at graduate and post-graduate level.[498] Furthermore, the

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[494] Michael Shattock, "Parallel Worlds: The California Master Plan and the Development of British Higher Education," in *Clark Kerr's World of Higher Education Reaches the 21st Century*, ed. Sheldon Rothblatt (New York: Springer, 2006). p. 53.

[495] Hansard House of Lords. 1 December 1965. cols 1250-1267.

[496] For an exposition of the concepts of policy drift and policy conversion, see Hacker, "Policy Drift: The Hidden Politics of Us Welfare State Retrenchment."; Wolfgang Streeck and Kathleen Ann Thelen, "Introduction: Institutional Change in Advanced Political Economies.".

[497]Kogan, "Anthony Crosland: Intellectual and Politician." p. 79. Béland, "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift." p. 22.

[498] The number of Full-Time Equivalent (FTE) students studying in the public sector for a qualification at bachelor level and above increased by well in excess of 200 per cent between

performance of the polytechnics as beacons of learning in science and technology fell far short of the original intention. One reason for this was that women who constituted the largest influx of new students preferred the humanities over science and technological subjects.[499] In this context, the polytechnics did not live up to Crosland's hopes for an independent public sector with a distinct mission of technical, professional and industrial-based learning. Another goal of preserving localism through the polytechnics' links to local industry and community also receded as the larger city polytechnics increasingly recruited from a national pool of qualified school leavers, rather as universities did. And links between technical education and regional manufacturing were also severed as many firms shut down in the 1980s. Crosland conceived his policy before the full effects of deindustrialisation began to be felt.

Instead of taking their place as a distinct vocational stream within a dual higher education system, the polytechnics evolved into large, multi-faculty institutions on the lines that Robbins had forecast. As in Australia, the merging of the colleges of teacher education with the polytechnics contributed to a growing pattern of convergence reflected in curriculum, course structure and student recruitment.[500] Because the polytechnics developed by adapting to economic forces, social trends and changing patterns, they did not become the alternative sphere of higher education intended by their architects. Without being awarded university status or coming under the grants funding system, these institutions, nevertheless, created the places to meet the demand that Robbins in 1962 forecast as necessary for an expanded higher education system. A crucial feature of this response was the ability and willingness of the directors of polytechnics to create places at lower cost than the universities. This was an early sign of the emergence of funding as the central dilemma of the political economy of higher education.

The decision to establish a system of British polytechnics ran counter to Robbins' aim that higher education should move towards a comprehensive principle of university learning. This decision disclosed conflicting approaches to organising the variety of institutions within a policy system, as well as the pluralism and complexity of that policy system itself. The decision to create a vocationally-orientated public sector was reversed a quarter of a century

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1975 and 1985. See Department of Education and Science, "Higher Education: Meeting the Challenge." p. 26.
[499] Peter Mandler, "The Two Cultures Revisited: The Humanities in British Universities since 1945," *Twentieth Century British History* 26, no. 3 (2015). p. 414.
[500] Scott, "Robbins, the Binary Policy and Mass Higher Education." p. 157.

later when all the polytechnics became universities. The polytechnics did not forge the alternative path of higher education envisaged by their creators intended nor did they represent a turning point in national higher education. Yet, for as long as they existed, the polytechnics led to crucial shifts in the higher education system. The interests of actors on the non-university side had become an increasingly important factor in the dynamics of higher education policymaking. And while the polytechnics became universities in name, as Scott (2014) suggested, it is more plausible to argue that the result of the binary system in the UK was that the universities became more like the polytechnics.[501] As this thesis will argue, the polytechnics played a crucial role in the transition to mass higher education by demonstrating institutional adaptation to drastic changes in the parameters of the policy system.[502]

UK Government and Universities in the Early 1980s

The decision to develop the polytechnics in the UK was contemporaneous with the Australian Government's decision to establish the core of a national advanced education sector when the Commonwealth in the wake of the Martin Report struck agreements with the States for shared funding responsibility for selected technical colleges teaching a significant segment of courses at a "tertiary" level.[503] In 1967 Crosland confirmed a list of 28 institutions that had been proposed in a Departmental White Paper to form the system of polytechnics. While initially school-leavers were reluctant to include studying in a polytechnic in their preferences, over time these institutions became more attractive and increasingly recruited more of their students, just as the universities did, from the national pool.[504] There was also the consolidation into larger multi-faculty institutions, particularly with the absorption of the UK system of colleges of teacher education into the polytechnics. As in Australia, by the mid-1970s, responding to the demand of school-leavers for degree programs and driven by the desire of their staff for university status, the polytechnics and colleges expanded their teaching programs in graduate and post-graduate degree qualifications. Within a decade what happened inside the larger polytechnics came to resemble the curricula, teaching and

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[501] Ibid. p. 160.

[502] Mahoney and Thelen (2009) argue for a "theory of gradual institutional change" that recognises that slow and piecemeal institutional change has substantial and consequential outcomes. Mahoney and Thelen, "A Theory of Gradual Institutional Change." p. 31.

[503] Commonwealth Parliamentary Debates (CPD). Senate. 24 March 1965. pp. 69-72.

[504] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 69.

institutional culture of the multi-faculty universities in the autonomous sector.[505] At the same time, polytechnics embraced expansion, and enrolments accounted for an increasingly large portion of students in UK higher education.

An important difference between Australia and the UK related to the fact that the UK polytechnics came under the jurisdiction of local government through Local Education Authorities. From the early days of the polytechnics, the directors chafed at this structure and began to use their influence in the policy system to press for independent charters. The Committee of Polytechnic Directors (CDP) that lobbied for the polytechnics quickly emerged as a significant policy actor in higher education, pressing the claims of their institutions, and notably criticising the Council of Local Education Authorities (CLEA) for defending local authority controls. A common (and understandable) complaint was that the polytechnics had outgrown their local origins and were much larger organisations with more complex responsibilities than many of the local authority bodies they were reporting to.

Another development in the higher education system at this time was the steadily increasing scrutiny of the sector by governments, particularly in expenditure. This was a reflection of the magnitude of the public grants as an element of public spending because Britain's comparatively generous tuition and maintenance subsidies grew apace as enrolments exploded. It also reflected broadly evolving attitudes regarding accountability and measuring the value for public spending. Prescient observers saw the signs of the problems that the political economy of mass higher education held in store and the preoccupation with funding that would be the dominant theme from the early 1980s.[506] In the 1960s the Parliamentary Public Accounts Committee (PAC) overcame the resistance of the vice-chancellors to gain access to the financial accounts of the UGC.[507] The universities had avoided this in the past by arguing that it was an unacceptable interference in the UGC's affairs and a threat to the principle of independence from ministerial or departmental control. Given that the universities' expenditure had increased from £3.7 m to £134.5 m between 1945 and 1965,

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[505] The number of Full Time Equivalent (FTE) students studying in the public sector for a qualification at bachelor level and above increased by well in excess of 200 per cent between 1975 and 1985. See Department of Education and Science, "Higher Education: Meeting the Challenge." p. 26

[506] Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion."; John Barnes and Nicholas Barr, "Strategies for Higher Education: The Alternative White Paper," ed. David Hume Institute (Aberdeen: Aberdeen University Press, 1988).

[507] Shattock, "The Last Days of the University Grants Committee." p. 478-81

and that most of this came from the state, this position had become less tenable.[508] Later, the PAC extended its brief and inquired into the impact on public expenditure of academic tenure and the maintenance grant. In the case of the maintenance grant, it put pressure on the Education Department to adopt cash limited budgeting.[509] Poorly conceived approaches to managing price inflation in the 1970s in the case of a few universities resulted in dire problems for their budgets. In the eyes of the universities' critics, this confirmed their claims that the funding arrangements under the grants committee principle and the UGC were flawed.[510]

Criticism of the universities moved from scrutiny of specific problems to more systemic attacks. The public university system was seen by free market think tanks such as the Institute of Economic Affairs (IEA), the Centre for Policy Studies (CPS) and the Adam Smith Institute to epitomise the problems of orthodox Keynesian policies of public spending.[511] As economic difficulties of the 1970s proved intractable to conventional Keynesian policy instruments, these think tanks functioned as a seedbed of radical policy ideas for the new right group in the Conservative Party.[512] In education, the new right sought to replace the liberal, expansionist assumptions guiding policy with the belief that the market was the most efficient instrument to deliver outcomes. Large public systems based on government planning and funding, they argued, produced inefficient outcomes and should be replaced by tuition fees and voucher systems that would put decisions in the hands of the providers and users of the services.[513]

The demise of the Robbins era policy system was hastened by the monetarist cure for inflation following the election of Margaret Thatcher in 1979. The decision to adopt monetarist economics as a solution to Britain's long-term economic crisis also entailed sweeping cuts to public spending on state-run enterprises and public services such as higher

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[508] *Making Policy in British Higher Education 1945-2011*. p. 191.
[509] "The Last Days of the University Grants Committee." p. 478.
[510] Tapper, *The Governance of British Higher Education: The Struggle for Policy Control* p. 31. Richard Bird, "Reflections on the British Government and Higher Education," *Higher Education Quarterly* 48, no. 2 (1994). p. 82.
[511] Andrew Denham and Mark Garnett, "'What Works'? British Think Tanks and the 'End of Ideology'," *Political Quarterly* 77, no. 2 (2006). pp. 156-60.
[512] Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism* (Macmillan, 1988). p. 146.
[513] Clyde Chitty, "The Changing Role of the State in Education Provision," *History of Education* 21, no. 1 (1992). p. 11.

education of a magnitude that no previous government had been prepared to contemplate.[514] In the public spending round of 1980-81, the universities' contribution to the fiscal emergency required cuts in expenditure of 8 per cent against 1979-80. This was followed by cuts to the universities' funds of 5 per cent in each of the two subsequent years.[515]

The backdrop to the statecraft and high politics of public expenditure discussed above was the national impacts in the 1970s of the global oil price inflation and Britain's balance of payments problems. However, it is informative to widen the time horizon and to locate the origins of a policy showing itself increasingly less sympathetic to the university interests in the institutionalisation of the Public Expenditure Survey process originating in the recommendations of the 1961 Plowden Committee Report, *Control of Public Expenditure.*[516] As Shattock (2016) argues the core determinant of policy was the fiscal consideration whereby what allocation a department would get was determined by the powerful Treasury under the Public Expenditure (PES) round.[517]

The UGC and the vice-chancellors found their autonomy and room for planning increasingly circumscribed by the unrelenting drive for savings. As the sector's statutory planning authority, the UGC was forced into the reactive position of deciding how the shrinking pool of funds should be allocated between the institutions. It elected to distribute money — or, properly speaking, the cuts — according a criterion of academic merit that in its judgement most warranted protecting individual institutions.[518] This meant that for some universities the

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[514] Gamble, *The Free Economy and the Strong State.* pp. 107-115

[515] Sanderson, "Higher Education in the Post-War Years." p. 426. Gerard J Taggart, "A Critical Review of the Role of the English Funding Body for Higher Education in the Relationship between the State and Higher Education in the Period 1945 - 2003" (PhD Thesis, University of Bristol, 2004). p. 53.

[516] Committee of Enquiry on the Control of Public Expenditure (Plowden Committee), "Report of the Committee of Enquiry on the Control of Public Expenditure," (London: HMSO, 1961); Rodney Lowe, "Milestone or Millstone? The 1959-1961 Plowden Committee and Its Impact on British Welfare Policy," *The Historical Journal* 40, no. 2 (1997), pp. 483-85.

[517] Shattock, Michael. "Financing British Higher Education: The Triumph of Process Over Policy." In *Valuing Higher Education*, edited by Ronald Barnett, Paul Temple and Peter Scott. London: University College London Institute of Education Press, 2016. pp. 59-76.

[518] In determining funding allocations, the UGC worked on the principle of assessing the quality of academic departments within the universities. This exercise was done through the UGC sub-committees in each field of studies. Shattock, *Making Policy in British Higher Education 1945-2011*. p. 125. "The Last Days of the University Grants Committee."

cuts were minimal while others experienced cuts of up to 30 per cent.[519] The UGC came to the view that, if it were to maintain standards, there was little choice but for reducing the universities' intakes. In the period of the most severe cuts to university budgets, enrolments stagnated. Full-time university students in England and Wales decreased from 254,000 in 1980-81 to 249,000 in 1985-86.[520] This represented a significant decrease in the participation rate as the period coincided with a large increase in the national population of the university-going age cohort (the second peak of the post-war baby boom). Many school-leavers joined Britain's long unemployment queues.

Conclusion

This chapter has argued that the institutional structures established in the UK in the early post-WWII period gave a stable basis for decision-making during a period of dynamic expansion. Rapid rises in participation and organisation on a national basis were achieved generally through processes of adaptation within this framework.

Until the early 1960s higher education in the sense of a national system was largely identified with the universities. These were organised around the two key institutions, the UGC and the principle of public grant funding. The university leadership therefore exercised a near-monopoly influence on planning the first post-war phase of expansion which government declared a national priority. The group of vice-chancellors and the chair of the UGC were emblematic of the post-war governing elite implicitly assuming that the sector should be planned along the lines of a rational, inquiry-driven, evidence-based model. Because university enrolments pertained to a small section of the young population, cost constraints were not yet a dominating consideration.[521]

This chapter has shown how the emergence of the colleges of education and the polytechnics created new actors and interests that led to a reconfiguration of higher education and its policy community. The formulation of higher education policy was subject to more pluralistic

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[519] Simon Jenkins, *Accountable to None: The Tory Nationalization of Britain*, Penguin Books (Penguin, 1996); Timmins, *The Five Giants*. p. 382. Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 128-9

[520] J. Pratt and Y. Hillier, *The Polytechnic Experiment: 1965-1992*. (Buckingham: Open University Press, 1992). p. 40.

[521] At the end of the 1970s the relative size of the UK higher education student population was lower that comparator countries in Western Europe. See Mandler, "The Two Cultures Revisited: The Humanities in British Universities since 1945." p. 413. Callender, Student Numbers and Funding: Does Robbins Add Up?" p. 179. Michael Shattock, "Remembering Robbins: Context and Process," ibid. p. 118.

influences as a result of the incorporation of the non-university institutions at the national level.

The surge in enrolments in the second half of the 1960s resulted in problems associated with mounting costs and complexity. These highlighted the anomaly of Treasury scrutinising public expenditure while performing the role of spending department for the universities. Responsibility for the UGC was duly transferred to the Department of Education. In these circumstances, the non-university interests gained a greater influence over the direction of policy.

An important reason for the Robbins Inquiry was the recognition of the vital contribution of the public sector in national advanced education and the need for a set of principles for organising these diverse providers under a national system. In response Robbins developed the concept of a multi-level national system where institutions would continue to improve and advance to the level of the universities.

This chapter has argued that the changes that followed the Robbins Report did not represent a "massive, path departing institutional transformation".[522] Over time, a swathe of non-university institutions considered to have outgrown the capacities of their responsible local authorities were eventually brought under the existing policy structures.[523] The largest challenge to the stability of the policymaking institutions in the wake of the Robbins Report was Crosland's decision to create the polytechnics. However, while the binary system appeared to be a radical departure in the institutional structures, it did not ultimately constitute a "critical juncture" that set the policy system on a new path.[524] Crosland and his departmental advisor Weaver believed that the polytechnics would become an independent system distinguished by a separate ethos from the universities. However, somewhat resembling the Australian pattern with colleges of advanced education, the polytechnics developed on the lines of the multi-faculty university with the predominance of the three-year general undergraduate degree.

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[522] Béland, "Ideas, Institutions, and Policy Change." p. 703.
[523] Peter Scott, "Higher Education," in *The Thatcher Effect: A Decade of Change*, ed. Dennis Kavanagh and Anthony Seldon (Oxford: Oxford University Press, 1989). p. 209.
[524] The concept of critical juncture implies a discontinuous model of change where enduring historical paths are disrupted by an event and/or an agent from a source exogenous to the institutions. The theoretical model obscures processes within the institutions as sources of change. See Mahoney and Thelen, "A Theory of Gradual Institutional Change." p. 7.

In the wake of the Robbins Report the "struggle for policy control" across a range of issues drew a large number of actors into a national policy arena.[525] These included the Ministry of Education, the colleges for the education of teachers, the directors of technical colleges, the Committee of Polytechnic Directors, the associations of college teachers, and the local authorities (especially the London County Council) under whose local education authorities the colleges and polytechnics were funded and guided. But the polytechnics led by the CPD broke the bonds of local authority control and grew rapidly by adapting their institutions to the burgeoning demand for degree courses. The trend of increasing uniformity of provision was a vindication of Robbins' argument that, through a process of organic growth, the advanced education institutions would develop to serve the same purposes as the universities.[526] These changes in character and functions of the polytechnics, the thesis has suggested, lend support to claims that institutional change does not necessarily depend on external political conditions but frequently takes the form of gradual adaptation through policy drift. By structuring their courses to cater to school leavers who missed out on a university place, the polytechnics were engaged in altering "policy or institutional outcomes without a change in formal policy or institutional rules."[527] Similarly, the polytechnics also bent to funding pressures in ways that the universities resisted and thereby helped the Government to address the cost dilemma of expansion.

Still, the rising numbers of school completers inevitably left the government facing the dilemma of funding mass participation. Critics of the block grants model counterposed a market liberal model. The budget cuts of the early Thatcher years amplified the problems of higher education funding. This was the origin of a prolonged crisis in the policy sphere analysed in detail in Chapter Eight.

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[525] Tapper, *The Governance of British Higher Education: The Struggle for Policy Control*. p. 27-47.
[526] Scott and Callender, "United Kingdom: From Binary to Confusion," p. 143.
[527] Hacker et al, "Drift and Conversion: Hidden Faces of Institutional Change." p. 6.

Chapter Seven: Australian Higher Education Reformed

Introduction

After Peter Karmel departed the CTEC to become vice-chancellor of the Australian National University in 1982, the state of higher education attracted increasing political attention. A key reason for this was the problem of squaring the political pressure arising from the escalating demand for places and satisfying this demand in the context of the imperative for constraint under the fiscally conservative macroeconomic policy environment. Despite past success in meeting the goals of expansion through the incremental methods and adaptive capacity of the existing institutions, the challenges of new political economy in higher education based on mass participation convinced many that systemic change was necessary. Many specialists argued that in both substance and design the existing system was outdated and not able to perform the social and economic functions of advanced education institutions in an era of mass enrolments. Transnational policy bodies such as the OECD (which had augmented its expertise in higher education systems) were frequently cited to support these arguments.[528] National economic and scientific advisory bodies also became prominent in debate arguing in several reports that the aims of higher education system were vague and that it was necessary to bring a greater focus on developing relevant skills and knowledge that would contribute to a more competitive Australian economy.

This chapter examines the debates and the changes in the dynamics of the policy system in the period leading up to the political decision to instigate a national reform agenda. It then analyses how the agenda was developed. It is essential to consider in detail the pre-agenda policy processes to understand why the issues of higher education gained momentum and came onto the national decision agenda in the first place. Kingdon (2011) uses the term "pre-decision processes" to describe how those connected through long-term interests to a policy area, including specialists, public officials, political advisors and professional associations, engage in activities and debates that generate the alternatives from which decision-makers choose their policy.[529] This chapter analyses these processes by identifying developments in debate about the assumptions, methods and goals of the higher education system and by focusing on the arenas where these alternatives gained influence.

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[528] Papadopoulos, *Education 1960-1990: The OECD Perspective.* pp. 151-53.
[529] Kingdon, *Agendas, Alternatives and Public Policies*. p. 3.

The chapter begins by outlining the continuing troubles of the binary structures and the failure to achieve mutual agreement among key actors about the direction of policy. The failure of the campaign by the large metropolitan CAEs for parity with the universities was a critical factor in rupturing the equilibrium of the binary system. The chapter then turns from these internal tensions to look at the inroads made in policy debates by those arguing from the free-market perspective that the public higher education model based on state control of enrolments and public grant funding was inherently flawed. A common charge attributing the alleged failures of policy to the absence of market competition in the sector drew together free marketeers and economic rationalists in academia and think tanks. As the chapter shows these groups held distinctly different positions on what was feasible and realistic to achieve this competition in practice.

A substantive critique of the record of the sector came from technocrats in national advisory agencies and bureaucrats in the science, trade and industry branches of the Commonwealth Government. These actors framed reform of higher education as a necessary facet of a long-term program of structural reform in the national economy that, as they argued, the Hawke Government had commenced on coming to office in 1983. In drawing attention to what they argued was the universities' poor record in contributing to national economic renewal, they played a role in reshaping the national discourse around higher education. Reform of higher education, as they argued, was a necessary step in advancing the goals of Labor's macroeconomic project of liberalisation and deregulation. Taking advantage of the opportunities in a globalised world to improve productivity and living standards depended on the capacity of the universities and colleges to respond to rapid changes in demand for skilled graduates driven by new technology and innovation.

In gauging standards of political acceptability of any program of higher education reform in the 1980s, it is necessary to take into account the conditions of severe fiscal crisis. Here the central concern was the Labor Government's evaluation of this crisis — in its ideological and pragmatic dimensions — and Labor's response through an agenda containing radical measures of economic restructuring.[530] Senior Labor figures, including Dawkins, saw widening participation in the universities and colleges as a desirable goal, but this had to be tailored to the cabinet's overriding objective of major reductions in public spending. The chapter discusses how the imperative for fiscal constraint driving macroeconomic policy

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[530] Herman Schwartz, "Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s," *World Politics* 46, no. 4 (2011).

shaped the broader reform framework.[531] An important aspect of the new discourse on higher education was a deeper interest in the details of the sector from those who were not primarily educationists, such as academic economists, fiscal bureaucrats, policy entrepreneurs and national science and economic advisory bodies. The most acute criticism from these actors was directed at what they identified as the flaws of the public funding model and the urgent need for alternative funding sources. These criticisms entered into the political stream through a campaign to revive university tuition fees by two economic ministers, Dawkins (Trade) and Peter Walsh (Finance) belonging to the inner group of the Hawke Cabinet responsible for overturning the traditional Labor Party economic thinking around demand-management, expansionary programs and national regulation.[532] This repositioning on issues, as this chapter argues, foreshadowed many themes of the later reform agenda.

The second part of this chapter traces in detail the processes of building the reform agenda. In 1987 the Government made space on the national decision agenda for higher education reform. How did the processes of choosing the reform instruments, defining the objectives, building a coalition of supporters and managing the politics determine the path and the shape of the post-reform policy system? The thesis also seeks to explain why the processes of a far-reaching reform program were completed in a remarkably compressed timeframe and what lessons this offers to theoretical understanding of policy change. The analysis focuses on several venues central to the politics of national decision-making including advisory networks around ministerial offices, government departments agencies, green and white paper inquiries, internal party forums, the cabinet and legislative structures.

Pre-Agenda Shifts in Structures and Ideas

The Deepening Crisis of the Binary System

The flawed design of the binary system has been seen as a major reason for its eventual demise.[533] However, for two decades the binary institutions demonstrated resilience and adaptation in adjusting to a rapidly changing higher education landscape. In the decade from the mid-1970s, the small set of non-university institutions originally identified as the basis of

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[531] Ministerial Staffer B: Interview with author, 2017.; Neal Blewett, "The Hawke Cabinets," in *The Hawke Government: A Critical Retrospective*, ed. Susan Ryan and Troy Bramston (North Melbourne: Pluto Press, 2003). p. 78.

[532] O'Reilly, *The New Progressive Dilemma: Australia and Tony Blair's Legacy.* pp. 53-55.

[533] Aitkin, *Critical Mass.* p. 71. V. Lynn Meek, "The Rise and Fall of the Binary Policy of Higher Education in Australia," *Journal of Education Policy* 5, no. 3 (1990). p. 286.

an advanced education group, grew in scale and function to become integral to the conception of a national system. In the long term, the pattern of upgrading within the binary structures reinforced claims for parity with the universities. The changing functions and rapid growth of the advanced education sector more than any other development signalled the underlying changes to the political economy of higher education. As Chapter Five has described, many non-university institutions embraced the multi-faculty university model in response to the demand from school leavers for this kind of post-secondary education. In this way and in the aftermath of the Martin Report, the advanced education institutions functioned as the engine of growth for post-secondary education. This sector played the predominant role in absorbing a growing proportion of young school leavers, most importantly those at the academic margin who would previously not have entered higher education. The reason that enrolments in these institutions rapidly caught up to the universities was clearly that government liked the fact that it was less expensive to create places in the CAEs. By the mid-1980s, the CAEs played as prominent a role in the national system as the universities. It is noteworthy that these changes which by no estimation could be characterised as trivial were accomplished through the normal processes of CTEC. This was evidence of incremental adaptation in structures designed according to the institutional principles of binarism. Despite these successes, a belief that anomalies in the principles that separated the universities and the non-university institutions were impossible to reconcile and counterproductive began to strengthen from the early 1980s within the policy community. As the CAEs moved predominately into degree or degree-equivalent courses, the disparity of the public grant arrangements favouring the universities became a focus of dissent. This led to a hardening of divisions between defenders (the universities) and critics (the large metropolitan CAEs) of binarism. Disunity also drove a fractious policy discourse focused on flaws in the design of the binary system that spilled into political arenas.

After 1975, a turn to fiscal austerity intensified the climate of competition for public resources. Severe budget cuts in the following decade resulted in a decrease of more than a quarter in the proportion of national income spent on higher education.[534] The public grant, in effect, was frozen for the entire period under the Fraser Governments (1975-83).[535] This was the background that shaped a more intense political debate around issues such as shortfalls in

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[534] Commonwealth grants to higher education fell from 1.36 to 1 per cent of GDP between 1975 and 1985. Dawkins, "Higher Education: A Policy Discussion Paper." p. 124.
[535] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." P 36.

student intakes (exacerbated by historically large birth cohorts turning eighteen), deteriorating quality of the learning environment, and targeting of public grant funding for budget cuts.

There were also signals that the Government was contemplating reversing Whitlam's popular 1974 decision to abolish fees. In a major inquiry into education and training, the Fraser Government commissioned the outspoken free market economist, Richard Blandy, to conduct a study into tertiary fees. The result was a report recommending the reintroduction of fees.[536] However, given the danger of political blowback, Fraser moved forward cautiously on this issue. In 1981 he introduced a thin measure that limited tuition fees to students undertaking second and higher qualifications. In the upshot, he let the matter drop after strong public opposition led the cross benches in the Australian Senate to vote with the Opposition to block the bill.[537]

There was a marked contrast in how the universities and the CAEs responded to the circumstances of fiscal constraint. While universities slowed their enrolment growth to protect academic standards through maintaining the level of per capita funding, the directors of the CAEs encouraged enrolment growth at marginal cost. For this reason, of the 45,000 full-time places created in higher education between 1975 and 1985, two in three were created in the CAEs. Collectively these institutions responded to policy incentives encouraging enrolment growth at a lower cost (average per student cost in the CAE sector fell 7 per cent from $6,795 to $6,283 while it remained at nearly $9,000 for the universities).[538] By the mid-1980s, on the measure of equivalent full-time students (EFTS), enrolments in the CAEs had caught up to the universities.[539]

The CAEs' growth strategy had important implications for the dynamics of policymaking. Governments and Treasuries looked favourably on the larger CAEs as providers of a cheaper

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[536] Smart et al., "The Hawke Government and Education 1983-1985." p. 72. Richard Blandy, "Appendix E," in *Education, Training and Employment*, ed. Committee of Inquiry into Education and Training (Canberra: Australian Government Publishing Service, 1979).
[537] Smart et al., "The Hawke Government and Education 1983-1985." p. 72.
[538] Cost figures are in 1985 dollar values. Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 56.
[539] Ibid. p. 275. Calculation of Student numbers measured by student load calculated by the number of effective full-time students (EFTS). The actual numbers of students attending CAEs was larger due to significant proportion of student population undertaking part-time or external courses. See "Report for the 1988-1990 Triennium, Vol 1, Part 4, Advice of Advanced Education Advisory Council." p. 13.

degree that served as a substitute for the many school leavers who missed their first-choice university. The increased significance of the CAE sector as providers of degrees greatly enhanced their ability to influence policy, particularly at the State level. However, the consequences of the CAE's marginal cost growth were heavier teaching loads and the perennial issue of limited opportunities for research. From the long-term perspective, this pointed to the looming crisis of sustainability in the entirely public funded model as the sector approached the threshold of mass participation.[540] Enrolling at marginal cost also intensified grievances about the disparities of the CAEs *vis-a-vis* the universities. One manifestation of this was acrimony between the Federated Council of Academics (FCA) and the Federation of Australian University Staff Associations (FAUSA), the staff bodies respectively of the CAEs and universities.[541]

While the universities took a position to mutually reinforce their status as elite providers — the position legitimised by the Martin Inquiry — the larger CAEs began to voice their own claims to elite status. At this time, a group of directors of large metropolitan institutes of technology formed the conference of Directors of Central Institutes of Technology (DOCIT). These were the institutions named by John Gorton, the Minister for Education and Science, in tabling the Martin Report in 1965 as forming the national advanced education system.[542] The context of the formation of DOCIT was the Whitlam Government's 1975 decision to take over the States' funding responsibilities for teacher training colleges and a range of other

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[540] Between 1976-85 the ratio of the operation grant for a full-time student increased by 2 per cent for the larger universities and decreased by 11 per cent for the larger CAEs. See "Review of Efficiency and Effectiveness in Higher Education." p. 56.

[541] In the long-term, however, the university and CAE staff made common cause over the erosion of employment conditions. This spurred the unionisation of the FCA and FAUSA to pursue claims for national award coverage through industrial arbitration. See John Michael O'Brien, *National Tertiary Education Union: A Most Unlikely Union* (UNSW Press, 2015). Marshall, "The Failure of the Academic Lobby: From Policy Community to Bureaucratic Management." p. 72.

[542] Commonwealth Parliamentary Debates (CPD). Senate. 24 March 1965. p. 71. The DOCIT group was formed by the directors of the largest metropolitan CAEs in each State and the Canberra College of Advanced Education in 1975. These institutions were most advanced in the path of convergence to the universities. Most of their courses were at degree level and they constituted on third of enrolments in the CAE sector. In 1976 two Melbourne CAEs — Swinburne College of Technology and Caulfield Institute of Technology — joined DOCIT and the Tasmanian CAE dropped out. With the failure in their submission to the Williams Committee of their quest for separate recognition DOCIT was disbanded and its members joined the new body for the interests of the entire sector, the Australian Committee of Directors and Principals in Advanced Education (ACDP) established in 1983. Most of the directors of the large CAEs continued to lobby for university status for their institutions.

further education institutions. As a consequence, the advanced education sector immediately expanded, and the diversity resulting from the absorption of new institutions produced a desire for hierarchy.

DOCIT argued that the binary system should be modified in recognition of the educational reputations and qualities that set their institutions apart from the rest of the CAEs.[543] It claimed that the institutions it represented were much closer to the universities on the grounds of advanced courses (60 per cent of their students were studying at degree level compared to 19 per cent in the other CAEs), the academic experience of staff, and their long history in the State jurisdictions as educational providers. All this warranted a level of funding and independence commensurate with the universities.[544] DOCIT claimed that the large size of their institutions required "greater sophistication of management" which, they argued, also justified increased Commonwealth assistance.[545] DOCIT was expounding the "ladder" principle of the Robbins Report whereby the mature and long-established higher education providers ought to be recognised through granting status and resources on the same terms as the universities. The concept of a steady state of institutional equilibrium in the post-Whitlam higher education system was belied by these events which suggest considerable volatility.

DOCIT saw a window of opportunity in the Fraser Government's 1979 decision to appoint Bruce Williams, Vice-Chancellor of the University of Sydney, to lead an inquiry into education, training and employment. DOCIT presented a detailed submission arguing for the same direct Commonwealth funding arrangements for their institutions as those that applied

[543] The Conference of Directors of Central Institutes of Technology (DOCIT) was formed in May 1975. Its membership was made up of the directors of the largest advanced education colleges in each State. These were the New South Wales Institute of Technology, the Royal Melbourne Institute of Technology, the Queensland Institute of Technology, the South Australian Institute of Technology, the Western Australian Institute of Technology and the Tasmanian College of Advanced Education. DOCIT also included the Principal of the Canberra College of Advanced Education. Membership changed in 1976 with the departure of the Tasmanian College of Advanced Education and the addition of the directors of two Melbourne institutes, the Swinburne Institute of Technology and the Caulfield Institute of Technology. See Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 229.
[544] DEET, "National Report on Australia's Higher Education Sector." p. 18. Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 231. Directors of Central Institutes of Technology, "Submission to Committee of Inquiry into Education and Training," (1979).
[545] Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 231.

to the universities.[546] This would decouple the large metropolitan institutions of technology from the other CAEs. The latter were a heterogeneous collection of teachers' colleges, kindergarten training colleges, smaller CAEs such as the many regional colleges teaching mostly at the sub-degree level, colleges of music and performance, and providers of vocational training in agriculture and allied medicines. Had DOCIT's submission gained political support it might have even amounted to a ground-breaking moment in the higher education system. It could have led to a tier of multi-faculty, advanced technology institutions operating under individual charters and no longer directed by the State post-secondary education bureaucracies.

Observers regularly cited the functional organisation of California's higher education with its middle layer of State Universities between vocational skills colleges and the University of California research-focused universities that had proved a major asset to the economy of the State of California.[547] However, any drive to reorganise the Australian HEIs fell well short of the ambitions of the Californian system, and there was no prospect of bold and innovative policy under the Fraser Government.[548] In as much as there was a higher education agenda its primary goal was cost-cutting, in particular efficiency gains through rationalisation of the nation-wide proliferation of smaller CAEs. Fraser's "razor gang" in 1981 implemented significant cuts to the higher education budget by prescribing an extensive round of CAE amalgamations.[549] An environment where the fiscal agenda cast a long shadow was not conducive to inspired planning of the future of special purpose large metropolitan CAEs,

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[546] Directors of Central Institutes of Technology, "Submission to Committee of Inquiry into Education and Training." Bruce Williams, "Some Predicted and Unpredicted Changes in Higher Education," *Journal of Higher Education Policy and Management* 18, no. 2 (1996). p. 142.

[547] "Some Predicted and Unpredicted Changes in Higher Education." p. 142. The analogy with the Californian system does not entirely apply since the higher education system based on the California master plan incorporates at the junior college level community vocational training institutions delivering the type of courses that were not viewed as advanced education in Australian and relegated to the technical and further education (TAFE) sector. See California State Department of Education and the Regents of the University of California, "A Master Plan for Higher Education in California 1960-1975," (Sacramento29 January 1960).

[548] CAEs proliferated, perhaps, for many of the wrong reasons in the 1970s. Aitkin observes that "a political quip of the time had it that if an aspiring politician could not promise his constituents a dam, the next best thing was to promise them a college of advanced education." See Aitkin, *Critical Mass*. p. 71.

[549] Grant Harman, "The "Razor Gang Moves, the 1981 Guidelines and the Uncertain Future," in *Federal Intervention in Australian Education: Past, Present, Future*, ed. Grant Harman and Don Smart (Melbourne: Georgian House, 1982).

which were instead now seen as means of achieving economies of scale through absorbing smaller CAEs.

When efforts to advance their goals through the Williams Inquiry or through CTEC (still strongly influenced by university figures wanting to keep the binary system intact) came to nothing, several DOCIT directors turned to alternative venues to advance their interests. These mainly involved efforts to lobby through State-level business and political networks with the objective of persuading the States to use their legislative power to award university status.[550] In NSW, by the mid-1980s with the enthusiastic support of the State Minister for Education, Rodney Cavalier, plans to convert the NSW Institute of Technology into the state's sixth university were at an advanced stage.[551] More sensationally, in Western Australia Don Watts, the director of the Western Australian Institute of Technology (WAIT), persuaded the State Premier to ignore the objections of CTEC and legislate in December 1986 to convert WAIT into a university (Curtin University).[552] The newly minted university's request to be funded like the other universities threw CTEC into a state of disarray in which it remained for the six months until the national election in July 1987. A member of CTEC recalled that the Western Australian Labor Premier Brian Burke's decision to promote WAIT was "the great crisis for CTEC" because there was simply no process to manage it.[553] Thus, when John Dawkins took the education portfolio after Hawke's re-election, the statutory policy body was in a state of internal crisis.[554] In these chaotic circumstances, Dawkins abolished CTEC at the same time as announcing his intention to overhaul the sector, starting with a review led by a high-level bureaucrat with no connection to university circles.

While the abolition of CTEC was the immediate decision to which the demise of the binary system can be traced, the crucial context of the events surrounding this decision was that the

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[550] Hugh Hudson, "Review of the Structure of the Commonwealth Tertiary Education Commission and Arrangements for Coordination and Consultation with States and Institutions." Commonwealth Tertiary Education Commission (Canberra: Australian Government Publishing Service, 1985). p. 18.
[551] Government Official F: Interview with author, 2017.
[552] Watts was also campaigning aggressively for a change in the rules on the operation of private universities in Australia's public system. (Watts later became the inaugural vice-chancellor of Australia's first private university, Bond University in Queensland named after its creator, WA businessman, Alan Bond.)
[553] Vice-chancellor A: Interview with author, 2017.
[554] Ibid.

crisis within CTEC was precipitated by politics at the State level. This point was made by a participant close to the events:

> People said that Dawkins had this bloody fascination of turning out "Dawkins' universities". By the time he was appointed as minister the bloody avalanche had started. It was going to build to be an avalanche.[555]

Politics at the State level provided alternate venues in which to turn to pursue institutional interests. The States' legislative role in their own universities gave ambitious policy actors an avenue of action outside the federal institutions of CTEC and the dual funding arrangements of the public grant system. This was vividly demonstrated by Watts' networks in Western Australia that extended to the state premier. Other directors such as Brian Smith of the Royal Melbourne Institute of Technology and Gregor Ramsay of the South Australian College of Advanced Education also networked State politics to good effect.[556] The directors played on local issues of economic development that would get the ear of State politicians. The 1980s was a period of outstanding electoral success in the States for Labor which held office in the most populous State of NSW from 1976 to 1988 and with Labor winning in the early 1980s and holding office for over a decade in the States of Victoria, South Australia and Western Australia. As directors of the largest Sydney, Melbourne, Perth and Adelaide advanced colleges recognised, State Labor governments were interested in any opportunity for leverage local economic interests in the context of fiscal constraints imposed by the federal government. They emphasised the practical character of their programs in matching patterns of demand for new occupational skills.[557] The directors were also energetic in establishing links with local business networks and at marketing their graduates to professional bodies —

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[555] Former Government Official: Interview with author, 2017. This raises the question of whether Dawkins came to the education portfolio already having made up his own mind that he would pursue what transpired, namely, through mergers and amalgamations turn all the colleges in the advanced education sector into universities. An alternative put forward was to turn the large city institutes into universities and leave other colleges to develop in a specialist way or to gradually mature in time to university status (a Robbins-like solution). This did not appeal to Dawkins according to an advisor because he argued it would start an endless round of institutions not included pressing for inclusion. Ministerial Staffer A: Interview with author, 2017. As a minister, Dawkins was not shy about his ambitions and intended the higher education agenda to bring about a new educational order. Macintyre et al., N*o End of a Lesson.* pp. 7-10.

[556] Vice-chancellor A: Interview with author, 2017. Government Official E: Interview with author, 2018.

[557] ; Government Official F: Interview with author, 2017.

reflecting the growing relevance of graduate labour markets in the political economy of higher education.[558]

In the first instance, the disparity in funding and status of directors was the driver for the directors of the large institutes to oppose the binary arrangements. At the same time, several vice-chancellors shared a general disenchantment and desire for reform. These individuals exemplified the more pragmatic type of vice-chancellor who emerged in the post-Dawkins era. The most important motivation was to have greater discretion and control in advancing the particular interests of their university such as research strengths and industry partnerships. They were not greatly engaged by abstract tenets of free markets or a privatization agenda such as that championed by Watts.[559] Some vice-chancellors were impatient with the existing policy system indicating their preference for a business enterprise model with the role of the vice-chancellor akin to that of chief executive and methods of program accountability through performance measures.[560] Similar principles had been introduced in the senior executive of the Commonwealth bureaucracy through the Hawke Government's Public Service Reform Act (1984).[561]

Mal Logan, Vice-Chancellor of Monash University, exemplified the modernising, pragmatic type of vice-chancellor. He had harsh words for the universities which he characterised as "medieval enclaves".[562] He also argued that they were riddled with the same protections, inefficiencies and absence of competition that had plagued the Australian economy before Labor's deregulatory reforms. Logan maintained Labor Party connections from his student days and kept up his contacts with senior ministers in the Hawke Government who shared

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[559] Government Official F: Interview with author, 2017.
[560] Bob Bessant, "Corporate Management and Its Penetration of University Administration and Government," (Australian Universities' Review, 1995); V. Lynn Meek, "Regulatory Frameworks, Market Competition and the Governance and Management of Higher Education," *Australian Universities' Review, The* 38, no. 1 (1995).
[561] *Public Service Reform Act 1984*. Neil Marshall, "End of an Era: The Collapse of the 'Buffer' Approach to the Governance of Australian Tertiary Education," *Higher Education* 19, no. 2 (1990). p. 163."The Failure of the Academic Lobby: From Policy Community to Bureaucratic Management ". p. 76. Peter Coaldrake, "Implications for Higher Education of the Public Sector Reform Agenda," *The Australian Universities' Review* 38, no. 1 (1995); John Dawkins, *Reforming the Australian Public Service: A Statement of the Government's Intentions, December 1983* (Canberra: Australian Government Publishing Service, 1983); Government Official F: Interview with author, 2017.
[562] Davison and Murphy, *University Unlimited: The Monash Story.* p. 192.

these views.[563] Bob Smith at the University of Western Australia was another vice-chancellor who wanted a more entrepreneurial style of leadership. Like Logan he was sceptical about the privatisation agenda, preferring to frame the solution in terms of managerial autonomy and enterprise values within a public system.[564] (There were of course, many vice-chancellors who were steadfastly opposed to the spirit of reforms in this entrepreneurial vein. Tensions between institutional leaders were a crucial part of the reform story, not least because Dawkins was skilled at playing off one against another.)

The intensification of the search for alternatives to the binary system by individual directors and vice-chancellors reflected — and contributed to — a heightened state of uncertainty in the policy field in the mid-1980s. Haas (1992) describes the circumstances of severe uncertainty in a policy "ecosystem" where "neither power nor the institutional cues to behaviour" are available, and "new patterns of action may ensue".[565] This description captures the problems of the binary system as well as a sense of tangible possibilities for new directions and alternatives to existing structures. When Dawkins took up the portfolio and immediately initiated a reform agenda, it was no coincidence that he identified individuals such as Smith, Logan and Watts as sympathetic allies who could assist him in developing a clearer conceptualisation of his aims.[566]

The Limited Impact of the Neoliberal Critique of Public Higher Education on Reform

In its purest form, the free market critique of Australia's higher education structures sought the removal of virtually all government controls and the replacement of the public grants with a system of funding through entirely private sources.[567] The free marketeers' ambitions were about winning a contest of ideas so that entrenched ways of thinking about university education as a public good should be replaced by concepts such as individual choice and

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[563] Ibid. p. 190

[564] Government Official F: Interview with author, 2017.

[565] Haas, "Introduction: Epistemic Communities and International Policy Coordination." p. 25914.

[566] Logan's subsequent drive to consolidate and grow his institution following the changes brought about by the Dawkins' reform agenda is more salient to understanding the motivations that were actuating the leadership strategies. The latter were overwhelmingly based on hard-headed pragmatism aiming to achieve institutional advantages from the opportunities for acquiring other institutions through amalgamation. This was the method and politics pursued with equal combativeness by those who had stood adamantly against any of the Dawkins' reforms. See Macintyre et al., *No End of a Lesson.*

[567] Richard Blandy, "Policy Alternatives in Tertiary Education," in *Conference on Equity, Equality and Opportunity in Education* (Australian National University Canberra1985).

human capital investment. The central axiom of their critique was that only market forces could efficiently allocate resources to achieve the proper ends of higher education. State planning was doomed because "government decision makers cannot possibly reflect the range of needs and choices that would occur were customers and providers to contract directly with each other."[568] To achieve the desired outcome of choice meant replacing government planning of enrolments and the practice of placing caps on them at individual institutions with a system of "price signals" based on the idea of students as informed consumers. Under this version of marketisation, the state retreated from the field of policy and the invisible hand determined the universities' decisions on matters such as how many students to enrol, what courses to offer, and how much to charge students for their degrees.

Watts and several academic economists, such as Blandy, George Fane, Helen Hughes and Michael Porter, were among the most vocal critics of the centrally planned, publicly funded system.[569] Essentially, they proposed a deregulated market where the sector would be funded by allowing institutions to charge tuition fees for their services in open competition with the other providers of "services" for the pool of potential students.[570] Blandy wanted radical reforms of the system according to a model of "decentralised competition".[571] He advocated a system of vouchers which was a favourite policy idea disseminated globally through neoliberal think tanks such as the UK Institute for Economic Affairs (IEA) in relation to education provision more generally, not only higher education.[572] One favoured way of bringing this about was to issue the money allocated under existing public grants in the form

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[568] Quotation from New Zealand Treasury, "Government Management: Brief to Incoming Government," ed. New Zealand Treasury (Wellington1987). p. 179.

[569] Diana L. Stone, "Private Higher Education in Australia," *Higher Education* 20, no. 2 (1990); Donald W. Watts, "The Private Potential of Australian Higher Education," in *Privatising Higher Education: A New Issue*, ed. David R. Jones and John Anwyl (Melbourne: Melbourne University Centre for the Study of Higher Education, 1987); George Fane, "Education Policy in Australia. Discussion Paper No. 85.," (Office of the Economic Planning Advisory Council, 1984); Donald W. Watts, "The Control of Higher Education: By Whom and for What Purpose?," in *W(h)ither Binary: A Seminar on the Organisation of Higher Education for the 21st Century* (Perth: Western Australian Post Secondary Education Commission, 1987). See also: Simon Marginson, "Free Markets in Education," *Australian Universities Review* 30, no. 1 (1987). p. 13.

[570] Don Smart, "The Financial Crisis in Australian Higher Education and the Inexorable Push Towards Privatisation," ibid., no. 2 (1986).

[571] Blandy, "Policy Alternatives in Tertiary Education." Blandy, Richard. "Merits of a User-Funded Competitive Education System," *Australian Universities Review* 31, no. 1 (1988).

[572] Timmins, *The Five Giants*. p. 250, 359. Andrew Denham, "Think-Tanks of the New Right: Theory, Practice and Prospects" (PhD Thesis, University of Southampton, 1990).

of vouchers to eligible individuals such as school leavers. Individuals would take to the provider of choice a voucher valued at averaged tuition cost, and where necessary, make up the price difference through their own funds.[573] This was seen as consistent with concepts of choice and market discipline because it empowered potential students to engage directly with the institutions offering services. This was a matter of arranging incentives so that the providers were rewarded by satisfying the direct users of their services rather than through their dealings with state planners.

Blandy blamed what he claimed were low standards, inefficiency and an absence of entrepreneurial spirit in Australian higher education on the perverse incentives of state planning which he argued put the special interests of bureaucrats and institutional providers above the users of the universities.[574] This critique resonated with many critics of the existing arrangements who argued for a range of prescriptions for the ills of the sector from a "user pays" system of financing to deregulation of statutory controls to "denationalising" the universities and placing them in private hands.[575] However, ultimately it failed to gain support in political and policy circles sceptical of the prospect and wisdom of translating purity of principle into concrete action. A major weakness was to discount the risks posed to government of a sudden departure from the norms of public higher education which claimed the support of diverse sections of the community who felt in some way a strong investment in it.

Given its historical role of steering and planning the large issues of higher education, government was always unlikely to embrace the radical free market alternative. Nevertheless, the essence of the remedy for the alleged defects of the higher education system which rested on applying market principles of efficient resource allocation and an explicit model of human capital as an investment function exerted a powerful influence in important arenas. The benefits of incorporating market forces into policy were lauded among economic rationalists in various parts of the federal bureaucracy. Even on the Labor side of politics, economic rationalists had succumbed to what Williams (1996) identified as the "latent pressures to re-

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[573] Richard Blandy, "Policy Alternatives in Tertiary Education," in *Student Assistance for the Disadvantaged: Practice and Prospect*, ed. Commmonwealth Department of Education (Canberra: 1986). Diana L. Stone, "Private Challenges to Public Goods: Transformations in Australian Higher Education," *The Australian Quarterly* 60, no. 1 (1988). p. 45.
[574] Blandy, "Policy Alternatives in Tertiary Education."
[575] Stone, "Private Challenges to Public Goods: Transformations in Australian Higher Education." p. 45.

introduce fees".[576] At the same time, senior Labor figures who embraced economist rationalism were tempered by the constraints of the political coalition and the need to sell a policy that radically reversed the party platform to the unions and left. Unlike Blandy, however, key actors in Labor and their expert advisors in the Commonwealth bureaucracy approached the problems of funding and expansion of higher education with a more pragmatic mindset and an appreciation of the institutional limits to sweeping alternatives.

They recognised that development of the HEIs under a public system was path dependent, an aspect of understanding institutional politics that was absent from ideological proposals aiming to unleash market forces. As Chapter Five outlined, the institutions of the public higher education system were the product of early decisions that laid down the goals of the sector and the means for allocating resources to achieve these ends. These earlier commitments had certain "lock in" effects on available choices of action. A glance at the growth of state funding (Figure 7.1) in the post-war decades helps to illustrate this point. The Commonwealth grant which with the State contribution accounted for half the funds of the universities in the 1950s increased by many multiples in the subsequent three decades to match the rapid growth of university places. As Figure 7.1 shows, the Commonwealth grant, accounting for close to 90 per cent of all university revenue in 1981, had become the single funding pillar of the post-war university system. Financing of the CAEs followed a similar trend. As the state assumed funding responsibilities in the post-war period, a strong tradition of governance and regulation through statutory public bodies developed. These structures provided incentives to policy actors to adopt norms and patterns of decision-making that worked – as the concept of institutional path dependency suggests — to "lock in a particular path of policy development".[577] Over decades of its existence, the public grant/bureaucratic governance model of higher education acquired self-reinforcing properties. Its norms were internalised by the policy community and powerful policy actors formed strong vested interests in preserving key features of the system. The free marketeers' solution of dismantling the centralised decision-making structures ignored an elementary truth about organisational structures that politicians and bureaucrats would not simply relinquish their control over existing policy levers.

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[576] Williams, "Some Predicted and Unpredicted Changes in Higher Education." p. 142.
[577] Pierson Paul, "When Effect Becomes Cause: Policy Feedback and Political Change," *World Politics* 45 (1993). p. 606.
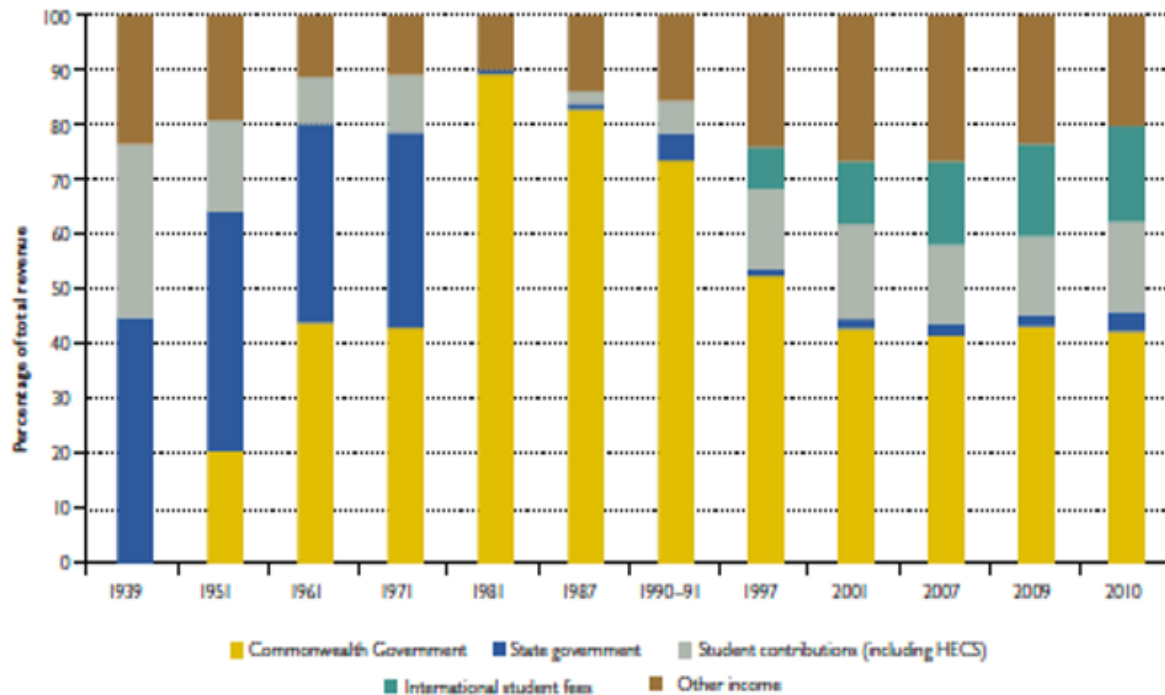
Figure 7.1 Sources of University Revenue 1939 – 2010. (Source: DEEWR. *Higher Education Base Funding Review: Final Report.* 2011.)[578]

Pragmatic politicians and their advisors who supported fees did not believe that an agenda proposing the retrenchment of the public system, the removal of central controls on university intakes, and handing over power to set fees to individual universities was desirable or feasible. In fact, the preferred strategy of reform was to widen state control through centralising the levers of policy in the minister's department.

The ways in which market-orientated ideas were embraced in public policy in the 1980s must also be situated in the context of Labor's robust response to severe economic crisis. After it took office in 1983, Labor quickly adopted the position that agendas across all areas should be bound by the overriding priorities of restructuring and sound management of the national economy. In setting out these parameters, Hawke and his fiscal ministers laid down the framework which guided policy development across all portfolios. As this chapter will argue, this framework crucially linked education and training agendas to developments in the labour market. The next section looks at how the processes of the Hawke Cabinet established this

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[578] Department of Employment Education and Workplace Relations, "Higher Education Base Funding Review: Final Report," (Canberra 2011). p. 97.

framework and the role of the Cabinet Expenditure Review Committee (ERC) as an arena in initiating and shaping a debate around higher education issues.

Fiscal Crisis, Why Labor Embraced Economic Reforms

On coming into office in 1983, Labor's chief concern was to steer the country out of recession. While it was clearly not elected on the promise of a major program of economic reform, the Hawke Government embraced a liberalising economic agenda that represented a radical departure from post-war macroeconomic policy and from Labor Party tenets. This abrupt turn is partly traceable to efforts to address failures in economic management under the Whitlam Government. When Bill Hayden, a confirmed economic rationalist, became leader of the Parliamentary Labor Party in 1977 he launched a systematic review of the party's policy positions. Hayden's objective was to remove the party's chief liability to advancing its claim to govern which meant demonstrating policies that enshrined economic responsibility.[579] He assigned his shadow cabinet the tasks of reviewing all areas of policy. Several individuals who worked closely with Hayden on this project, including Dawkins, were subsequently appointed to key portfolios in the Hawke Government.[580] These appointments of Hayden's party allies were the fulfilment of a condition of Hayden's agreement to step down to allow Hawke to lead the party to the 1983 general election.[581]

Hawke himself had also played an important part in reassuring voters and other audiences that Labor had mended its ways and had answers to the nation's economic problems. Prior to entering the federal parliament in 1980, he was President of the national body for the unions, the Australian Council of Trade Unions (ACTU), a position where he acted as the employees' advocate in the Arbitration Commission determining national industrial awards. In this role, Hawke gained a national reputation for negotiating the resolution of seemingly intractable disputes. He projected his approach to conflict resolution in industrial affairs on to a model of national economic renewal and growth based on a consensus of the key sectors of the economy.[582] Drawing on his first-hand knowledge of the industrial wages system and Labor's

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[579] Kelly, *The End of Certainty*. p. 23. Ministerial Staffer A: Interview with author, 2017. Bill Hayden, "Speech to Australian Labor Party National Conference," (Adelaide 18 July 1979).
[580] Included in this group were Dawkins, Walsh, John Button and Neil Blewett. The latter two were respectively industry and health minister in the Hawke Government. See Macintyre et al., N*o End of a Lesson.* p. 7.
[581] Ministerial Staffer C: Interview with author, 2017.
[582] Bob Hawke, *The Resolution of Conflict*, Boyer Lectures: 1979 (Australian Broadcasting Commission, 1979).

links the union movement, Hawke helped secure the unions' support for a prices and incomes policy to restrain wage growth. This was the key promise taken to the 1983 election campaign, in the form of the Accord.

In making his pitch for government, Hawke's speeches on macroeconomic policy had been received favourably by the "econocrats" whose influence was in the ascendant in the Canberra bureaucracy.[583] Some business critics initially viewed Hawke's model of bringing sectoral groups together in a spirit of national consensus as unduly corporatist, particularly because it brought the union movement close to government. However, Hawke managed to gain support from key sections of the business community when he staged a national summit for the purpose of bringing together all the economic interests.[584] The centrepiece of the plan for economic recovery was the Accord.[585] This was essentially a compact between the Government and the union movement where social protections (such as universal health care and later mandated occupational superannuation) were traded for wage restraint. The Accord, which was frequently renegotiated, gave the Government the benefit of industrial peace while Hawke and his Treasurer, Paul Keating, introduced the most radical national program of economic reform in the post-war era.[586]

Hawke took a view of the early-1980s economic recession, the worst economic downturn in the nation's post-war history, as something in the nature of an existential threat to Australia's living standards. The Government's response to this crisis marked a conversion of the Labor Party to the cause of liberal economic reform and an acknowledgement of the crucial role of markets in policy. Depending on how members of the party identified, this was either a

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[583] As this was described to the author: "Hawke was invited to speak to the (Canberra branch of the) Economic Society. He agreed with alacrity. Hawke is a very good speaker. There was a huge audience. Many of the people who would have economic advisory roles in the future Hawke government were there. Hawke talked about the wages drag on employment and his idea of the Accord which he had been discussing with the unions. Superannuation was beginning to be discussed and other aspects of social policy trade-offs. Hawke was very persuasive and demonstrated a very sophisticated policy. Senior public servants … were highly supportive of the policy framework." Government Official B: Interview with author, 2017.

[584] Kelly, *The End of Certainty*. p. 67.

[585] Ibid. p. 60.

[586] Schwartz, "Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s." p. 548. Francis Castles, Rolf Gerritsen, and Jack Vowles, *The Great Experiment: Labour Party's and Public Policy Transformation in Australia and New Zealand* (St. Leonards, NSW, Australia: Allen & Unwin, 1996).

repudiation or a radical reinterpretation of Labor's progressive tradition.[587] Hawke's first major announcement on becoming Prime Minister was to advise the nation that the Treasury's briefing on the state of national accounts revealed a deficit of much greater magnitude than his opponents had indicated during the election campaign. This made it a matter of national necessity, he argued, not to go ahead with spending promises made in the election and to impose tight fiscal constraints across the board. From the outset, the focus of the Government was economic repair and rebuilding. Hawke and Treasurer Paul Keating set out on a series of far-reaching economic changes, including the national economic summit, the Accord, the decision to float the currency, deregulation of financial institutions and measures to advance openness in trade and investment. For the journalist Paul Kelly these decisions were transformative, putting Australia on the path of a modern open economy and sealing the demise of "the old Australia — regulated, protected, introspective".[588]

Cabinet decision-making, especially in the first three Hawke Governments (1983- 90), took place in the shadow of a fiscal crisis that raised acute concerns about structural weaknesses in the Australian economy. In the Government's second year, based on Treasury warnings that the public sector continued to run too strongly in the budget expenditure, Hawke announced what was termed the "trilogy" commitment. This was a pledge that over three years there would be no increases as a share of national GDP in Commonwealth spending, taxation and the size of the budget deficit.[589]

The new economic paradigm of the Hawke/Keating agenda struck a positive note with senior bureaucrats in Canberra who increasingly conceptualised policy problems as tied to economic issues that required market-based solutions.[590] A senior Canberra bureaucrat observed:

> At this time, in Canberra, economics took over from law as the qualification of choice. Why? Because the challenges facing government were predominantly economic ones… There were people sitting in the Treasury just below the permanent secretary level who became highly influential advisers in the Hawke Keating years. One of the big arguments running at the time was how to secure growth in a resource rich country that relied so much on resource extraction for its income. You need to

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[587] Maddox, *The Hawke Government and Labor Tradition.*
[588] Kelly, *The End of Certainty*. p. 76.
[589] Schwartz, "Internationalization and Two Liberal Welfare States Australia and New Zealand." p. 111. Kelly, *The End of Certainty*. p. 144.
[590] Michael Pusey, *Economic Rationalism in Canberra: A Nation-Building State Changes Its Mind* (Cambridge, 1991).

remember that the super Department, DEET, had put together the employment and the education function. It was considered essential because skill formation and higher education are closely related.[591]

In this environment, the coordinating departments steering the Government's macroeconomic strategy —Treasury, Finance and Prime Minister and Cabinet — had a major impact on debate about higher education policy. Concerned about budget deficits, they opposed increasing higher education places under existing funding arrangements and advocated alternatives to public grant funding, most commonly the reintroduction of tuition fees. Other Commonwealth Departments such as Trade, Industry, Science and Immigration, as well as the Australian Science and Technology Council (ASTEC), the national advisory body on technology, also assumed a role in the debate about the goals of higher education policy. A general view was that Australia's HEIs were responsible for limiting economic growth by not producing sufficient numbers of graduates in highly skilled areas where productivity gains were greatest.[592] Defenders of the existing policy system such as Karmel saw these attacks as reflecting a new hostility where "educational institutions are often blamed for the deficiencies of the economy and for the imperfections of our society."[593]

Cabinet was the key body where Labor's economic agenda was shaped, and, as the next section discusses, the arena where a push for tuition fees began.

The Expenditure Review Committee and the Push for Fees

The ERC, the cabinet committee tasked with scrutinising spending across all portfolios, has been described as the "engine-room" of the Hawke Government.[594] It consisted of the prime minister and the senior economic ministers.[595] In the mind of the Finance Minister, Peter Walsh, "ERC decisions were de facto cabinet decisions".[596] It was the arena where the Treasurer Keating set the fiscal foundations for the government's bold economic reforms. It played an important role in shaping the political narrative of Labor as, not only an

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[591] Government Official B: Interview with author, 2017.

[592] Australian Science and Technology Council, "Education and National Needs," (Canberra: Australian Science and Technology Council 1987). pp. 25-7.

[593] Karmel, "Trends and Issues in Australian Education: 1970 - 1985." Karmel Papers. MS ACC03.208 box 18

[594] Kelly, *The End of Certainty*. p. 70.

[595] Frank Bongiorno, *The Eighties: The Decade That Transformed Australia* (Melbourne: Black Inc, 2015). p. 42.

[596] Peter Walsh, *Confessions of a Failed Finance Minister* (Sydney: Random House, 1995). p. 103.

economically responsible Government, but as a far-sighted one with the fortitude required to navigate the country through a fundamental economic transformation. The remit of the ERC was to consider all expenditure outside the forward estimates as well as proposals for savings and cuts from the forward estimates. This effectively meant that across all portfolios the fate of any new policy rested with the ERC.[597] Neal Blewett, the Health Minister, claimed that the ERC "came to command such overweening authority that it rendered some (cabinet) policy committees redundant".[598]

As well as establishing the fiscal framework for policy development across the breadth of portfolios, the ERC also served as a venue for ministers to agitate for their favourite causes. A case in point was the reintroduction of tuition fees. There were considerable tensions around this proposal in the Labor Party, not least because it challenged valued concepts of equity and access attached to public higher education mostly by the Left and elements in the Centre Left of the Labor Party. The universities were a pet aversion of Peter Walsh, the Minister for Finance, from the Centre Left, who used his position in the ERC to attack the sector for what he variously claimed were its waste, exorbitant privileges and inefficiencies. The Western Australian wheat farmer, Walsh, who had also studied some economics subjects at the University of Western Australia, scorned the defenders of the Whitlam legacy of free tuition. They were simply self-interested, middle-class "trendies" whose university education was being subsidised by less less-well-off taxpayers.[599] It was "middle-class welfare" for students and academics who topped the list of special interest groups that Walsh loathed — along with public sector employees and their unions.[600] "Provider capture", a key concept in this line of argument, was inspired by the tenet of public choice economics that in cases of government monopoly, the actions of agents who controlled public resources would be motivated primarily by self-interest rather than out of altruism for the public interest.[601] For

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[597] The ERC was made up of the Prime Minister, the fiscal ministers, Keating (Treasurer), Dawkins (Finance and then Trade) and Peter Walsh (Finance), and Ralph Willis (Employment and Industrial Relations).

[598] Blewett, "The Hawke Cabinets." p. 78.

[599] Walsh, *Confessions of a Failed Finance Minister.* p. 140. Macintyre et al., N*o End of a Lesson.* p. 72.

[600] Edwards, Howard, and Miller, "Paying for a University Education: HECS and Not Fees." p. 179. Walsh, *Confessions of a Failed Finance Minister*. pp. 166-67.

[601] Howlett et al, *Studying Public Policy: Policy Cycles and Policy Subsystems*. pp. 22-26. Graham Scott, Ian Ball, and Tony Dale, "New Zealand's Public Sector Management Reform: Implications for the United States," *Journal of Policy Analysis and Management* 16, no. 3 (1997). p. 360. For influential contemporaneous accounts by public sector economists of the concept of public goods, see Julian Le Grand, *The Strategy of Equality: Redistribution and*

Walsh these self-interested actors included CTEC, academics and middle-class students free riding on the dollar of taxpayers who would never set foot in a university campus.[602]

From the early days of the Hawke Government, Walsh made clear his intentions to apply pressure for the reintroduction of an undergraduate fee on domestic higher education students. He drew on the expertise of his Finance Department to advance this goal. Within the ERC, Walsh received moral and practical support for his campaign from his colleague, friend and fellow Western Australian, Dawkins, also in the Centre Left. Dawkins, as Minister for Trade, introduced fees for international students studying at Australian universities in 1985. A leading proponent of Labor's new economic agenda and a restless seeker of initiatives to further its aims, Dawkins identified the potential of the global market in education services. He saw great opportunities in a market, then in its infancy, to build Australia's trade in services. He urged the universities to be entrepreneurs in recruiting fee-paying students from overseas. Hawke, a Rhodes Scholar who nevertheless showed little interest in the higher education sector, nevertheless gave tacit support to Walsh and Dawkins by indicating that he favoured fees.

Susan Ryan, the Minister for Education and another member of the Centre Left, became the chief defender of free higher education for domestic students, thereby clashing with Walsh on several occasions. Ryan, the only woman in the cabinet, argued with conviction that free university had opened opportunities for women and mature-age students and credited it as the vehicle of upward mobility, allowing these groups to move out of the low-paid workforce.[603] The push in cabinet for tapping private sources to fund higher education ran counter to some deeply-held beliefs in the Labor Party. "Free university" was a Whitlam legacy that spoke to a generation of social democrats. It was a principle of symbolic importance for Labor's influential Fabian tendency; it was also vehemently defended by the unions representing higher education students and workers.[604] The Labor State premier, John Cain from Victoria and Peter Dowding, a senior Labor politician and future premier from Western Australia, spoke at Labor's 1986 national conference against a motion to remove the no-fee pledge from

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the Social Services (Boston: G. Allen & Unwin, 1982); Barnes and Barr, "Strategies for Higher Education: The Alternative White Paper."
[602] Walsh, *Confessions of a Failed Finance Minister.* p. 141. Ministerial Staffer C: Interview with author, 2017.
[603] Government Minister B: Interview with author, 2017.
[604] Ministerial Staffer C: Interview with author, 2017.

Labor's platform.[605] In terms of factions, Labor's Left was united in its opposition to fees, whereas many who were aligned to the Right faction tended to view the issue transactionally — in terms of electoral costs. As we have seen, the Centre Left was divided. Many pro-fees supporters in the party could be described as policy-minded individuals who identified themselves as modernisers and were generally from the centre of the party. Typically, these individuals were graduates of universities themselves — and beneficiaries of the no-fees Whitlam policy — who in many cases had shifted their policy preferences as they journeyed to an economic rationalist position. This profile approximated that of many individuals recruited to advisory roles in ministerial offices in the Hawke Governments.

In early 1985 Walsh presented the Labor caucus with a report prepared by his Finance Department outlining the case for a fee of $1,500 that, with exemptions for low income families, was estimated to recover 15 per cent of tertiary education costs.[606] This led to a rejoinder by Ryan who presented to the Labor caucus a report she commissioned from her department arguing that a consequence of the reintroduction of fees would be reduced access for women, rural and mature-age students.[607] The upshot of this contest was that Labor's Caucus Education Committee passed a motion unanimously rejecting the fees option. Walsh labelled Ryan an "unreconstructed Whitlamite" whom he alleged had contravened the cabinet practices of the new regime by appealing to "the rabble of the Caucus Education Committee".[608] While Walsh's fee proposal was headed off on this occasion, he and Dawkins won a victory later when they used the budget review processes in 1986 to introduce what was labelled an "administrative" charge of $250 to be applied to all students.

Another facet of the conflict over tuition fees in the cabinet concerned the leadership of CTEC. On becoming minister, Ryan had wanted Karmel to return as head of CTEC but he was unavailable.[609] In the event she chose Hugh Hudson, a former Labor deputy premier of South Australia, who Ryan hoped would bring leadership stability to the sector as Karmel

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[605] Cain and Dowding spoke against the amendment to remove the "no fees" pledge from the party platform at the party conference in Hobart. Australian Labor Party (ALP), (Transcript of 1988 ALP Federal Conference).

[606] Walsh, *Confessions of a Failed Finance Minister.* p. 140. There are parallels in Walsh's proposal in the principles of the fees regime introduced by David Blunkett in 1997. This is discussed in the following chapter.

[607] Smart et al, "The Hawke Government and Education 1983-1985." p. 73.

[608] Walsh, *Confessions of a Failed Finance Minister.* pp. 102, 140. Blewett, "The Hawke Cabinets." p. 77.

[609] Government Minister B: Interview with author, 2017.

had ably done for over a decade.[610] Hudson was highly recommended to Ryan by her colleague Mick Young, a South Australian politician who was a storied figure in the Labor Party. Young was a significant player on the organisational side of Labor politics, a "mate" of the prime minister, and, from the very first year of the government, an accident-prone minister.[611] But given his background as a senior Labor politician and his connections, Ryan believed that Hudson would slip into the CTEC role and establish a basis of equality, trust and respect in his dealings with cabinet. While she focused on the schools' side of her portfolio, Ryan relied on Hudson to guide the higher education side. She generally let Hudson speak to higher education matters at ERC meetings.[612] For the pro-fees proponents in cabinet, Hudson embodied their frustrations at the costs and inefficiencies of the higher education sector.

Dawkins formed an adverse impression of Hudson, who attended ERC meetings with Ryan to answer for the higher education side of her portfolio.[613] (One of Dawkins' advisors claimed that Hudson "thought he was the minister".)[614] Dawkins quickly formed the view that Hudson was complacent about the sector's demands on the public purse and doubted Hudson's commitment to the framework of microeconomic reform being enforced through the ERC. According to an advisor, Dawkins at this time had a "conversation" with Hudson, asking if he was "willing to get on the reform cart".[615] Hudson's response failed to assure Dawkins.[616]

The perturbations within the binary system, the troubles of CTEC, and the impatience with the performance of these institutions by key policy actors led by the Western Australians Walsh and Dawkins in cabinet diminished the prospect of restoring the equilibrium in the higher education policy system that existed in the earlier Karmel years.[617] Hudson, himself, recognised that CTEC's structure with its tripartite councils[618] encouraged an "ambit claim"

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[610] Government Minister B: Interview with author, 2017. Bannon, J. C.: Hudson, Hugh Richard (1930-1993). *Australian Dictionary of Biography, Volume 19*, (Acton: ANU Press, 2021).
[611] Government Minister B: Interview with author, 2017.
[612] Ibid.
[613] Ministerial Staffer C: Interview with author, 2017.
[614] Ministerial Staffer B: Interview with author, 2017.
[615] Ibid.
[616] Ibid.
[617] Government Minister B: Interview with author, 2017.
[618] CTEC was created in 1977 with the objective of having one coordinating body to oversee the whole of higher education. Former independent commissions for the universities,

mentality. Since the States were no longer responsible for the costs of higher education, they were uninhibited in supporting institutions' claims to university status, nor did they censure unrealistic bids for extra money.[619] For example, in 1984, the year of Hawke's trilogy pledge, CTEC's Advanced Education Council asked for an annual increase in recurrent funding of around 20 per cent in the triennial funding round.[620] While this claim was excluded from Hudson's main report, it was included without modification as the Advanced Education Council's formal position in the triennial funding papers to cabinet. This reinforced the view of Walsh and Dawkins that the higher education leaders showed no capacity to grasp the centrality of the Government's budget goals.[621]

In 1985 the ERC instructed Hudson to conduct an inquiry "into ways of improving the efficiency and effectiveness of higher education" with emphasis on the performance, productivity and quality of management in the sector.[622] Dawkins had already at Hawke's request led a process to examine management practices and related efficiency issues in the federal bureaucracy that had resulted in the enactment of reforms to public service management in 1983. The request to CTEC was also inspired by a recently concluded UK review of the internal management systems of the HEIs.[623] Hudson approached Karmel to join the review, believing that his wealth of knowledge and experience stretching back to the 1964 Martin Report would be invaluable. The report titled *Review of Efficiency and Effectiveness in Higher Education*, presented to Ryan in 1986, struck a positive note on the

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advanced education, and technical and further education respectively were responsible for administration of programs and for advising the Government on matters relating to their sector. These became the three advisory councils of CTEC. The technical and further education sector provided an enormous number of training, adult and language education programs (including traditional and modern apprenticeships) mostly in the form of part-time and short courses at the non-higher education level. These systems were predominantly coordinated and funded through State government and did not form a part of the binary system.

[619] Hudson, "Review of the Structure of the Commonwealth Tertiary Education Commission and Arrangements for Coordination and Consultation with States and Institutions." p. 9.
[620] Commonwealth Tertiary Education Commission, "Report for the 1985-87 Triennium. Volume I. Appendixes," (Canberra: CTEC, 1984). p. 147.
[621] Vice-chancellor A: Interview with author, 2017.
[622] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. xv.
[623] The Jarratt Inquiry was set up in 1985 by the UK vice-chancellors' committee for the purpose of improving efficiencies through studies of selected universities inquiring into resource allocation, long-term strategic planning, information systems, budget control mechanisms and accountability processes. See Jarratt, "Report of the Steering Committee for Efficiency Studies in Universities." p. 17.

achievements of the higher education.[624] On the question of further productivity and efficiency gains, it argued that the savings through reduction of resources per student and rationalisation of institutions over the previous decade left limited scope for further savings.[625] Karmel's immense knowledge was evident in the portrait of the state of the sector, including copious detailed tables and statistics of trends over the previous decade. (Though he was unhappy with its conclusions, Dawkins relied on the information in the report to prepare his reform agenda.[626]) Expressing a view that became prevalent among the reformers, an advisor who helped shape the Green Paper argued that the Efficiency and Effectiveness Report was flawed because it did not address the unsustainability of public grant funding. [627] This was tendentious as the question was not explicitly in the remit of the report. However, it illustrates the irreconcilable differences in the policy system. The report's authors implicitly assumed that the binary model should continue to guide the future development of higher education, but it would soon be reformed out of existence.[628]

The Influence of the Skills and Employment Agenda on Higher Education Policy

The chapter has so far identified pressures for higher education reform arising from failure to appease the critics of binarism and the campaign within the cabinet for tuition fees to provide an additional source of funding to the public grants (reinforced by Government departments and agencies). This section provides a context to these pressures by examining how restructuring of the national economy during the recession reshaped the political economy of post-compulsory education. Even earlier than the recession, new patterns of youth participation in the labour force and in education had emerged because of fundamental shifts in demand for skills and occupations in advanced economies. The economic downturn accelerated these trends. This led governments of advanced industrial countries in the 1980s

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[624] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 18. Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." p. 193.

[625] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 5.

[626] A number of the CTEC staff who worked on the Efficiency and Effectiveness Review worked on the Dawkins' Green and White papers following their transfer to DEET. Former Government Official: Interview with author, 2017.; Government Official C: Interview with author, 2017.

[627] . Macintyre et al., N*o End of a Lesson.* p. 31.

[628] Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 13.

to a more integrated approach to dealing with what they recognised as increasing cross-over in issues in areas of employment, training, skills development and education.

The Hawke Government was relatively advanced in channelling time and energy into attempts to establish a coherent framework for thinking systematically about policy agendas in these areas. This was encouraged by the impulse of proponents of reform and their advisors to link their aims to the Government's broad narrative of economic renewal. Government policy on education-to-work transitions, which was a focus in the early years of the Labor Government, furnished themes and lessons that were applied to the challenges of higher education in a time of rapid social and economic change.[629] Attention to the inter-relationship between education, training, employment and other sectors of policy produced a skill-focused framework that a ministerial advisor described as follows:

> … a moderately well thought out agenda from the ALP when they came into office in 1983 in which human capital was a central component. Labour market reform is an essential element of microeconomic reform. And a critical element of labour market reform was skilling of the Australian workforce which meant enhanced participation and outcomes from education and training.[630]

The Hawke Government's conceptualisation of skills development and the problems in youth-to-work transitions in the early 1980s represented an approach to education and markets that carried over in the thinking that shaped the later higher education reform agenda. One facet of this was that several advisors and officials who played important roles in the development of the youth transitions agenda subsequently took key advisory positions in the late 1980s higher education agenda.

As levels of youth unemployment crept higher in the 1970s, weaknesses in national skills training was a matter attracting greater attention in various arenas. From 1975 the Fraser Government had implemented a number schemes to address the problems of youth unemployment ranging from employer subsidies for on-the-job training to the Education Program for Unemployed Youth (EPUY), a pre-employment scheme for youth with no

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[629] An example was the following comment from a senior bureaucrat: "There were silos. There was division within DEET. And I had to work very hard to change this. Papers would come across my desk about education which made no linkage to skills and employment. And I asked, where was the discussion regarding skills." Government Official B: Interview with author, 2017.. Also: "the bigger policy objective (in higher education) was increasing participation and skilling the workforce." Ministerial Staffer B: Interview with author, 2017.
[630] Ministerial Staffer B: Interview with author, 2017.

qualifications.[631] Two major inquiries were established to investigate these questions: the 1979 Williams Committee of Inquiry into Education and Training and CTEC's 1982 report, *Learning and Earning*, looking at trends of young people's in participation in education and the labour force.[632] Both the inquiries and the programs reflected increasing national attention paid to youth transitions into work and the importance in this process of the role played by post-secondary education and training. Ultimately, these limited measures were overwhelmed by the magnitude and structural nature of the youth unemployment that resulted from the 1982-83 recession. For the remainder of the decade, the average unemployment rate of the active labour force in Australia was 7.3 per cent and almost half of these were under the age of 25.[633]

Labor ran strongly in the 1983 election on the issue of youth unemployment. With a 15-19 year old unemployment rate of nearly 25 per cent, Hawke promised to reverse what was identified as a learning gap between Australia and other countries through a commitment to a major rise in enrolments in secondary and post-secondary education.[634] Chronic youth unemployment in the 1980s due to the disappearance of unskilled entry-level jobs for early school leavers was a "new social problem" that had enormous implications for community attitudes to school staying-on and for how the Government thought about public education systems.[635] With the transition from education to work viewed as an urgent priority, the concept of human capital became an important concept in a framework of thinking that prioritised the acquisition of relevant skills through training and education systems.[636] An emphasis on skills policy to address structural unemployment emerged as a key microeconomic reform in the Hawke Government's larger strategy for economic recovery. The causes behind the dramatic increases in youth unemployment captured the interest of

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[631] Committee of Inquiry into Education and Training (Williams Committee), "Education, Training and Employment." p. 640.
[632] Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People."
[633] OECD, *Historical Statistics: 1960-1997*. (Paris: OECD Publishing, 1999). p. 46.
[634] Hawke, "1983 Federal Election Campaign Speech." Peter Kirby, "Report of the Committee of Inquiry into Labour Market Programs." (Canberra: Australian Government Publishing Service, 1985). p. 33.
[635] For the concept of new social problems, see Taylor-Gooby, *New Risks, New Welfare: The Transformation of the European Welfare State*.
[636] In 1982 CTEC had completed a detailed study into troubling trends in young adult participation in labour markets and education just as recession caused a rapid deterioration of labour markets for young people. See Commonwealth Tertiary Education Commission, "Learning and Earning: A Study of Education Opportunities for Young People."

economists and others in academia. The disappearance of work opportunities for teenagers became a preoccupation of educationists as well as specialists in relevant branches of government, who came to identify the need to improve integration of the post-secondary education institutions and the weakness of links between the employment, skills development and education areas of national policy.[637]

Soon after Labor came to office, the Minister for Employment and Industrial Relations, Ralph Willis, appointed Peter Kirby, a senior Canberra bureaucrat, to lead a committee to examine Australia's labour market policies and programs and to identify areas for improvement.[638] The Kirby Inquiry gave policymakers the most detailed analysis to date of the impact of globalisation and technological change on patterns of employment in the fall-out of the 1981-82 recession. It consulted with all Commonwealth Departments, national industry training agencies, State and local governments, and took 250 submissions from employer and union organisations and interested individuals and advocacy groups. It commissioned research and discussion papers from experts in skills training and labour market programs and drew on the most recent international findings in a rapidly expanding field of policy analysis.[639]

As Willis and Kirby understood, the contours of the 1980s recession were a challenge for which there was no precedent. A combination of structural forces had afflicted labour markets in ways never experienced in other post-war downturns. Many industries failed to recover and large numbers of unskilled and semi-skilled jobs in manufacturing disappeared.[640] At the same time, new types of employment in the service sector grew.[641]

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[637] Australian Bureau of Labour Market Research, "Youth Wages, Employment and the Labour Force, Research Report No. 3," (Canberra: Australian Government Publishing Service, 1983); Richard Sweet, "Trends in Educational Participation in Australia: Some Common Assumptions Re-Examined," (Sydney: New South Wales Department of Technical and Further Education Policy Unit, 1986); Australian Science and Technology Council, "Technological Change and Employment," (Canberra: Australian Government Publishing Service, 1983); "Wealth from Skills: Measures to Raise the Skills of the Workforce," (Canberra: Australian Government Publishing Service, 1987).
[638] Kirby, "Report of the Committee of Inquiry into Labour Market Programs."
[639] Ibid. p. 203.
[640] OECD, *Structural Adjustment and Economic Performance*.
[641] Michael Keating, "The Labour Market and Inequality," *Australian Economic Review* 36, no. 4 (2003). p. 387. Michael Coelli and Jeff Borland, "Job Polarisation and Earnings Inequality in Australia," *Economic Record* 92, no. 296 (2016); Robert G. Gregory, "Dark Corners in a Bright Economy: The Lack of Jobs for Unskilled Men," *Australian Bulletin of Labour* 38, no. 1 (2012).

Most troubling in its social impact was the disappearance of swathes of unskilled entry-level jobs. This was most severe in communities that depended on manufacturing jobs.[642] In Willis's constituency in Melbourne's west, youth unemployment reached levels of between 30-40 per cent.[643] Persistently high unemployment through the decade meant high levels of receipt of income support from the state, with negative effects on the Government's fiscal position. In 1982-83 Commonwealth expenditure on pensions and other income support — which included the 585,000 individuals receiving unemployment benefits — accounted for nearly a quarter of Commonwealth outlays and constituted seven per cent of GDP (it was 2.9 per cent in 1970).[644] A telling illustration of the times is that Commonwealth expenditure related to unemployment benefit payments in 1983/84 exceeded its expenditure in post-secondary education.[645] This crisis drove Hawke to initiate a national agenda relating to youth transitions.

The central theme of the Kirby Report — and of a stream of other reports in the mid-1980s[646] — was the need to reverse the drastic decline in the employment-population ratio through concerted measures to raise national levels of educational achievement and skills.[647] As the report clearly stated, traditional labour market programs, such as job creation subsidies tried under Fraser and which Labor continued to fund, could not of themselves resolve these issues.[648] What was necessary was a "close interlinking between a number of policies" and, central to this goal, the integration of education and training. (Kirby claimed that there was no useful distinction to be made between the two.[649]) In a theme that was echoed in the discourse of the higher education reform agenda, the report highlighted Australia's lagging performance on most measures of educational achievement behind other industrialised countries such as Sweden, Japan, Canada and the United States.[650] The central message was that the underdeveloped education and training system was a major handicap limiting

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[642] Kirby, "Report of the Committee of Inquiry into Labour Market Programs." p. 37-47.
[643] Federal Politician: Interview with author, 2018.
[644] Kirby, "Report of the Committee of Inquiry into Labour Market Programs." p. 236.
[645] Ibid. pp. 64, 261. Sweet, "Trends in Educational Participation in Australia: Some Common Assumptions Re-Examined." p. 15.
[646] Economic Planning Advisory Council, "Human Capital and Productivity Growth," (Canberra 1986); Australian Science and Technology Council, "Education and National Needs."; Sweet, "Trends in Educational Participation in Australia: Some Common Assumptions Re-Examined."
[647] Kirby, "Report of the Committee of Inquiry into Labour Market Programs." pp. 57-9.
[648] Ibid. p. 4.
[649] Ibid. p. 49.
[650] Ibid. pp. 49-57.

Australia's competitiveness and increasing the risk of falling behind the living standards achieved by these highly-educated countries.

The Kirby Report's long list of recommendations informed the development of Hawke's "Priority One" youth agenda. This exercised an enormous influence in shaping the Government's attitude to the role of the national education system in Hawke's first and second terms.[651] When Hawke appointed his first ministry in 1983, he moved the existing Office of Youth Affairs (OYA) from the employment to the education portfolio which was renamed the Department of Education and Youth Affairs (DEYA). The intended role of the upgraded OYA was to coordinate a whole-of-government approach to youth issues.[652]

Within 18 months youth affairs was again transferred, this time under the prime minister's portfolio. This decision stemmed in part from the findings of a review by the OECD which had invited the Government to look into Australia's education, training, employment and income support programs for young people.[653] The OECD which had strong experience of similar programs in other countries, identified the "complex, inconsistent and inequitable" arrangements that were the chief obstacle in Australia to tackling the problems of youth unemployment.[654] To achieve unity and clear direction, Hawke decided to relocate the OYA into his own Department for Prime Minister and Cabinet (PM&C) as part of a reshuffling of responsibilities following the re-election of the Government in December 1984. To renew momentum, Hawke selected Dawkins to take on the responsibility of Minister Assisting the Prime Minister on Youth Affairs. This was added to Dawkins' new responsibility, following the reshuffle, as Minister for Trade.[655] The appointment reflected Hawke's confidence in and estimation of Dawkins' talents and suitability for what he regarded as a crucial agenda. It was also a recognition of Dawkins' identification with Labor's new policy tenets of efficiency and economic competitiveness and his proven effectiveness in translating these into practice. His first portfolio in the Hawke Government has been as Minister for Finance (1983-84), and his

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[651] Bob Hawke, "The Commonwealth Government's Strategy for Young People. A Statement by the Prime Minister," (Canberra 1985).
[652] Edwards et al, "The Search for a Single Allowance." p. 17.
[653] Ibid. p. 20.
[654] OECD, *Review of Youth Policies in Australia*. (Paris: OECD, 1984).
[655] Marshall, "Bureaucratic Politics and the Demise of the Commonwealth Tertiary Education Commission." p. 25.

additional role in managing the passage of the public service management reforms enhanced his reputation.[656]

In particular, running the agenda for reforming the public service management provided Dawkins with opportunities to develop his understanding of the ways of the federal bureaucracy and valuable lessons in the difficulties of managing interagency processes. Cross-departmental coordination was critical in the work of OYA. Its aims cut across several large departments — Employment and Industrial Relations, Education and Social Security — and interdepartmental committee (IDC) processes while OYA was located in the education department had proved slow-moving. The move of OYA to the Prime Minister's department signalled the priority that Hawke attached to the OYA goals, particularly the youth allowance initiative (discussed below). Dawkins bypassed the conventional IDC processes through dealing directly with his ministerial colleagues and showed his preference for involving a tight circle of advisors in managing of the agenda processes — a preview of methods he would later use in reforming higher education.

The OYA position was Dawkins' first ministerial responsibility connected to education policy, though he already had considerable background. His first experience of education policymaking came about representing Young Labor in student politics at the University of Western Australia (which shaped his disparaging views of academic privileges).[657] Not long after finishing university — he began as a mature-age student having already completed a course in farming at Roseworthy Agricultural College in South Australia — Dawkins was elected to the federal parliament in 1974 at the young age of twenty-seven. It was a brief experience with national politics for the novice who lost his seat in the wipe-out of the Whitlam Government in December 1975. This was the "dismissal" election that brought an abrupt end to an inspired venture in social democracy in a climate of political and financial scandal. Dawkins was back in Canberra in 1977, winning from the safe Labor seat of Fremantle; in 1980 he was promoted to Shadow Minister for Education. This gave him a parliamentary platform to attack the Fraser Government for its record of abandoning of the

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[656] Dawkins, *Reforming the Australian Public Service: A Statement of the Government's Intentions, December 1983*.
[657] Macintyre et al., N*o End of a Lesson.* p. 6. Davison and Murphy, *University Unlimited: The Monash Story.* p. 191.

Whitlam "social needs" principle in school funding and its failure to invest in developing the skills of young Australians.[658]

OYA was addressing problems of great urgency that had grown in scale but were, in many respects, new to the conventional concerns of education policymakers. It brought a much sharper focus to the issue of early school leavers whose avenues to work had disappeared in the early 1980s. It indicated a turning point in education policymaking recognising the need to grapple with questions of encouraging 16-19-year-olds to remain in education or training beyond the statutory school leaving age. Australia and many comparable countries at this time looked abroad for models to emulate such as the United States and Japan, which had achieved near universal participation in post-compulsory education and training.[659]

The origins of Labor's youth agenda lay in Hawke's March 1983 election speech and the April national economic summit where he promised to focus resources on addressing the troubling association between structural youth unemployment and measures of social disadvantage. The subsequent OECD report on Australia's youth policies and the Kirby Report warned of the severe social and economic costs of large numbers of 17-year-old Australians in neither education nor employment.[660] It identified several factors contributing to failures in school-to-work transitions: the absence of national strategy for skills development; low rates of school completion; and the failure to develop links between the employment and education functions of government. From its early days the Government targeted reform of the training and secondary education systems, which it viewed as crucial to bringing down severe levels of youth unemployment.

Pursuing such a policy in the OYA revolved around the concept of a "single allowance" for youth income support.[661] Essentially, this amounted to evening out the benefits of staying on or leaving school by setting the income support for students from low-income households at the same rate as the youth unemployment allowance.[662] The policy outcome that took some

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[658] As shadow minister Dawkins castigated the Fraser Government of its proposal to introduce limited university fees in 1981. Labor Party critics of Dawkins' fees reforms liked to remind him of this. See Commonwealth Parliamentary Debates (CPD). House of Representatives. 19 August 1981. p. 385; Commonwealth Parliamentary Debates (CPD). House of Representatives. 24 September 1981. p. 1731.

[659] Papadopoulos, *Education 1960-1990: The OECD Perspective.* p. 171.

[660] Kirby, "Report of the Committee of Inquiry into Labour Market Programs."; Edwards et al, "The Search for a Single Allowance." p. 20. OECD, *Review of Youth Policies in Australia.*

[661] Edwards et al, "The Search for a Single Allowance." pp. 13-56.

[662] Ministerial Staffer A: Interview with author, 2017.

years to materialise was AUSTUDY, a universalisation of various forms of income support under a single scheme with clear incentives for young people to continue education or training beyond the school leaving age.[663] School staying-on increased dramatically during the 1980s, but the measure of how much this was due to the effect of policy may be negligible. The national rate of year 12 retention, which was less than a third of secondary students in the mid-1970s, reached three in five in the late 1980s. [664] These rapid changes in patterns of school attendance were driven primarily by social attitudes to education — families believing school completion an essential path for their children.[665] The increases had mostly occurred before the implementation of AUSTUDY. Nevertheless, measures to encourage school completion put in place by the Education Minister, Ryan, and by the OYA, not least the consistent message regarding the opportunities arising from staying-on and the penalties of early leaving, likely had some positive effect on the broad social trend.

The substance of the analysis of labour markets that were vital in these earlier youth and skills agendas prefigured the higher education reform agenda. First, economic concepts such human capital and labour market skills were not confined to debates about technical education but penetrated the language used and way of thinking about education in a broad sense. The most identifiable figures of this structural change in the discourse were Dawkins and his circle of advisors, but the change was reflected across the higher agencies of government. Dawkins embraced Hawke's call in 1983 to meet the great national economic challenge of "reconstruction, recovery and renewal".[666] When his ministerial responsibilities touched on skills or education he looked at what needed to be done through the eyes of an economics minister believing that Australia was at a crossroads where it might succumb to the perils or seize the opportunities of the open economic system.[667] Resilience and prosperity under circumstances of globalised competition meant making connections between the goals of education policy and desired economic outcomes much more explicit.

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[663] Edwards et al, "The Search for a Single Allowance." p. 13. Bruce Chapman, "Austudy: Towards a More Flexible Approach. An Options Paper. A Report Commissioned by the Department of Employment, Education and Training," (Canberra: Department of Employment, Education and Training, 1992).
[664] The measure of year 12 retention is explained in a footnote on page 65 in Chapter 4.
[665] John Carrick, "Report of the Committee of Review of New South Wales Schools," (Sydney: NSW Government, 1989). pp. 177-183.
[666] Federal Politician: Interview with author, 2018.
[667] Chapman and Hicks, "The Political Economy of the Higher Education Contribution Scheme." p. 262. Herman Schwartz, "Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s."

OYA was a lever to push national economic priorities into the educational policy system. Moreover, while Minister for Trade, Dawkins successfully promoted a higher education market for international students. This strengthened his conviction that education and markets could be mutually beneficial, and that education and economics were mutually reinforcing policy areas. The unusual path to the education portfolio via two of the key economic ministries, Finance and Trade, had made its mark on Dawkins, prompting the following observation by a former vice-chancellor:

> … you suddenly realise that you are dealing with an economic minister. … He had just a completely different way of operating I think from other (education) ministers. And his first thought was always about its impact on national prosperity and all that kind of thing. He thought like that. But also, you realised that probably for the first time the cabinet was paying attention to this area. In a way I suspect that never had been before.[668]

The Higher Education Reform Discourse

In the mid-1980s there was an intensification of interest in issues of higher education in a number of high-level policy venues including the cabinet, the ranks of senior bureaucrats and various national policy advisory bodies. The drift of national policy debate in the skills/education area appeared to move on from the earlier focus on the "at-risk" unskilled early school leavers to greater attention to the outcomes of the universities and colleges that were teaching the ablest students. One reason for this interest was that as a result of the growing pool of qualified school completers, there was a resurgence in demand for higher education. But with government-imposed caps on intakes, not all were able to attain a place. Policy circles recognised that widespread participation in higher education was an essential aspect of the increasingly knowledge-based economy ruled by technological innovation and continuous changes in occupational structures and modes of work.[669]

A question of increasing importance in policy discourse concerned the performance of the higher education system in producing sufficient numbers of graduates ready to embrace and adapt to the forces of globalisation and technological change and therefore benefit from the opportunities offered by the knowledge economy. [670] ATSEC's 1987 report, *Education and*

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[668] Vice-chancellor A: Interview with author, 2017.
[669] Papadopoulos, *Education 1960-1990: The OECD Perspective.* p. 174.
[670] Ibid. p. 170.

National Needs, argued that education was the "critical progenitor" in the successful creation of "knowledge-based industries" in leading industrial nations such as Japan and the United States and therefore the main factor in achieving comparative advantage.[671] The report went on to claim that "for living standards to be maintained, the Australian workforce must be trained and re-trained to much higher levels than have ever been thought necessary."[672] It pointed to the vast network of junior colleges in the USA that, while "not of the same quality as the Australian higher education system", produced a large pool of graduates who "are likely to have a better insight into higher level conceptual problems and the means by which such problems are solved than Australians who do not have the opportunity to attend college at all".[673] To emulate the success of "knowledge-based" industrial economies such as the USA, Canada and Japan, the report concluded, it was necessary that "for the next decade at least, the reform and expansion of the education system must rank as the most important priority for the nation".[674]

While the earlier analysis of labour markets had concentrated on those in danger of being left behind by structural change, now labour economists were emphasising the crucial importance of advanced human capital in the knowledge-based economy. The case for higher education expansion in the immediate post-war decades was argued on grounds of strategic planning for the growing need for managerial or engineering expertise. In the latter years of the century, the argument for increasing the number of graduates was that modern economies depended above all on the spread of human capital in the population.[675] The OECD emphasised the dispersion of knowledge and innovation essential in modern production systems and recommended developing relevant skills and expertise by massive expansion and diversification of higher education systems.[676] This was a major theme of the 1985 report *Human Capital and Productivity Growth* produced by the Prime Minister's Economic Planning Advisory Council (EPAC) arguing that Australia should emulate the successful manufacturing nations through systems of management and skill development focused on the needs of the workplace.[677] The Committee for Economic Development of Australia (CEDA),

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[671] Australian Science and Technology Council, "Education and National Needs." p. 38.
[672] Ibid. p. 6.
[673] Ibid. p. 26.
[674] Ibid. p. 5.
[675] OECD, "New Relationships between Education and the Economy in a Changing Society," in *Education and the Economy in a Changing Society* (Paris: OECD, 1989).
[676] OECD, *Universities under Scrutiny*.
[677] Economic Planning Advisory Council, "Human Capital and Productivity Growth." p. 14.

an influential policy-focused organisation of business leaders and academics, also argued in a 1985 report that raising national growth rates depended on improvements in Australia's education system. In particular, weaknesses in matching human capital to labour market demand needed to be addressed.[678] The CEDA report went further and attributed distortions in the supply and demand of skills to bureaucratic centralisation of decision-making and supported greater deregulation, greater emphasis on the price signals in labour and education markets, and the reinstitution of tertiary fees.[679]

These reports were influential in shaping the themes which found their way into the Green and White papers that laid out the policy framework for the higher education agenda. The 1987 Green Paper stated that, "as the prime source of higher-level skills for the labour market, the higher education system has a critical role to play in restructuring the Australian economy."[680] Increasing the number of graduates in the labour force, particularly graduates in science and technology, was seen as the vital ingredient to turning Australia into a more competitive global economy:

> What is important is the flexibility to capitalise on new opportunities as they arise and to accept the need for continuing change and adjustment, largely determined by international forces. A well-educated workforce is a key source of such flexibility. The more responsive the workforce, the greater the speed of adjustment to external shocks and the less the impact on Australia's standard of living.[681]

Imparting urgency and impetus to the underlying note of alarm in the reports of these bodies were a set of economic difficulties that appeared to draw attention to the precariousness of Australia's economy in the mid-1980s. The main problems were identified as a significant deterioration in terms of grade, the root of which was that Australia's export trade was locked into raw materials and a rapid decline in the value of Australia's currency and acute difficulties of increasing the national rate savings by curbing consumption.[682] In 1986, the

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[678] Committee for Economic Development of Australia, "Education for Development," (Melbourne1985). pp. 10-11.

[679] Ibid. p. 19.

[680] Dawkins, "Higher Education: A Policy Discussion Paper." p. 8.

[681] Ibid. p. 2.

[682] Kelly, *The End of Certainty*. pp. 196-202. The prognostications in the 1980s of Australia's economic destiny on the basis of Australia's dependence on raw material exports seem to be excessively gloomy from the perspective of subsequent changes in the terms of trade which increased in Australia's favour by 77 per cent between 1999 and 2009. Much of this was the result of the dramatic rise in demand for Australian raw material exports from the rapid

current account deficit had grown to six per cent.[683] The threat to living standards posed by all these factors was memorably captured in the Treasurer Keating's remark to a talk-show radio host in May 1986 that the country risked becoming a banana republic.[684]

Dawkins took a keen interest in the OECD's publications and absorbed its analysis of the "knowledge economy" and consequent recommendations for national policymakers.[685] He depicted a bleak picture of higher education during the Fraser government which he claimed was dominated by cost-cutting and devoid of any vision of the future. A consequence was a sharp decline in youth participation in higher education between 1975 and 1982 which, he argued, represented a failure to invest in the skills or human capital vital to modernising the economy.[686] The minister's first statement on the state of higher education presented the problem as follows:

> We continue to lag behind our international competitors on a range of significant measures of education and training performance, including the rate of retention to the end of secondary education, the level of youth participation in higher education, and the proportion of the workforce holding post-school qualifications. Historically, also, we have given insufficient attention to the composition of our national skill base, and to the need for skills which directly contribute to the productive capacity of our economy.[687]

This narrative depicted a state of inaction and the absence of achievement in higher education during the seven years of Coalition Government under Fraser. The record certainly helped to

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economic development of Asia. See Ian W. McLean, *Why Australia Prospered: The Shifting Sources of Economic Growth*, The Princeton Economic History of the Western World (Princeton University Press, 2013). p. 229.

[683] OECD, *Economic Surveys: Australia 1987/88*. p. 105. John Quiggin, "Social Democracy and Market Reform in Australia and New Zealand," *Oxford Review of Economic Policy 14*, no. 1 (1998). p. 80.

[684] Megalogenis, *The Australian Moment.* p. 178

[685] OECD, *Policies for Higher Education in the 1980s*; OECD, *Education and Training after Basic Schooling*. (Paris: OECD, 1985); Papadopoulos, *Education 1960-1990: The OECD Perspective.*; Ministerial Staffer A: Interview with author, 2017.

[686] John Dawkins, "The Challenge of Higher Education in Australia," (Canberra: Australian Government Publishing Service, 1987). p. 3. Dawkins, speaking on a parliamentary motion of public importance in 1981, claimed that by tightening eligibility for study allowance the Fraser Government had "killed the revolution in access which was commenced in 1974" by making it much harder for low- and middle-income families to access university. Commonwealth Parliamentary Debates (CPD). House of Representatives. 4 March 1981. p. 422.

[687] Dawkins, "The Challenge of Higher Education in Australia." p. 5

make this argument. Commonwealth funding for the universities and colleges was virtually stagnant through the late 1970s and early 1980s.[688] In the period 1976-85, most of which was governed by the Coalition, the public grants amount for higher education barely moved, going from $AU2,223 million (in 1985-dollar values) to $AU2,278 million.[689] Enrolments in full-time higher education declined marginally during this period and part-time enrolments increased a little. The key indicator of participation rates of 18 to 22-year-olds remained flat at 10 per cent.[690] Remarkably for the post-war era, not a single new university was created during the Fraser years.[691] The state of higher education in this period, as Karmel noted in 1980, was an unusual one of stasis following two decades of rapid growth.[692] He speculated whether this would eventuate in a continuing "steady state", whether the drivers of growth had played out and the rate of participation had stabilised.[693] An alternative way of reading these circumstances was offered in the analysis of Trow (1974, 1989) in relation to the British case, who identified funding cuts, centrally imposed caps on enrolments and failed

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[688] Apart from three years in the early 1950s when enrolments decreased due to the ending of intakes of ex-service personnel under the Commonwealth Training and Reconstruction Scheme the growth curve for public expenditure and enrolments in higher education continued a pattern of robust growth until the mid- 1970s. CTEC reported in its 1978 triennial report a fall in the proportion of young people entering universities and colleges. Noting that "it is not clear to what extent this is due to the policy of stabilising intakes or to changing community expectations of the value of a university or advanced education qualification." See Commonwealth Tertiary Education Commission, "Report for the 1977-1979 Triennium, Vol 1," (1979). p. 36.

[689] "Review of Efficiency and Effectiveness in Higher Education." p. 276. Department of Employment. p. 14.

[690] . p. 20. Commonwealth Tertiary Education Commission, "Report for the 1985-87 Triennium. Volume I. Appendixes." p. 8. Higher education participation rates declined between 1975 and 1983 in the following categories: 18, 19 and 20 year olds (male and female). This period saw increases in female participation (from 2.1 per cent to 3.4 per cent of the 25-29 year old female cohort) and mature age participation (from 0.9 per cent to 1.6 per cent of the 30 years and over age cohort). Claims of large increases in the decade leading up to the Dawkins' reforms — Edwards et al. (2001) give a figure of 42 per cent increase in total enrolments — incorporate the surge in enrolments during the Whitlam years and the uptick in enrolments in the first two years of the Hawke Government. Due to a pronounced trend in this period for more part-time study considerable differences arise between total enrolments and total equivalent full-time student units (EFSU). Edwards et al, "The Search for a Single Allowance." p. 100.

[691] This was faithful to the advice of the 1964 Martin Report that the Government should avoid creating new universities in most circumstances.

[692] Karmel, "Tertiary Education in a Steady State." pp. 27-29.

[693] Ibid. p. 25.

attempts to reintroduce fees as typical signs of the difficulties of public systems in the transition from elite to mass education.[694]

As Minister for Trade, Dawkins came to a strong position that the best course in navigating the turbulence of globalisation and the open trading system was to foster Australia's competitive advantages. Australia's dependence on trade in bulk commodities caused a sharp decline in the terms of trade in the mid-1980s. Just as departmental officials were indispensable to Paul Keating in articulating the arguments that would link up the rationale for the Treasurer's economic strategy, Dawkins' relationship with senior bureaucrats in the Department of Trade was an essential influence in developing his thinking at this time. Generally, this fitted the pattern of the Labor Government where bureaucratic advisors whose standards of sound policy were determined by a set of economically rational principles constituted an important element of what could be described as the national policy community.[695] In this framework, Dawkins claimed that the Australian economy needed to offset this by shifting "the balance of economic activity towards greater domestic production of high value-added goods and services that are traded internationally."[696] Australia had a weak record of innovation and productivity in advanced industries and elaborately transformed manufacturing which were the fastest growing areas of world trade.[697] In developing these themes, Dawkins frequently drew on the growing research programs of the OECD investigating the links between educational attainment and economic performance and spelling out the implications for policy.[698] To maintain its living standards Australia needed workforce skills that underpin value-added production, and this meant catching up to the education participation rates of OECD member countries such as Japan, Canada and the USA. Investing in human capital was an essential pre-requisite to achieving productivity

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[694] Trow, "Problems in the Transition from Elite to Mass Higher Education."; "The Robbins Trap: British Attitudes and the Limits of Expansion." p. 68.

[695] See Pusey, *Economic Rationalism in Canberra*.

[696] John Dawkins, "A Changing Workforce," (Canberra: Australian Government Publishing Service, 1988). p. 1.

[697] Barry Jones, the science minister, described Australia's weakness in the following terms: "For 25 years elaborately transformed manufactures have been the fastest growing area in world trade. Australia has just watched it happen. We have lacked a sophisticated industrial base to make it possible for Australia to compete in world markets." Commonwealth Parliamentary Debates (CPD). House of Representatives. 26 November 1987. p. 2774.

[698] John Dawkins, "Opening Address," *OECD Intergovernmental Conference on Education and the Economy in a Changing Society*. (OECD Publishers: Paris 1988).

gains of high skill economies which now included several rapidly developing countries in the region.[699] As Dawkins put it:

> To ensure the necessary gains in productivity, increased investment in physical capital must be accompanied by measures to produce a more highly skilled and flexible labour force …. investment in new equipment and production processes should be accompanied by investment in human resources so that workers have a thorough understanding of the new technology.[700]

Dawkins framed the discourse of the higher education agenda in terms of a binary choice between distinct courses: reform and modernisation that would enable Australia to seize the opportunities for growth and prosperity in the globalised future, or inaction with the consequence of languishing behind more dynamic societies. This was a daunting challenge as Australia had entered a world of changes where sharp falls in prices for commodities had exposed imbalances in the Australian economy.[701] The contribution of Australia's higher education system to economic productivity and living standards was the recurring theme of the Minister's speeches and the Green and White papers stating the reform agenda.[702] This was the note struck in introducing the Green Paper:

> We live in a complex world characterised by increasing uncertainty and volatility…. our ability to deal effectively and equitably with change will depend in part on developments in our national higher education system.[703]

To achieve this, it was necessary to direct an increasing share of resources "to those fields of study of greatest relevance to the national goals of industrial development and economic restructuring".[704] In summary, the central arguments set out in the Green and White Papers that constituted the government's economic rationale for restructuring the higher education system were that modern economies require larger numbers of individuals trained to graduate level, that higher education was the prime source of high-level skills in modern labour markets, and, therefore, that an adaptable, flexible and skilled workforce was the pre-requisite of national competitiveness. On the individual level, higher education represented

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[699] Commonwealth Parliamentary Debates (CPD). House of Representatives. 22 September 1987. pp. 460-466. Dawkins, "Higher Education: A Policy Discussion Paper." p. 2.
[700] "A Changing Workforce." p. 1.
[701] "Higher Education: A Policy Discussion Paper." p. 2.
[702] Ibid.; "Higher Education: A Policy Statement."
[703] "Higher Education: A Policy Discussion Paper." p. 1.
[704] "Higher Education: A Policy Statement." p. 8.

an investment in a persons's human capital and insurance against the new social risk posed by labour market dynamics.

The Processes of the Decision Agenda

Before he came to the employment and education portfolio, Dawkins was one of the leading economic ministers in a government whose identity was built on spending political capital on a project of radical economic renewal and reconstruction. This encouraged the tendency to impose on all government activities a template of the need for a permanent state of economic reform. Applied to the so-called non-economic portfolios, it meant where feasible repurposing them as economic portfolios. In this way the government's large decisions in opening the national economy to the rigours of global competition could roll into a necessary program of microeconomic reform. In his approach to the education portfolio, Dawkins remained a reforming economic minister. He claimed that to prepare for the "future changes in economic circumstances", it was imperative that Australia advance its "technical knowledge and labour force skills" through increasing its stock of "highly educated men and women".[705] This was why he argued that the number of individuals graduating with degrees should rise by 88,000 to 125,000 between 1987 and 2001.[706] To achieve this required significant increases in funding for higher education which, in the context of the Government's fiscal parsimony, presented an acute dilemma. As one advisor put it:

> We were trying to square the circle. Increasing higher education participation, but actually reducing government expenditure as a proportion of GDP which was the trick across all of the portfolios at the time.[707]

When he assumed the education portfolio, Dawkins was already committed to a policy of fees.[708] Yet, although in no doubt about the goal, he was uncertain about the precise details or the shape that a fees regime might take. Unlike his friend Walsh who had agitated in cabinet for the reintroduction of university tuition fees in the form of income-tested, upfront

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[705] Commonwealth Parliamentary Debates (CPD). House of Representatives. 22 September 1987. p. 461.

[706] Dawkins, "Higher Education: A Policy Statement." p. 13.

[707] Ministerial Staffer B: Interview with author, 2017.

[708] Gregory believed that there was "a political pre-commitment to collect revenue from students on the part of some senior members within the cabinet" in particular in the minds of Walsh and Dawkins. R. G. Gregory, "Musing and Memories on the Introduction of HECS and Where to Next on Income Contingent Loans," *Australian Journal of Labour Economics*, no. 2 (2009). p. 238.

payments, Dawkins kept an open mind about the solution.[709] In the upshot, he chose to delegate the task of evaluating the options for private funding mechanisms to an advisor, an academic economist, who drew on economic tools and the body of economic research on higher education funding.[710] Before the fees model had taken concrete shape, Dawkins and his advisors began the processes of building a coalition of support for his reform agenda. As a background to the detailed analysis of these processes, Table 7.1 sets out the main decision points of the agenda.

Table 7.1. Australia – Major Events in Reform Agenda

Legislation/ Decision	Consequences	Implications	Policy dynamics
1987: abolition of CTEC. 1987: Suspension of triennial grants and responsibility for higher education funding shifted to DEET.	University sector lost "buffer" body. Universities integrated into central machinery of government.	Ministry gained greater control of higher education policy levers. Government played off vested interests on each side of binary system Government able to better play off Vice-Chancellors against one another.	Removed key channel of influence of traditional policy community DEET in position to make funding conditional on universities' agreement to the terms of the national unified system (profile funding).
1988 Higher Education Funding Act.	Legislated power to collect student contributions to tuition costs HECS introduced for all 1989 higher education enrolments	Eased number of tight controls that had slowed enrolment growth until mid-1980s. Private funding source facilitated move to mass participation. Enduring and politically sustainable settlement with bipartisan agreement following 1996 change to (centre-right) Liberal Government.	Labor Cabinet unified behind fees rationale. Wran Report provided basis for modification of ALP "no-fee" pledge against Labor opponents at party conference Support gained from Senate cross-benches.

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[709] An adviser observed: "I always got the impression that (Dawkins) he knew exactly where he was going. He didn't always know how it was going to get there but he always knew exactly where he was going." Ministerial Staffer A: Interview with author, 2017.
[710] Edwards et al, "Paying for a University Education: HECS and Not Fees." p. 99.

Legislation/ Decision	Consequences	Implications	Policy dynamics
1989 – 1992 Creation of Unified National System.	End of binary system based on the academic/voca-tional division.	Increased scale, uniformity and amalgamations raised problems with diversity. Move to research funding on basis of performance not institution.	Support gained from State Governments. According parity to non-university. Negotiations to gain the support of vice-chancellors and leaders of other HEIs.

Getting Advice, Recruiting a Team and Shaping Reform

Policy scholars emphasise policymaking as an enterprise of groups with the aim of resolving collective problems.[711] Where there is an absence of consensus within the policy system about goals of policy, this leads to groups of actors forming coalitions to promote their ideas and interests against those of others in the system.[712] Successful change depends on the support of a coalition of actors whose interests may be disparate but who are persuaded for a host of reasons to collaborate in advancing a new agenda. A key aspect of successful reform is that it holds a broad appeal to a range of policy actors whose motivations to support it will necessarily vary widely.[713] Actors of long standing in the policy system must be persuaded that the benefits of institutional reform outweigh the costs of maintaining the existing institutions.[714] Coalition-building usually takes place in two ways. Firstly, through bargaining and arm-twisting, governments use their control over the allocation of influence and money to gain political support for agendas.[715]

For many actors in the higher education system, Dawkins' agenda was attractive because it promised tangible benefits for their institutions. Success in coalition building also depends on how ideas are used to persuade potential allies that alternatives are a reasonable and logical

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[711] Hall and Taylor, "Political Science and the Three New Institutionalisms." p. 940.
[712] John, *Analyzing Public Policy.* p. 156.
[713] Daniel Béland and Robert Henry Cox, "Ideas as Coalition Magnets: Coalition Building, Policy Entrepreneurs, and Power Relations," *Journal of European Public Policy* 23, no. 3 (2016). p. 429.
[714] Schwartz, "Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s." p. 529. Béland and Cox, "Ideas as Coalition Magnets: Coalition Building, Policy Entrepreneurs, and Power Relations." p. 429.
[715] Kingdon, *Agendas, Alternatives and Public Policies.* p.17

solution to policy failure and that failure is severe enough to warrant change.[716] This second form of persuasion appeals to policy specialists' commitment to evidence-based and strategically consistent solutions to the dilemmas of the policy system, and it is crucial to the long-term stability of reform. In addressing the dilemmas of the higher education system, the Government was careful in spelling out its conceptualisation of the problem and how to solve it in ways that resonated with the beliefs of a range of bureaucrats, policy experts and a substantial part of the CAE and university leadership.[717]

Dawkins' main ambition in political life was to change policy, and he gave considerable attention to identifying advisors with the talents and beliefs to match this ambition. One advisor remarked that while "most politicians' networks would have been political … Dawkins were more around policy if you like".[718] Across his various portfolios, Dawkins developed a network of like-minded policy advisors and public servants who were sympathetic to his goals and who shared the assumptions of the Hawke Government's economic rationalist framework for policy development. These advisors were generally highly pragmatic in their approach to policy; they understood the bureaucratic processes; and they were attuned to liberal, market-based approaches. Dawkins retained individuals who he believed had "analytical and policy input" skills, but their "input" needed to accord in broad terms with his own agenda.[719] Two of the senior advisors recruited to the higher education reforms agenda had moved from previous roles as public servant advisors to Dawkins. One was involved in the public service reform legislation and then in the OYA. Another worked in youth income support policy in the OYA.[720]

For the head of the Department of Employment, Education and Training (DEET) Dawkins chose his Permanent Secretary at the Department of Trade, Vince Fitzgerald, a Harvard-trained economist. Fitzgerald's beliefs about what constituted good policy reflected those of senior fiscal bureaucrats in Canberra, in particular a view of the discipline that market forces

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[716] Béland and Cox, "Ideas as Coalition Magnets: Coalition Building, Policy Entrepreneurs, and Power Relations." Kingdon, *Agendas, Alternatives and Public Policies.* p. 125.

[717] Sabatier, "An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein." p. 140.

[718] Ministerial Staffer A: Interview with author, 2017.

[719] Ibid.

[720] Ministerial Staffer B: Interview with author, 2017. As this staffer remembered "Anyway, he obviously liked what he saw, and he then recruited me into his office".

brought to the public sector.[721] DEET was a "super department" formed in 1987 by subsuming in the education portfolio the functions of OYA, science research programs and the Commonwealth Employment Service from other departments.[722] The purpose was to improve the synergies between the employment and education functions by removing them from their silos. This resulted in a situation within DEET of a rough division between "utilitarians" on the employment side and "non-utilitarians" on the education side. Dawkins preferred the former to work on the higher education agenda.[723] With a more "human capital driven approach" and a "neoliberal view", these individuals were comfortable with "the notion of graduate fit to the labour market".[724] What the "utilaratian" advisors could not provide was a first-hand knowledge of the higher education system. Here Dawkins relied on individuals relocated from the CTEC secretariat into DEET.

Dawkins made sure that the officials working on the Green and White Paper processes were sympathetic to the argument for higher education fees. A senior civil servant described Dawkins approaching him drink in hand at the departmental "happy hour":

> And he started off saying to me, "I know you are opposed to the introduction of fees". And I said, "well, I am not, actually. I am all in favour of a contribution but not the way you and your mate Walsh have proposed it."[725]

On the political side, individuals holding pro-fees beliefs with a background in left politics were valuable. Several individuals advising Dawkins had been Labor student politicians or party policy researchers who had disagreed with the orthodox anti-fee position in these arenas. In the vein of Walsh and Dawkins, these individuals invested energies in arguing a position that ostensibly identified with the equity tradition of Labor. Tuition fees were rationalised as consistent with a progressive political position. A claim made by most interviewees to the author was that the principal beneficiaries of the Whitlam Government's abolition of fees in higher education were middle-class and relatively privileged. (A striking aspect of these claims of a male dominated sample was their gender blindness. As Ryan and one other female interviewee observed, the Whitlam agenda resulted in a surge in the

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[721] Marshall, "Bureaucratic Politics and the Demise of the Commonwealth Tertiary Education Commission." p. 31. Schwartz, "Small States in Big Trouble: State Reorganization in Australia, Denmark, New Zealand, and Sweden in the 1980s." p. 539.
[722] Macintyre et al., N*o End of a Lesson.* p. 56.
[723] Government Official C: Interview with author, 2017.
[724] Ibid.
[725] Government Official F: Interview with author, 2017.

representation of women in universities.)[726] While this represented a minority view within the Labor Party in the early 1980s, the argument that the party's "free higher education" pledge was the wrong way to bring about greater participation by socially and economically disadvantaged groups was having some influence.[727] For example, a new backbencher, with Dawkins' encouragement, argued the case against the party's "no-fees" platform in Education Committee of the Labor Caucus. As he remembered it:

> When Gough (Whitlam) changed the system in the early 70s, I think it was the right reform for the time. But, fast forward to the mid-80s … when you looked at the equity or the fairness of the issues associated with that, it was still the case that, although more students were participating in universities — and, of course, the cost to the budget was much higher — the socio-economic profile of who was participating really hadn't changed much.[728]

In building a coalition for his agenda, Dawkins was sceptical about the extent of cooperation he would receive from the HEIs. This led him to establish unofficial channels of advice to fill in his sketchy knowledge of the sector. One of these was Don Aitkin, who was chair of the Australian Research Grants Committee (ARGC), a political scientist who frequently contributed to newspapers on matters of national politics, and an increasingly disenchanted critic of the national record of Australia's higher education system. Aitkin recalled his first briefing with the new minister, who put aside the scheduled ARGC matters and proceeded to "invigilate" him on his views regarding the state of Australia's higher education which was the subject of a recent speech by Aitkin.[729] Subsequently, Dawkins invited Aitkin to join informal conversations about higher education with a group consisting of several vice-

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[726] Government Minister B: Interview with author, 2017. Vice-chancellor A: Interview with author, 2017. In 1972, 69,000 males and 53,000 females between the ages of 15 and 24 were in full-time higher education in Australia. In same age cohort in 1985, 86,000 males and 81,000 females were in full-time higher education. In 13 years, the share of female enrolments in full-time higher education grew from 43 to 49 per cent. Australian Bureau of Statistics (ABS), "Survey of Leavers from Schools, Universities or other Educational Institutions. Cat. No. 6227.0." 1972.; ABS, "Transition from Education to Work, Australia. Cat. 6227.0." 1986. For a critique of the gender implications of instrumentalist assumptions of the Green Paper, see Jane Kenway and Jill Blackmore, "Gender and the Green Paper: Privatisation and Equity," *Australian Universities Review* 31, no. 1 (1988).
[727] Government Official C: Interview with author, 2017.
[728] Federal Politician: Interview with author, 2018.
[729] Don Aitkin, "Education and National Needs," *The Copland Memorial Lecture* (Canberra, 29 July 1987); Aitkin, *Critical Mass: How the Commonwealth Got into Funding Research in Universities*. p. 142.

chancellors, CAE directors and a prominent economist — all critics in one way or another of the existing policy system. The group included the controversialist and maverick Watts.[730] These individuals (which came to be known as the "purple circle", as their discussions were allegedly well lubricated with food and wine) met on a number of occasions with the new minister for wide-ranging discussions on the state of higher education.[731] A (non-drinking) observer from DEET took notes and individuals were assigned to prepare reports on nominated topics.[732]

There are conflicting opinions on the purple circle and its influence on the Green and White Papers that were essentially the reform blueprint. Macintyre et al. (2017) see its main purpose as filling the gaps for Dawkins' senior advisors who had limited knowledge of how the sector worked.[733] The purple circle was an illustration of Dawkins' use of informal methods to clarify his thinking about reform objectives. In a similar vein were brainstorming sessions in the Minister's office to stimulate ideas. A regular participant in these discussions observed that "nothing was off the table", that Dawkins gave his full attention to listening to arguments and had a trick of quoting individuals in their own words to catch them out in a contradiction.[734]

Intending the Green and White Papers to be the defining statement of the direction of policy, Dawkins carefully controlled the preparation and timing of these and scrutinised the drafts with precision. The team writing them was kept deliberately small, and the minister blotted "everything out of his diary" for a day or half a day to free himself from interruptions to concentrate on the issues.[735] Dawkins' experience in senior ministries and the ERC gave him an exceptional grasp of the processes of cabinet, the central institution of national decision-making. Attentive to every detail, he arranged for officials, policy experts or advisors to be present and to contribute to cabinet presentations. He took diagrams into the cabinet room

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[730] The group included Aitkin, Helen Hughes, Don Watts, Mal Logan, vice-chancellor of Monash University, Robert Smith, vice-chancellor of the University of Western Australia, Jack Barker, director of Ballarat CAE, Brian Smith, director of RMIT. See Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." p. 202.

[731] Macintyre et al., N*o End of a Lesson.* Croucher and Waghorne, *Australian Universities: A History of Common Cause*. p. 158.

[732] Former Government Official: Interview with author, 2017.

[733] Macintyre et al., N*o End of a Lesson.* p. 62.

[734] Ministerial Staffer A: Interview with author, 2017.

[735] Government Official F: Interview with author, 2017.

making sure his department had thoroughly responded to other agencies' coordination comments on his submissions so that he knew

> …what the arguments were going to be before the cabinet meeting was held. So, Dawkins could prepare himself. "Okay. I'm going to have to hit this one off and this one off". Yes. That is how he managed that.[736]

Dawkins' standing in cabinet helped to remove potential frictions to reform. For example, the Treasurer Paul Keating asked the head of the Australian Taxation Office to support Dawkins in exploring the use of the national taxation system as the instrument for collecting HECS loan repayments.[737]

Dismantling CTEC

After Karmel's departure in 1982, CTEC failed to develop processes to reduce the uncertainties surrounding securing funding and growing dissension within the binary system. The pro-fees campaign in the cabinet, the conflict in the Labor Party over the issue, and the problem of surging numbers of eligible school leavers left vice-chancellors and the CAE principals anticipating where the debate about fees was leading. Leadership was another factor in the instability in the policy system, with Hudson's difficulties in coming to terms with the ascendant economic rationalism of the Hawke Cabinet. His formative years were spent as education minister and deputy premier in the progressive 1970s South Australian Labor Government of Don Dunstan. It was as though he was of an earlier generation unable to identify with the tenets of Labor's new policy framework.

The relationship between Hudson and Dawkins had effectively broken down when the latter became education minister in 1987. An adviser described a meeting between the two men soon after Dawkins became minister:

> There was a series of things (for discussion). And Hudson's view was, "well, there's all the answers, minister, we've got it all there. We can manage all this for you". And that may have been the last words they ever had.[738]

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[736] Government Official C: Interview with author, 2017.
[737] Edwards et al, "Paying for a University Education: HECS and Not Fees." p. 105.
[738] Government Official F: Interview with author, 2017.

Hudson was excluded from the "purple circle" discussions in the lead-up to the Green Paper.[739] When he was nominated for a position on a task force into higher education which he learnt was to be led from DEET, he had already decided on the basis of his fundamental opposition to the reform agenda that his only course was to resign from CTEC.

Hudson's end was the final blow to the authority of the beleaguered CTEC. Three months into his new ministerial role, Dawkins announced a Green Paper that would set down the issues of modern higher education. Soon after that, he announced that CTEC would be replaced by a new body, the National Advisory Board on Employment, Education and Training (NBEET), which would assume CTEC's policy advisory function. NBEET would sit above four "advisory" councils including a Higher Education Council (HEC), a Schools Council for secondary education, an Employment and Skills Formation Council headed by a trade union leader, and an Australian Research Council (ARC) in which Aitkin was installed as chair.[740] Bringing these subordinate councils under a single umbrella, Dawkins claimed in the parliament, would achieve a closer integration of the Government's employment, education and training functions (the rationale for creating the super-department DEET):

> The Government is determined that the education and training systems will play an active role in responding to the major economic challenges facing Australia. These challenges will make heavy demands on our human intellectual resources and labour force skills. This Bill, by rationalising the advisory structures for employment, education, training and research, will make a substantial contribution to that end.[741]

The abolition of CTEC was facilitated by actors in the Commonwealth bureaucracy desirous to gain greater leverage over the universities and colleges which they had come to be viewed as important instruments of economic policy.[742] A key player in this endeavour was the senior public servant Charles Halton who had been put in charge of the taskforce on advisory arrangements for education and research that was rapidly assembled when Dawkins became

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[739] Hudson called attention to the workings of the "purple circle". See Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." p. 202.
[740] Aitkin, *Critical Mass: How the Commonwealth Got into Funding Research in Universities*. p. 147. Croucher and Waghorne, *Australian Universities: A History of Common Cause*. p. 159.
[741] Commonwealth Parliamentary Debates (CPD). House of Representatives. 28 April 1988. p. 2302.
[742] Marshall, "Bureaucratic Politics and the Demise of the Commonwealth Tertiary Education Commission." p. 19.

minister.[743] The decision to strike down the long-standing statutory body brought an end to the triennial funding system that had been a key source of CTEC's coordinating influence and operational independence. The decision to establish NBEET was taken without consulting the vice-chancellors or other authorities in the sector.[744] There ensued a somewhat chaotic period as CTEC was wound up and the Government worked out the appointment of representatives to the new structures of NBEET. CTEC's permanent staff were hastily transferred to jobs mapped for them in DEET's higher education division.[745] It meant that the processes of the reform agenda could be concentrated within the Minister's Department. Under its enacting legislation, NBEET's powers to exercise independent leadership of the sectoral interests were limited, and since it was commencing from anew, its four councils "were basically just trying to catch up with what Dawkins was doing".[746] As an advisor to Dawkins noted, this was a situation that "gave the Government the policy authority and control that it needed to then become a bit pushy with reform."[747] While the policy interests of the sector were engaged in the transition to NBEET, Dawkins initiated the Green Paper and the White Paper, his preferred instruments for initiating the agenda processes.

Managing Reform from the Centre

The crucial institutional change was the ending of the triennial funding system and the transfer of decision-making authority over higher education funding to the central department. This was the basis for a major shift in institutional governance from the universities' and colleges' engagement through an autonomous sectoral body, to a set of contractual relationships between the individual institutions and the central department.[748] The position of being the direct funder enabled the Government "to get his hands on the levers" and greatly increased its ability to shape the agenda.[749] In delivering the 1987-88

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[743] Dawkins, "The Challenge of Higher Education in Australia." Charles Halton interviewed by Rodney Cavalier. National Library of Australia, 6 July 1993.
[744] According to one account, Dawkins discussed with advisors whether to defer the replacement advisory structure, NBEET, until "he got in place what he wanted" but decided "he wouldn't get away with it". Alan Mawer: Interviewed by Rodney Cavalier. National Library of Australia. 30 July 1993.
[745] Vice-chancellor A: Interview with author, 2017.
[746] Alan Mawer: Interviewed by Rodney Cavalier.
[747] Ministerial Staffer B: Interview with author, 2017.
[748] Marshall, "The Failure of the Academic Lobby: From Policy Community to Bureaucratic Management ". p. 77. Williams, "The Rise and Fall of Binary Systems in Two Countries and the Consequence for Universities." p. 286. Harman, "Institutional Amalgamations and Abolition of the Binary System in Australia under John Dawkins." p. 184.
[749] Ministerial Staffer A: Interview with author, 2017.

Budget the Government announced that it was deferring the start of the scheduled funding triennium. Dawkins announced that public grant funding in the 1989-91 triennium (which included a significant additional amount for "system growth" that Dawkins had persuaded cabinet to allocate) was to be conditional on the universities and colleges meeting goals specified under the reform program.

Dawkins shaped the higher education reform discourse by issuing a Green Paper, setting out the challenges facing the sector, followed by the White Paper which would set out the strategy for reforming Australia's higher education system "as part of a wider agenda of reform spanning all elements of the employment, education and training portfolio".[750] The minister's office carefully managed the Green Paper/White Paper process controlling the framing of issues, the discussion of the policy alternatives, and the design of the reform program. The central policy ideas of these reports — such as human capital as a function of higher education — reflected the economic rationalist models promulgated by key national economic and technology advisory bodies (discussed above) and reinforced by OECD studies of its member countries. The stated aim of the Green Paper was to stimulate intensive community discussion and debate. However, the process of producing the paper was mostly confined to the Minister and a few individuals in his office and the Department with little input from other sources. As a participant recalled, the Green Paper had "Dawkins' stamp on every page of it. On occasions the team flew to Perth to conduct its work in Dawkins' State office.

While it was titled a "policy discussion paper" the window for discussion and review after the release of the Green Paper was limited. In an interval of six months, the Government received over 600 written responses to the Green Paper, the great majority of which, it blandly claimed, "supported the Government's proposals for reform of the higher education system".[751] The White Paper which set out the Government's plans contained little revision of the assumptions of the earlier paper.

As a case study of institutional change, one of the most notable aspects of the Australian higher education reform agenda was the marginal role played by the institutional interests that had been central players in the policy system. The reform strategy was straightforward: to enhance and use the direct control of the Government over the sector's resources to

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[750] Dawkins, "Higher Education: A Policy Statement." p. 3.
[751] Ibid. p. 4.

persuade institutional leaders to sign on to the new policy system. Dawkins saw the vice-chancellors in a negative light and believed that the threat of losing funding was the only effective means to achieve the goals of his agenda. As one advisor recalled:

> (Dawkins) didn't have much respect for them (the vice-chancellors) period. Basically, because he didn't think they ran their institutions very well and he thought that, you know, CTEC had effectively cosseted and protected them which is why he got rid of CTEC. That is, he was just never going to get what he wanted.[752]

Those steering the agenda through its various stages assumed the opposition of universities, believing that the only input required of the vice-chancellors was their agreement to the proposed new higher education system. This was a stark contrast to the close relationships such as those between university leaders during the Menzies and later the Whitlam Governments in earlier periods of policy change.

With the removal of CTEC, the policy community lost its normal channel for regular, orderly dealings with the Government.[753] The main interests, the universities and the CAEs, represented by the AVCC and the Australian Committee of Directors and Principals (ACDP) respectively, found themselves in a state of uncertainty reacting to rapidly changing circumstances. The vice-chancellors depended on the expert knowledge of the CTEC secretariat for support in decision-making in vital areas such as accreditation of new courses and tracking trends in participation and enrolment. A degree of complacency on the part of the university actors about the *status quo* despite the existing troubles of the policy system contributed to a failure to read the changing political dynamics. It was difficult for many in the sector to conceive the possibility of drastic changes to the policy system, and many felt genuine shock and dismay at what they saw as the politicisation of higher education policymaking.[754] The demise of CTEC exposed the organisational weakness of the AVCC in terms of staff and resources to lobby for the universities' collective interests.

As events unfolded the Government faced difficulties in obtaining the agreement of the Vice-Chancellors of the two oldest universities, David Penington of the University of Melbourne

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[752] Ministerial Staffer C: Interview with author, 2017.

[753] Marshall, "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy." p. 276.

[754] "The Failure of the Academic Lobby: From Policy Community to Bureaucratic Management ". pp. 71-6 "Policy Communities, Issue Networks and the Formulation of Australian Higher Education Policy." pp. 277-8. Macintyre et al., N*o End of a Lesson.* p. 45.

and John Ward of the University of Sydney, who saw the reforms as inimical to the interests of their institutions. Penington, in particular, was trenchantly opposed to the proposed methods of allocating funding for research under the unified system. He argued that breaking the binary distinction of research versus non-research institutions and a focus on achievable outcomes at the expense of "blue-sky" research would be detrimental. Penington's arguments implied that greater benefits came from concentrating research funding on a few institutions. It would be deplorable if the consequence of deliberate policy was less research in the older universities such as Melbourne which, as he argued, had earned an outstanding reputation, particularly in his own discipline of medical sciences.[755]

Given the prominence of their institutions a united opposition to the reform agenda on the part of Penington and Ward would have presented Dawkins with enormous difficulties. In the upshot Dawkins dealt individually with both vice-chancellors by offering additional incentives to secure their acquiescence in joining the Unified National System (UNS), the term that was adopted for the new higher education structure.[756] Most vice-chancellors, understanding that Dawkins was prepared to use the lever of public funding to secure his aims, favoured focusing on the opportunities of the new regime over the unpredictability of resistance. In contrast to the AVCC the ACDP, when it became clear that the reforms included the long-desired goal of turning the non-university institutions to universities, offered unconditional support for the proposed UNS.

Selling Tuition Fees

The greatest strategic challenge of the reform agenda stemmed from the intention to incorporate private sources into the funding model. The fees question was one of the most politically sensitive issues within the Labor Party in the 1980s and needed to be managed deftly. The chosen method was to appoint a special committee of inquiry led by Neville Wran, the former long-serving Premier of NSW, and a Labor "hero". The inquiry and the report that emanated from it revolved around two issues that were the subject of intense debate: equity and the measured returns of university qualifications. It is important to consider how these debates played into the agenda processes.

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[755] Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." p. 216.
[756] Government Official F: Interview with author, 2017.; Harman, "The Dawkins' Reconstruction of Australian Higher Education." p. 6.

This chapter has touched on the fundamental disagreement between Walsh and Ryan over the achievement of equity in higher education. Walsh believed that the conventional defence of free tuition on equity grounds was spurious. This view derived from public choice theory and revisionist thinking about the concept of public goods in welfare economics.[757] Dawkins and his advisors reflected similar reasoning in their attempts to shape the rationale of higher education reform. They argued that the error of past policy was to tie equity to a funding model based on purely public sources rather than a hybrid model of public/private contributions. Since equity also depended on efficiency, the argument went, policy should focus on the system's capacity to create more places in higher education which in turn could be taken up by young adults from underrepresented backgrounds such as regional, Indigenous and low-income groups. By claiming that constraints on growth were the greatest barrier to access, Dawkins turned the old equity debate against fees on its head.[758] The effect of the combination of the existing public funding arrangements and the fiscal pressures on government had resulted in an undesirable policy outcome of capping the number of higher education places. The consequence was that many qualified school leavers missed out on higher education. (The White Paper estimated that 20,000 qualified applicants failed to be awarded a place in 1987.[759])

Thus, equity was explicitly linked to the economic principle of efficient matching of supply (of places) with demand (from eligible applicants). Funding through private sources such as tuition fees was a potential solution to supply failures in creating sufficient places for qualified school-leavers who were missing out because budget goals dictated controls on the number of enrolments. A "partially private" public system would raise the money necessary for the universities and colleges to expand beyond the existing restrictions on places.[760] Satisfying demand through a partially private funding system, it was claimed, would be progressive in its distributional effects. This was the point that Dawkins repeatedly came back to: that private funding was essential to break the *impasse* preventing expansion of the

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[757] Barnes and Barr, "Strategies for Higher Education: The Alternative White Paper."
[758] Harman makes the point that Dawkins "cleverly turned the old equity debate against fees on its head: his argument was that, unless the wealthier contributed to the costs of their education, the Government would not have the necessary resources to expand student places and so increase access to higher education." Harman, "The Dawkins' Reconstruction of Australian Higher Education." p. 11.
[759] Dawkins, "Higher Education: A Policy Statement." p. 14.
[760] Ansell, "University Challenges: Explaining Institutional Change in Higher Education." p. 190.

system. Many politicians and other policy actors came to accept that higher education was on the path to a mass system and that, unless the public funding model was revised, it would continue to be plagued by issues of access, quality and adequate resources.[761]

The job of the Wran Report was to find a way to make collecting money from students palatable. As the economist, Bob Gregory, who was a member of the Wran Committee, put it:

> The key political issue was how to do it and how to get the policy widely accepted, both within the electorate and within a Labor Party that had been opposed to university fees.[762]

Out of the options developed by Bruce Chapman, an economist whose role in exploring higher education finance alternatives was pivotal to the reform project, the Wran Committee favoured a private funding mechanism based on fees rather than a graduate tax, which was an attractive option within the Labor caucus. The central feature of the fees option was deferred payments through a system of income contingent loans (ICLs) which came to be known as the Higher Education Contribution Scheme (HECS).[763] (Chapter Two described the origins and principles of ICLs.) The task of the Wran Committee was to make the case to its audience that equity was an inherent feature in the design of HECS. Chapman contributed to this by synthesising a large body of academic research, particularly a considerable amount of work on the measurement of the lifetime income returns of a degree. This focused on the "graduate premium" which measured the returns of a tertiary qualification compared to a school leaver.[764] These studies originated in Becker's (1964) concept of human capital as an investment function where individuals forgo the opportunity to earn income in the present for full-time study in order to enjoy monetary (and other non-economic) rewards in the future.[765] Controlling for all significant variables, studies repeated by economists in many countries showed that a university qualification gave graduates the capacity over their lifetime to earn

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[761] Gregory, "Musing and Memories on the Introduction of HECS." p. 243.
[762] Ibid. p. 238.
[763] Edwards et al, "Paying for a University Education: HECS and Not Fees." p. 111.
[764] Christopher A. Pissarides, "Staying-on at School in England and Wales," *Economica* 48, no. 192 (1981). Richard Blundell, David A. Green, and Wenchao Jin, "The UK Wage Premium Puzzle: How Did a Large Increase in University Graduates Leave the Education Premium Unchanged?," (London: Institute for Fiscal Studies, 2016). Barr, "Funding Higher Education: Policies for Access and Quality. House of Commons Select Committee on Education and Skills, Sixth Report of Session 2001-2002."
[765] Gary Becker, *Human Capital* (Chicago: University of Chicago Press, 1964).

an income significantly higher than those with lower educational accomplishments.[766] Various Australian studies reinforced international findings that, in addition to higher lifetime incomes, male and female graduates could expect greater career stability and advancement and less likelihood of spells of unemployment.[767] The Wran Report elaborated on the concept of the graduate premium with an intended audience in crucial arenas, including Labor's Caucus Education Committee and its national conference. The findings went into the higher education White Paper which noted:

> …it is worth recognising that graduates of higher education experience, on average, highly favourable labour market outcomes compared with those without tertiary qualifications.[768]

A puzzle for the architects of HECS was the balance between, on the one hand, the so-called social benefits — "social spill overs" in economic jargon — created by higher education (for example, productivity benefits from higher workforce skills and from advanced research and innovations, better health care, more taxes from the higher incomes of graduates and improved public decision-making of better educated citizens), and, on the other hand, the benefits accruing to the individual of a university degree.[769] This, it was believed, should determine the proportion of the total costs of tuition that it was fair to impose on the

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[766] Robert Bennett, Howard Glennerster, and Douglas Nevison, "Investing in Skill: To Stay on or Not to Stay On?," *Oxford Review of Economic Policy* 8, no. 2 (1992); D. Card, "The Causal Effect of Education on Earnings," Handbook of Labor Economics. Vol 3, Part A. 1999; Karmel; "Surely There Are Too Many Graduates Now?," *Australian Bulletin of Labour* 39, no. 2 (2013); Keating, "The Labour Market and Inequality."; John Quiggin, "Human Capital Theory and Education Policy in Australia," *Oxford Review of Economic Policy* 32, no. 2 (1999); Barbara Sianesi and John Van Reenen, "The Returns to Education- a Review of the Macro-Economic Literature," ed. Institute for Fiscal Studies (London: Institute for Fiscal Studies, 2002); Universities UK, "The Economic Benefits of a Degree," (2007).

[767] Australian Science and Technology Council, "Education and National Needs."; Bruce Chapman and T Chia, "Financing Higher Education: Private Rates of Return and Externalities in the Context of Tertiary Tax, Cepr Discussion Paper 213," ed. Australian National University Centre for Economic Policy Research (Canberra: Centre for Economic Policy Research, Australian National University, 1989); Jeff Borland et al., "Returns to Investment in Higher Education: The Melbourne Economics of Higher Education Research Program Report No. 1," ed. Melbourne Institute of Applied Economic and Social Research (Melbourne: The University of Melbourne, 2000).

[768] Dawkins, "Higher Education: A Policy Discussion Paper."; Wran (chair), "Report of the Committee on Higher Education Funding," (Department of Employment Education and Training. (Canberra: Australian Government Publishing Service, 1988). p. 87.

[769] Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education."; Barr, "The Higher Education White Paper: The Good, the Bad, the Unspeakable - and the Next White Paper."

individual. A member of the Wran Committee interviewed by the author believed that introducing the concept of benefit was critical to shaping the policy debate.

> One of the key ideas implicit in the Dawkins' agenda is payment according to benefit. The general taxpayer should pay a proportion as there is a general social benefit. But individual graduates get a benefit, so they should pay. So, the idea there is: payment according to benefit. Then without upfront financial barriers. I thought that was a pretty powerful idea that Dawkins had. Because I was on the Wran Committee which Dawkins charged with that. And that was a real driver.[770]

A central argument of the opponents of tuition fees was that individuals in low income households were debt averse and less likely to borrow to finance university studies.[771] The counter-argument of supporters of HECS was that ICLS removed deterrence because it was not an upfront payment and repayment terms were very forgiving. By design, HECS removed the anxieties of debt repayments from students who are poor at the point of entry and placed them on these individuals when they were graduates on well-paid incomes. In fact, it could be seen as a form of "consumption smoothing" over the individual's life course.[772] By linking repayments to earnings, ICLs encompassed the principle of capacity to pay and could not constitute a large imposition on those with modest incomes.[773]

In the estimation of many observers, HECS was a unique policy innovation that permanently altered perceptions about financing higher education. As a close observer put it:

> people genuinely did rethink the way in which – not everyone of course – but a significant, a very significant proportion of very influential people rethought the way in which the system should be financed.[774]

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[770] Government Official C: Interview with author, 2017.

[771] There is a considerable literature on the influence of attitudes to debt on participation in higher education. See Haroon Chowdry et al., "Widening Participation in Higher Education: Analysis Using Linked Administrative Data," *Journal of the Royal Statistical Society: Series A (Statistics in Society)* 176, no. 2 (2013); Claire Crawford, "Socio-Economic Gaps in He Participation: How Have They Changed over Time?," (London: Institute for Fiscal Studies, 2013); Callender and Kemp, Changing Student Finances: Income, Expenditure and the Take-up of Student Loans among Full- and Part-Time Higher Education Students in 1998/9."

[772] Chapman, "Income Contingent Loans: Background." p. 22. Nicholas Barr, *The Welfare State as Piggy Bank: Information, Risk, Uncertainty and the Role of the State* (Oxford: Oxford University Press, 2001).

[773] Chapman and Hicks, "The Political Economy of the Higher Education Contribution Scheme."

[774] Ministerial Staffer B: Interview with author, 2017.

Whatever the nuances of policy argument, the Wran Report was a credible instrument for senior Labor Party figures to attach their support for fees to. This was critical in a motion to modify the Labor's "no-fees" pledge that was put to the Labor Conference that took place in Hobart on 6 June 1987, a month after the release of the report. Simon Crean, the president of the peak national union body, moved a resolution endorsing the Wran Report and arguing to modify the "no fees" pledge in the party platform.[775] Also speaking to the motion, Neal Blewett, the Minister for Health, urged changing Labor's "no fee" pledge because in practice it transferred "resources from the less well off to the better off in society".[776] Against the background of passionate opposition from university students and staff and within the conference from delegates in the Left and Centre-left groupings in defence of the Whitlam policy, the motion was carried, an outcome that was determined by a deal to fix the support of Right factional leaders rather than the persuasiveness of the speakers.[777] The upshot was to clear a path for a rapid series of decisions — cabinet's adoption of the deferred fees system, the tabling of the White Paper, and the passing of the *Higher Education Funding Act (1988)* — that made way for the commencement of HECS in the 1989 academic year and the subsequent implementation of the Unified National System.

Conclusion

This chapter follows from Chapter Five in examining a growing crisis in Australian higher education. The first part examined the circumstances leading to destabilisation of the binary system and the consequences in the period before the reform agenda was launched. It argued that a key condition enabling the radical agenda of the late 1980s was the loss of confidence that the binary arrangements could serve the interests of the CAEs. The second part of the chapter analysed in detail how the policy actors set about building a coalition of support after the reform issues had been promoted to the national agenda. The chapter has addressed the history of a modern reform process through a consideration of the interaction between structural forces pertaining to the political economy of higher education, and the events and contingencies of late 1980s politics in Australia.

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[775] Australian Labor Party (ALP), (Transcript of 1988 ALP Federal Conference).

[776] Neal Blewett, "Speech to Australian Labor Party 38th National Conference," (6 June 1988).

[777] Macintyre et al., N*o End of a Lesson.* p. 76. Government Minister B: Interview with author, 2017. For defence of equity in higher education under a fully public system, see speeches by Dianne Zetlin, Paul Acfield, Senator Patricia Giles, Kim Carr, John Halfpenny and Ted Murphy at 1988 ALP Conference. Australian Labor Party (ALP). pp. 40-74.

The 1987-89 agenda led by John Dawkins was arguably the most consequential reform in the structures and aims in the history of Australian higher education.[778] Dawkins is undoubtedly the key actor in the revolutionary transformation of the Australian universities. He was and remains for many in the university community an individual who generated controversial opinions. Dawkins rebelled against his wealthy background and threw himself into Labor Party politics and unionism during his student days at the University of Western Australia in the late 1960s. Notably, Dawkins came to study economics at university after he had finished two years of study at Roseworthy Agricultural College in South Australia. This was an institution of which he had far fonder memories than those of his time in the academic world of university.[779] After winning Labor Party preselection, Dawkins went on to win a seat in national parliament in the mid-1970s. Subsequent to the dismissal of the Whitlam Government, Dawkins experienced Labor's long slog on the opposition benches. During this period, he served as Shadow Minister for Education. The Whitlam Government's management of the economy led Dawkins to end his allegiance to the Labor Left, and he moved to a position of economic rationalism. As discussed below, this political journey had a critical bearing on Dawkins ministerial roles when Labor returned to government in 1983.

As a result of Dawkins' reforms, higher education shifted from the fully state funded system that evolved in the post-war decades to a partially privately funded model based on an ICL regime, a unique innovation at that time for a national higher education system. In addition, governance shifted from the delegated statutory body arrangement to a model of regulation and central government steering. The unified national system with its central regulatory regime was a fundamentally different environment to the binary system under CTEC. Reduction in the number of universities through enlarging and amalgamating existing institutions resulted in greater uniformity. While uniformity of provision achieved resource efficiencies, it was less well designed to address pressures for greater functional diversity associated with mass higher education.

The chapter began by outlining the frustrations of the non-university institutions that were the source of instability the binary settlement. The failure of the existing institutional structures to resolve these tensions led to growing fragmentation of interests. A perception of policy

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[778] Karmel's view was that the Dawkins' agenda "encompasses the most dramatic changes to arrangements for higher education that have occurred in the 140 years since the foundation of Australia's first university." Karmel, "Reflections on a Revolution: Australian Higher Education in 1989 ". p. 6.
[779] Macintyre et al., N*o End of a Lesson.* p. 6.

failure shared by a range of individuals in the policy system spurred them to acting in ways that were outside the normal institutional arrangements for settling policy issues. Free market critics attributing failure to the principle of public funding and state control helped to sway debate towards market liberal solutions. However, the solutions that they offered such as a radical program of privatisation had limited influence. Key government actors understood that realistic reform was shaped not simply by desire for change but by recognition that change entailed compromise and engagement with existing institutions. Trenchant debate and instability in the binary institutions in themselves were not sufficient conditions for a national reform agenda. More important was the resonance of these criticisms in arenas that would open real opportunities for reform, in particular, in the leadership of the Australian Labor Party and among elite agencies of the Commonwealth bureaucracy.

An aspect of the transformed discourse in policy ideas with far-reaching implications for the future was the emergence of powerful actors who (in contrast to the traditional higher education interests) saw the role and concept of universities from an economic and instrumental perspective. Leaders of economic, science and technology agencies formed a strong belief in their legitimate interests and responsibilities in this public policy sphere.

The chapter has outlined the importance of consistent themes in the emerging narrative about education and skills policy in Australian national politics in the mid-1980s. In this period, the government developed a policy framework for late-secondary and post-school education tying together human capital, education and skills. The seeds for rethinking the approach to higher education in terms of human capital and economic productivity were sown soon after Labor came to office through the Kirby Report and subsequent activities that constituted the youth agenda. By the standards of comparable countries, the Labor Government was advanced in developing a framework that explicitly linked skills, labour markets, education and economic production in an integrated approach to policy in these areas. The framework provided a basis of continuity in the national agendas around youth transitions, school retention and higher education that followed one another. Skills and education agendas were explicitly linked to the Government's larger macro-economic objectives. Education agendas also reflected the strategic consensus achieved in the Hawke Cabinet that social policy agendas grew out of the Government's economic reform strategy.

The chapter has argued that the robustness of this framework helps to explain the speed and efficiency in achieving the reform objectives through a well-staged agenda in Australia. To a degree there was a mutually reinforcing strategy across these related policy areas that

contrasts to the staggering of higher education reforms across multiple agendas of successive UK Governments in reaching a stable policy settlement. (This is the subject of the next chapter.)

Also critical to Australia's success was the ability of proponents to shape the debate and to turn the circumstances of the policy environment to their favour. Reformers were skilful in exploiting the political circumstances that opened opportunities for a new agenda. The leaders of the agenda were able to side-line or neutralise resistance to radical changes in funding and governance.[780] Policy agendas were disciplined because the Labor Party had instituted effective cross-factional processes of reaching agreement. Successive re-elections of Labor — due partly to disarray in the Opposition parties — enabled Labor to bend the policy environment to their purposes in the face of a politically turbulent decade in the 1980s. An extended period on the government benches gave policy-minded ministers opportunities to seize new agendas. (In many cases, including Dawkins', these agendas had not truly been presented to the electors.) Longevity in government and ambition to reform were important factors in promoting a productive interaction between political and the policymaking streams.

The prospects of getting attention on the national agenda for the issue of higher education reform gathered momentum through leading ministers in the Hawke Cabinet, particularly Walsh and Dawkins. The latter propounded the view that university expansion was desirable on social and economic grounds, but in the context of Australia's ongoing fiscal crisis was only achievable through imposing tuition fees. This gelled with the position advocated by leading figures in national science and economic advisory agencies. In summary, the pre-agenda saw a coalescence of ideas, a fresh approach by a newly elected Labor Government explicitly linking education to employment and economic priorities, and the emergence of powerful bureaucratic players into the policy space. The interplay between these established the conditions favourable to opening a space for a national agenda of higher education restructuring.

The second part of the chapter was about building a coalition of support for reform. This used detailed tracing of the policy processes at critical moments to understand the ways that the actions of individuals determined the content and trajectory of the reform agenda. It developed a picture of how ideas, policy frameworks and the actions key players meshed.

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[780] The legacies of the Labor Government's agendas are highly contested in the present day, not least raising the question of ways in which the costs are attributable to the politics of marginalising opponents.

Dawkins possessed high-level political abilities including a subtle understanding of the complexities of translating intentions into concrete policy action.[781] He demonstrated remarkable skills both in drawing supporters into a reform coalition and in marginalising opponents.[782] This chapter has described Dawkins' strengths as a policy strategist from several angles: building his advisor network; his management of a divisive issue through the organisational and constitutional procedures of the Labor Party; and his use of the central powers afforded by his Ministerial office to advance his policy objectives. A characteristic of Dawkins that set him apart from many politicians was an ambition for action and change that meant seeking in each ministerial post opportunities for bold policy reform. As a ministerial staffer noted, whether it was Finance, Trade, Youth Affairs, Dawkins was "a man with a mission ... he was going to reform Australia."[783] In all these portfolios Dawkins consistently related the aims of reform programs to the framework of liberalisation and economic restructuring that emerged under the Hawke Government. The themes of reform contained in the higher education agenda picked up or reformulated themes that were present in the earlier agendas that Dawkins had a large hand in advancing. As trade minister pressing the cause of Australia as a liberal, open trading economy, Dawkins took the first steps to creating a market for education services by pricing degrees for international students. As head of OYA, Dawkins embraced the arguments of the OECD and others that education and training systems geared to supplying the higher-level skills required by modern labour markets were key to national prosperity.[784]

Most participants interviewed for this thesis who were close to the 1987-89 agenda processes saw the political acumen and the strategic skills of the minister, John Dawkins, as central to explaining why the decision was taken to launch a reform agenda and why it was so effective

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[781] Barry Jones, Dawkins' ministerial colleague, observed: "Every Department he headed between 1983 and 1993 went through radical change, in striking contrast to his fellow Western Australian, Kim Beasley, who held many Ministries in which little changed except the time on the clock." See Barry Jones, *A Thinking Reed* (Crows Nest, NSW: Allen and Unwin, 2006). p. 349.

[782] For Dawkins' skill in "divide and rule" see Forsyth, "The Ownership of Knowledge in Higher Education in Australia 1939-1996." pp. 211-17. These skills were also described to the author by a witness to key meetings between Dawkins and Penington and Dawkins and Ward. Government Official F: Interview with author, 2017.

[783] Ministerial Staffer A: Interview with author, 2017.

[784] The Green Paper stated: "… it is clear that, as the prime source of higher-level skills for the labour market, the higher education system has a critical role to play in restructuring the Australian economy." See Dawkins, "Higher Education: A Policy Discussion Paper." p. 8.

in achieving a comprehensive program of change.[785] In this chapter the thesis has examined the question of agency implied in these accounts. In analysing the role of Dawkins, the chapter has focused most attention on processes of advancing the agenda within the state such as bureaucratic reorganisation or the strategic deployment of official inquiries. On the other hand, it has also sought to balance the account by attending to the influence exercised by actors outside of formal government structures on the process of policy formulation.

In understanding how the ideas are translated into the conceptual framework for policy action, scholars have emphasised the importance of tracing who develops policy alternatives and how these are joined to national agendas.[786] Individuals outside government infiltrate policy systems by articulating ideas or alternative policies that are compelling. The complexity of modern governmental decision-making makes the state very dependent on knowledge and expertise from alternative sources, including supranational actors. This chapter has argued that a policy system also encompasses actors outside of government such as think tanks, policy entrepreneurs and academic researchers in the policy field, interest group lobbyists, professional bodies and a range of supra-national institutions that generate policy ideas .

This chapter has shown how radical higher education reform came about through the influences of a proximate events and contingencies in national politics in the 1980s in combination with structural forces acting over a longer sweep of time. The 1987-88 agenda turned on a number of contingencies such as the ALP Conference resolution, the electoral successes of Labor, and the appointment of Dawkins to the education portfolio. However, its outcomes also must be understood in the context of the political economy of higher education generated by mass enrolments. In this context a national debate about enlarging and rationalising the higher education system revolved around economic issues: national economic needs; the fiscal limits on state funding; and the need to supplement the higher

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[785] Chapman and Hicks, "The Political Economy of the Higher Education Contribution Scheme." p. 262. Edwards et al, "Paying for a University Education: HECS and Not Fees." p. 135. Gregory, "Musing and Memories on the Introduction of HECS." p. 239

[786] Kingdon, *Agendas, Alternatives and Public Policies*. p. 16-18. Daniel Béland, "Kingdon Reconsidered: Ideas, Interests and Institutions in Comparative Policy Analysis," *Journal of Comparative Policy Analysis* 18 (2016). Schmidt, "Discursive Institutionalism: The Explanatory Power of Ideas and Discourse."; Schmidt, "Taking Ideas and Discourse Seriously: Explaining Change through Discursive Institutionalism as the Fourth 'New Institutionalism'," *European Political Science Review* 2, no. 1 (2010).

education budget through private funding sources. The Government established a new framework of national economic management based on open markets, financial deregulation and budgetary discipline.

Chapter Eight: UK Higher Education Reform – A Protracted Agenda

Introduction

The previous chapter told the story of Australian higher education reform as one where the reform objectives were clearly formulated followed by purposeful and direct progress towards them. The UK was a contrasting case. Policymakers experienced greater difficulties in laying down a path to answer to the pressures of the political economy of mass higher education. UK higher education planners faced the same large-scale policy challenges: among them, how to manage the transition to a mass system, and how to shape skills and education policies relevant to the new patterns of demand for educational qualifications and technical skills produced by modern labour markets. The case for the expansion and financial restructuring of the British higher education system did not initially cut through on the Conservative side of politics. Up to the mid-1980s, the primary focus in this area was on cutting the public grant as just one element of the Thatcher Government's overall strategy of driving down public sector costs.[787] The Government did not see higher education within a framework of systemic reform, which gives an impression of sleepwalking into the age of mass higher education.[788] It was only after Margaret Thatcher's re-election in 1987 that Conservative modernisers who had risen in the cabinet were successful in pressing for a national agenda aimed at widening the rates of participation in UK HEIs. These modernisers looked to US higher education for lessons, particularly its high levels of participation and its record in innovative research. Two Secretaries of State for Education, Kenneth Baker and Ken Clarke, were responsible for redefining the role of the higher education system which they argued was essential in raising national productivity and living standards and should be enrolling a much greater number of school leavers.[789] A key moment was a speech given by

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[787] Scott, "Higher Education." p. 200.

[788] Edgerton, *The Rise and Fall of the British Nation.* pp. 461-62.

[789] Baker and Clarke were clear in stating their vision for higher education in the parliament. Baker: "Our objective is to see more of our young people staying on to get the benefits of further and higher education. When one compares our education system with those in other developed countries such as France, Germany or America, one of the striking features is the low staying-on rate at 16 and 18 years. We intend to improve on that, and have set a target for this Parliament of a further 50,000 students in higher education." Hansard House of Commons. 1 December 1987. col 779. Clarke: "I frequently speak of our need to prepare for mass higher education for future generations. We must prepare also for near universal further education, with, I hope, more than 90 per cent. of our young people staying on in the very near future for proper education and training." Hansard House of Commons. 11 February 1992. cols 816-834. See also: Ken Clarke, *Kind of Blue: A Political Memoir* (London: Pan

Baker in 1989 at Lancaster University, where he announced his intention to put the UK on the path to mass higher education and committed to matching American levels of participation.[790] Clarke, who followed Baker, consolidated the Conservative Government's new approach of expansion. In a similar way to Dawkins' Unified National System in Australia, the Baker/Clarke settlement was accomplished through a tightening of the Government's control over the HEIs. It did this by substituting conditional funding for the grants principle, to force the universities to enrol more students at a lower cost. Similarly, there was an explicit justification that performance of HEIs should be tied to the efficiency of their contribution to national economic goals.

Australia's 1987/88 higher education reform agenda created the basic architecture of a system that endures today. In essence, the Australian higher education model is a comprehensive public university system significantly dependent on partial private funding through student financial contributions and regulated by the Government.[791] These changes were put in place in a short period. The UK, in contrast, experienced a protracted period where several national agendas fell short of producing a stable outcome. The agenda in the Baker/Clarke period was the first of a series of agendas attempting to settle key problems in the political economy of mass systems.

The UK has launched a number of national agendas – in 1988, the mid-1990s and 1998 – resulting in partial solutions that were destabilised by subsequent growth pressures. The 2004 Higher Education Act, based on key principles of the Australian reforms, is seen by observers as the most complete and internally consistent strategy to achieve a sustainable policy settlement.[792] In the following sections, the thesis traces the key developments in the agenda processes leading to this 2004 settlement. Table 8.1 is a summary of the outcomes of several UK reform agendas, showing how they shaped the trajectory of the national higher education policy system up the 2004 settlement and beyond to 2009. At this point the UK legislated for

Macmillan, 2017). pp. 274-76. Kenneth Baker, *The Turbulent Years: My Life in Politics* (London: Faber and Faber, 1993). pp. 232-36.

[790] "Speech to University of Lancaster."; Mandler, "Educating the Nation: Universities." p. 24.

[791] Timothy Higgins, "The Higher Education Contribution Scheme: Keeping Tertiary Education Affordable and Accessible," in *Successful Public Policy: Lessons from Australia and New Zealand*, ed. Joannah Luetjens, Michael Mintrom, and Paul 't Hart (Canberra: Australian National University Press, 2019). p. 62.

[792] Policy Academic A: Interview with author, 2017; Vice-chancellor B: Interview with author, 2017.

£9,000 tuition fees — a radical measure that took its HE to being the most dependent, among the rich countries, for its costs on money from fee-paying individuals.

Table 8.1. UK Higher Education Reform Agenda — Events, Implications and Policy Dynamics

Agenda/ Legislation	Consequences	Implications	Policy dynamics
1980s cost-cutting of higher education	Major cuts to university and polytechnic budgets. Freezing of family income thresholds for student maintenance grants.	Steep decline in public funding of unit costs. UGC distributed reduced public grant at great cost to some institutions. Targeted new universities (e.g. Salford) suffered greatest income losses.	Rupture in equilibrium between Government and the universities. Policy bodies — UGC, National Advisory Board for Public Sector Education, the polytechnic directors — forced into reactive role.
1988 Education Reform Act	Polytechnics made statutory corporations and removed from local government control. Removal of number caps. Replacement of grants funding bodies with funding councils.	Settings in place for rapid increases in national enrolments and transition to mass higher education. Increased leverage from funding council powers for Government to lower per student tuition and maintenance costs.	"Modernisers" in the Conservative Cabinet set targets for Britain to come closer to US levels of participation. Funding council structure, centralisation of levers of power from arm's-length bodies to the ministerial department.
1990 Education (Student Loans) Act	Government loan facility established for students to borrow towards their maintenance costs.	Established the precedent of student facility to borrow with repayments contingent on post-university income.	Reducing maintenance grants in stages avoided adverse electoral consequences. Vice-chancellors and modernisers on both sides of politics lean towards private sources to fund HE expansion.

1992 Further and Higher Education Act	Polytechnics allowed to take the title of "university" and incorporated under new Higher Education Funding Councils (HEFC).	Abolition of the binary system. Doubling of the number of universities. Local authority jurisdiction removed.	All universities (pre- and post-1992) subject to the same funding regime for per-student tuition. Pre-1992 universities subject to central funding councils' planning and accountability.
1998 Teaching and Higher Education Act	Maintenance grants abolished and replaced with ICLs. Introduction of £1,000 up-front tuition fees means-tested on family incomes.	Means-testing designed to appease Parliamentary Labour Party. Money from £1,000 fees insufficient to address the funding deficiencies.	Universities dissatisfied with lack of policy coherence. Pressure immediately builds for a Round Two HE agenda. Agenda widely viewed as a lost opportunity to implement Dearing.
2004 Higher Education Act	Maintenance grants (means tested) reintroduced. Means tested tuition fees at the point of entry replaced from 2006 by universal £3,000 deferred payment fee backed by ICLs.	Greater fee revenue as well as increased public grants were substantive in meeting funding shortfalls of the sector. Public/private hybrid model institutionalised as basis for mass higher education policy system.	Tieing a component of the universities' funding to each enrolled student created conditions for ambitious expansion program of New Labour.

The UK Binary System in the Early 1980s

The election of the first Thatcher Government was a turning point in the government relations with HEIs. Chapter Six ended with an account of the cuts to the public sector contained in the budgets under Geoffrey Howe, the Chancellor for the Exchequer in the early Thatcher years. The political centralism necessary to implement this stringent fiscal policy entailed subordinating the principles of university autonomy and freedom from political

interference enshrined in the UGC and the grants principle.[793] Economic circumstances were the context for a dramatic change in policy, while, at the same time, the government enacted no formal measures to alter the policy bodies. Observed from a theoretical point of view, these events aptly demonstrate the process of institutional change through conversion. The government did not rescind the Robbins era "grants committee principle" that up to the late 1970s gave the universities latitude to set their priorities and to allocate their budgets with a minimal level of government interference. However, the fiscal agenda advanced by Howe's budgets established the conditions for the most severe period of retrenchment experienced by British HEIs in the post-war era.

Fiscal austerity played out in the polytechnics and advanced education sector with a set of consequences that were more to the government's liking. Again, it was a matter of institutions behaving according to the limits and incentives of the external conditions under which they operated. The fact that directors of the large city polytechnics seeking a national profile for their institutions were willing to expand their student populations at very low marginal cost had great appeal for the Conservative Government. In Scott's (1989) words, the polytechnics became the Conservative Government's "favourite higher education institution".[794] Under the bidding arrangements set up by the Government, capturing a share of the expanding student numbers meant institutions were required to deliver courses at lower cost. Until the early 1990s, with a separate funding body to the polytehnics, the universities were able to maintain their per student teaching costs (the so-called "unit of resource") through mutual agreement not to bid for more places at a discount. The polytechnics, whose funding body never had the same autonomy from central government controls, responded to the incentives for expansion when Baker and Clarke adopted this supply-side strategy of expansion. The steadily growing numbers enrolling in the polytechnics in the 1980s had become a flood by the end of the decade. Between 1980 and 1990, the number of higher education students in the non-university institutions increased by 55 per cent while the universities increased their enrolments by just 28 per cent.[795]

While appreciating the willingness of the polytechnics to expand on the cheap, there was a negative side to the Conservatives' perception of the public system. This concerned the

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[793] Shattock, "The Change from Private to Public Governance of British Higher Education: Its Consequences for Higher Education Policy Making 1980-2006." p. 192.
[794] Scott, "Higher Education." p. 210.
[795] Kogan and Hanney, *Reforming Higher Education.* p. 50.

control over the institutions' funding, management and staffing that was vested in the regional local authority. The Conservatives viewed the Labour-controlled local authorities as the main source of resistance to the goals of the Thatcher Government, not least because centralised state power was the key instrument to advance its free market agenda. The broad Thatcherite agenda consistently determined to remove or reduce the acquired powers of the local authorities across a range of public services from social housing to secondary education to higher education.[796] With respect to the polytechnics, Baker's 1988 legislation achieved this through incorporating them as independent statutory bodies. This was a pleasing outcome for ambitious polytechnic directors seeking to remove the constraints of local authority management.

A major issue with the growing importance of the polytechnics in the higher education landscape was that decisions made by the local authorities directly affected the supply of places and the national higher education intakes. The Government and the Treasury would have preferred to have the policy levers governing these outcomes entirely under their control. As circumstances stood, local authorities' involvement in planning the polytechnics under their jurisdiction gave them an indirect influence in determining levels of higher education funding. In practice, Treasury reimbursed local authorities for the tuition and other running costs of the non-university institutions.

While the Government aggressively pressed to lower the costs of delivering courses, nonetheless increased enrolment levels called for greater government outlays. Over twenty years between 1976 and 1995 while per student costs fell by 40 per cent, overall public expenditure on higher education had risen by 45 per cent.[797] The anxiety of Treasury about growing enrolments in the non-university institutions that accelerated in the late 1980s is discussed below. Additional to teaching costs, the increased number of claimants for the maintenance grant covering student living expenses — very generous by the standards of OECD countries — further drained the resources of the exchequer.

Kenneth Baker Launches Mass Higher Education

The attitude to higher education under the Conservative Government abruptly changed when Kenneth Baker was appointed Secretary of State for Education and Science in 1986. In the

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[796] Jenkins, *Accountable to None*; Gamble, *The Free Economy and the Strong State.* pp. 124, 135.

[797] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society.* p. 267.

first half of the 1980s, higher education was expected to make its contribution to the Government's strategy of cutting public spending. In this period, enrolments stagnated — in fact, dropped off slightly — as Baker's predecessor, Keith Joseph, implemented measures to drive down costs. But in attempting to extinguish a belief in entitlement to free education, he failed to get up a proposal for tuition fees. In 1985 Joseph's department released a Green Paper which argued, based on demographic forecasts, that there would be significant reductions in the numbers of school-leavers applying for places over the following decade.[798] Baker was the first significant figure in the Thatcher Cabinet to grasp the significance of mass higher education and saw higher levels of participation as a positive national benefit.[799] He argued that higher education should look for its future to the United States, which was achieving levels of participation twice as high as the UK.[800]

Before Baker, the Conservatives had retained the organisation of the post-Robbins higher education system but broken with its expansionist progressive spirit. While earlier Conservative administrations esteemed the universities, many individuals in the Thatcher Cabinet had negative attitudes to the sector contributing to the tone of mutual hostility that grew between the universities and the Government.[801] Joseph's attitudes to the universities in some respects looked back to the themes of the post-war planning period. He saw the universities' mission more in terms of supplying the skilled manpower and supporting the infrastructure of science research than of spreading the benefits of higher education to wider social groups. Like many other policy areas in the early1980s, it was difficult for the policy actors in the higher education system to see the horizon beyond the Government's expenditure cuts and the drive to lower the costs.[802] For this reason, Baker's reforms to the system were an abrupt turning point.

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[798] Department of Education and Science, "The Development of Higher Education into the 1990s."

[799] Bowden and Watson, "Why Did They Do It? The Conservatives and Mass Higher Education, 1979-97." p. 253. Baker, *The Turbulent Years: My Life in Politics*. p. 235.

[800] "Speech to University of Lancaster".

[801] Denham and Garnett, *Keith Joseph*. p. 368.

[802] Vinen quoting the Conservative minister, Nigel Lawson, uses the term "primitive politics" to describe Thatcher's first term. This meant refusal to compromise on macro-economic strategy or to meet expected calls to retreat from the Government's economic policies in. See Richard Vinen, *Thatcher's Britain: The Politics and Social Upheaval of the 1980s* (London: Simon & Schuster, 2009). pp. 101-34. Gamble, *The Free Economy and the Strong State.* pp. 107-15

Though motivated mostly his post-Damascene fixed political view of the need to cut back on public expenditure and perhaps partly by the "more is worse" strain of thinking within Conservative circles, Joseph held a passive position on increasing student numbers when he was Education Secretary in the early 1980s.[803] This was a problem by the middle of the decade with signs of an emerging shift in demand for more places and growing pressures by industry for increased numbers of graduates.[804] These were completely missed in the Green Paper issued by Joseph's Department that projected no change in higher education participation rates as far as 2000.[805] As observers argue, increased demand was foreseeable on the reasonable assumption of rising expectations of those social classes who had been the beneficiaries of the post-war university expansion would want no less for their children.[806] This was an important constituency of the Conservative Party and the Government was acutely sensitive to voters' opinions on opportunity for university studies. The politics around the issue resulted in one of the principal policy failures of Joseph's time as Education Secretary.

In November 1984, Joseph announced an increase in the parental contribution to student maintenance costs and a contribution to tuition costs from well-off households. This led to a backbench revolt, and in the upshot the Prime Minister chose the politically prudent course and forced Joseph into a back down.[807] The funding dilemma continued to plague the policy area. The Conservatives' agenda of cuts was ever present, but there was notable reluctance to address the private fees question despite its ideological resonance for free market thinkers in the party.

Joseph's viewpoint on the role of the universities identified him with the elitist "more is worse" position within Conservative circles. This placed him up against the tide of mass education and out of touch with arguments for the benefits of higher education expansion beginning to be embraced by more technocratic, modernising Conservatives in the Thatcher

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[803] Timmins, *The Five Giants*. p. 417 Sanderson, "Higher Education in the Post-War Years." p. 422.

[804] Bird, "Reflections on the British Government and Higher Education." p. 76.

[805] Department of Education and Science, "The Development of Higher Education into the 1990s." Mandler, "Educating the Nation: Universities." p. 20.

[806] Bowden and Watson, "Why Did They Do It? The Conservatives and Mass Higher Education, 1979-97." p 244.

[807] Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," p. 257.

Cabinet. The latter saw higher education as well as greater emphasis on technical education as keys to developing the skills base for an "enterprise economy".[808] Their model of expansion favoured market-based competition, but they were pragmatists with a centralist bent whose strategy was to steer the sector towards their ends through political control via existing state structures. The modernisers in the cabinet were close to the Conservative backbenchers with their ears to the ground in their constituencies who understood the rising expectations of higher education among the middle class.[809]

The two Education Secretaries most responsible for transforming the mainstream centre-right approach to higher education were Kenneth Baker (1986-89) and Kenneth Clarke (1990-92). Their approach was shaped by two assumptions. Firstly, they believed that a policy of more university places was appealing to Conservative voters. Secondly, they assumed that increasing the output of graduates was a critical factor in national economic performance.[810] Baker believed that economic success in a globalising world shaped by the forces of rapid technological innovation was increasingly a function of a nation's stock of human capital. As they were the key producers of the type of human capital that created rapid productivity gains, the universities in Baker's view were "increasingly important as our society becomes more and more knowledge-based".[811] It was therefore essential that an increasing proportion of the young adult population should prolong their studies to university level.

Against the scepticism of the Prime Minister, Baker argued in cabinet that to avoid being left behind Britain needed a program of rapid expansion of higher education.[812] He argued that Britain should completely overhaul its system of universities and polytechnics to align the higher education system to national economic needs. Like Dawkins in Australia, Baker was a moderniser who viewed the higher education system through an instrumentalist lens and linked higher education reform to an economic framework. He saw enormous productivity gains through closer alignment of curricula to labour market demand and through stronger links between higher education and industry. Like Dawkins, Baker argued that national prosperity depended on the national output of graduates, particularly in science and

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[808] Chitty, "The Changing Role of the State in Education Provision." p. 12.
[809] Mandler, "Educating the Nation: Universities." p. 19.
[810] Baker, *The Turbulent Years: My Life in Politics*. p. 235. Timmins, *The Five Giants*. p. 481.
[811] Baker, "Speech to University of Lancaster".
[812] Ibid.; Bowden and Watson, "Why Did They Do It? The Conservatives and Mass Higher Education, 1979-97." pp. 246-7.

technology. He also drew attention to Britain's poor performance by the standards of its competitors, singling out the United States for its advances in high levels of participation which he believed contributed to the affluent standards of living in that country.[813]

In putting the case to cabinet for encouraging more British graduates, Baker needed to convince his Prime Minister whose commitment to financial stringency was unmoveable that extra public spending to achieve the aims of this policy would be extremely modest. Conveniently, demography came to Baker's assistance. To reassure the cabinet of the affordability of increasing participation in higher education, he commissioned a White Paper that showed public tuition costs lessening between 1989 and 1995 simply because there would be fewer 18-year-olds to educate.[814] Figure 8.1 shows the trend of a decline in the size of this age cohort beginning in 1989. As the White Paper set out, if the student intake in absolute numbers was maintained through the 1990s (which would be cost neutral), the national participation rate of 18-19 year-olds would be raised by 5 percentage points.[815] This fitted neatly with what Baker conceived to be his original goal which was to increase the age participation index (API)[816] from 15 per cent in 1988 to a target of 20 per cent in 2000.[817] Having persuaded the cabinet of the merits of lifting the number controls that Treasury had imposed, Baker turned on the supply taps. The resulting demand for university places exceeded the highest expectations.

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[813] Baker, "Speech to University of Lancaster".

[814] Department of Education and Science, "Higher Education: Meeting the Challenge." p. 6.

[815] Ibid. p. 6.

[816] The age participation index (API) expresses the number of domiciled young people (aged under 21) who are initial entrants to full-time and sandwich undergraduate courses as a percentage of the 18- to 19-year-old population in Great Britain. The API rose from 13 per cent in 1981 to 35 per cent in 2001. After 2001 a new index, the Higher Education Initial Participation Rate (HEIPR) came into use. The HEIPR covered entry into higher education by different age groups

[817] Department of Education and Science, "Higher Education: Meeting the Challenge." p. 6.
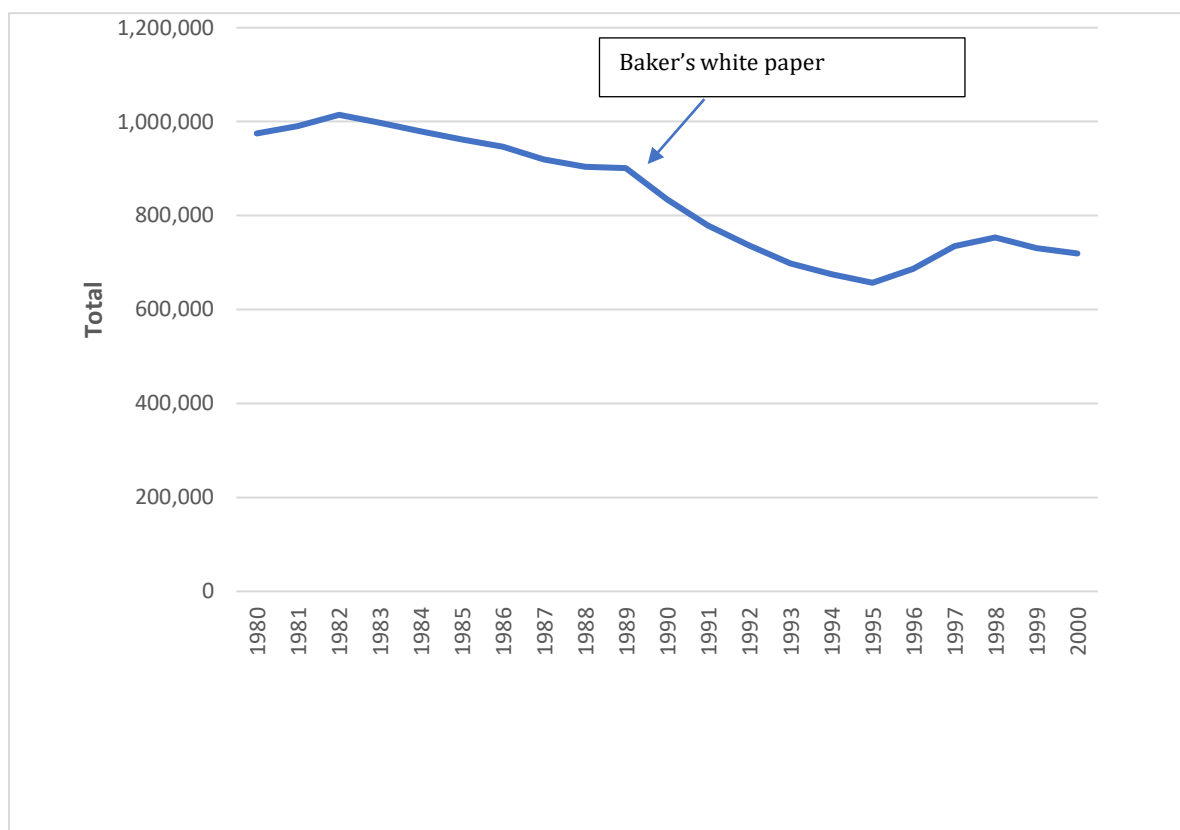
Figure 8.1. Population of 18-year-olds born in the UK 1980-2000
(Source: UK Census)

Within five years of Baker's *Education Reform Act (1988)*, the participation of young adults

enrolled in a British higher education institution went from one in seven to one in three — an

age participation rate of 30 per cent (Figure 8.2). Baker's reform of the policy system had, in

a very short period, ushered in mass higher education in the UK. The pipeline from school to

a higher education institution became a permanent feature of the political economy of higher

education. As a result of the most rapid surge in enrolments in the post-war era between 1988

and 1994, the API of 18- to 19-year-olds in higher education in Great Britain more than

doubled to reach 32 per cent. In Scotland and Northern Ireland, it reached 45 per cent.[818] The

enormous pressures placed on the resources of the universities and polytechnics by the

doubling of enrolments resulted in a radical reorganisation of the higher education policy

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[818] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. p. 9. Of those who reached university-going age in this period (born between 1975 and 1979), 33 per cent held a university degree at the age of 25. Only 16 per cent of the cohort born a decade earlier (between 1965 and 1969) held a university degree at the age of 25. See Blundell, Green, and Jin, "The UK Wage Premium Puzzle: How Did a Large Increase in University Graduates Leave the Education Premium Unchanged?" p. 1.

system that greatly weakened the central policy institutions of the Robbins era. This is discussed in the next section.
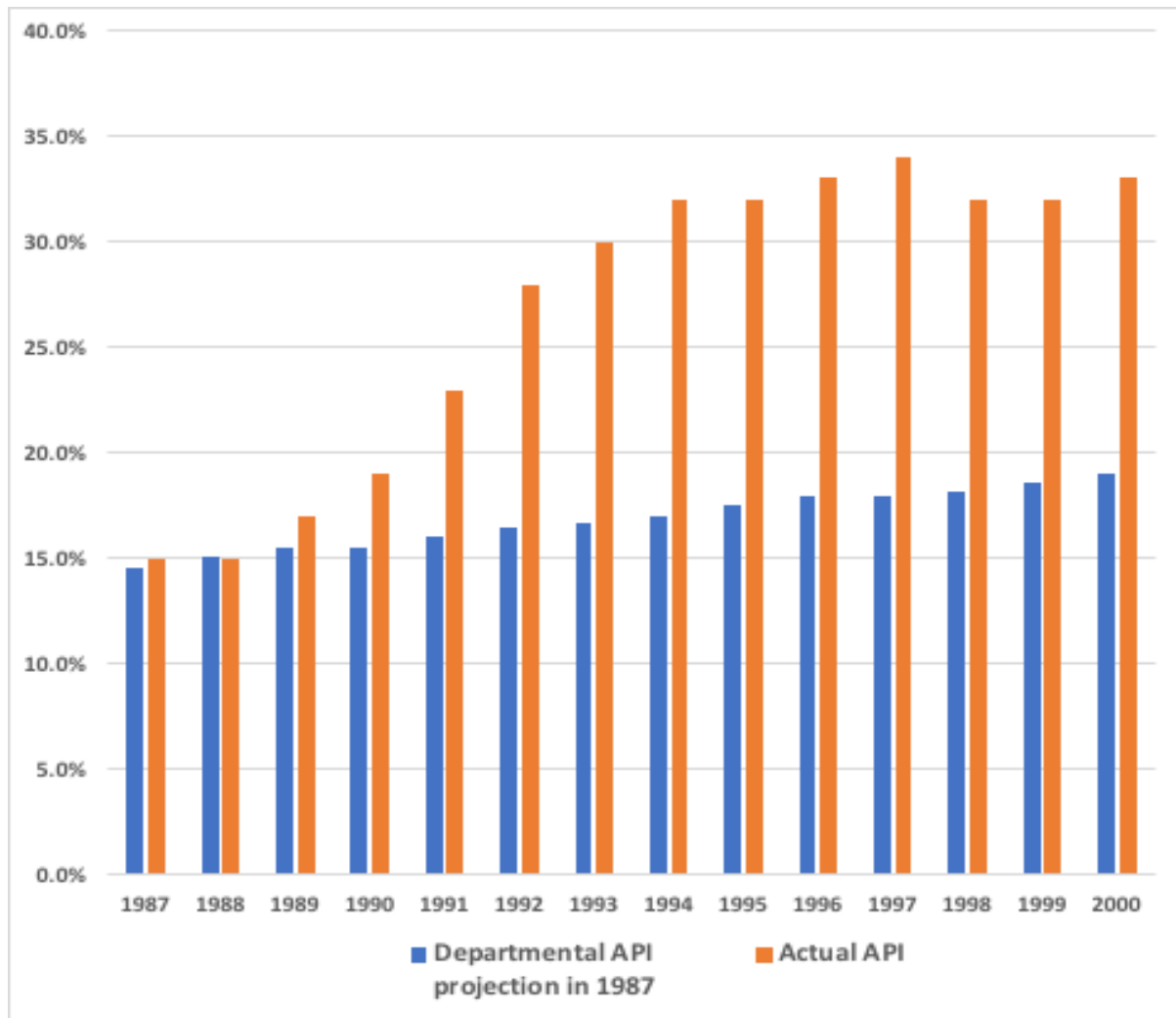
Figure 8.2 Participation of school leavers in higher education. Departmental Projection and Actual Age Participation Index (API)
(Source: Higher Education Statistics Agency.)

Baker's Strategy – Funding and Centralisation

Baker planned to increase participation in higher education within the Government's stringent financial constraints through adding places at marginal cost. He identified as a significant obstacle the concept of "unit of resource" that the UGC had developed to determine the number of university enrolments feasible for the amount allocated under the public grant. The UGC's freedom to exercise this control over its funding was enshrined in

Robbins' "grants committee principle".[819] In laying out the methods of achieving expansion, Baker aimed to strike a blow against this principle which underpinned the universities' autonomy.[820] It was a direct assault on the elite model that had shaped the early expansion of the universities and that had been reinforced by the Robbins Inquiry. The *Education Reform Act (1988)* (ERA) replaced the grants-based system that had been designed to guarantee the autonomy of the universities with the model of a centralised funding authority whose powers were placed under the government department.[821] This was a key step to establishing political centralisation as the condition for mass participation in the emerging UK political economy of higher education.

Two measures contained in the ERA gave the Secretary of State greater direct control of the universities and polytechnics. Firstly, the polytechnics and the large colleges became incorporated entities. This stripped the local authorities of funding and other management responsibilities. Secondly, the ERA abolished the UGC and the National Advisory Board (NAB) and placed the responsibilities for higher education funding under a Universities Funding Council (UFC) and a Polytechnic and Colleges Funding Council (PCFC). These new funding structures gave the Secretary of State the scope to lay down strict financial guidelines for the creation of new places.[822] This meant that the principle of "cash-limited" budgeting could be applied to all institutions, as a lever to drive discounting of the cost of creating new student places, an approach to expanding enrolments that was already widespread in the polytechnics. The increased scope under the funding council model to set conditions and issue directions around financing meant that the Secretary of State was more able to shape the relations between the HEIs and the Government Department around a contractual model.[823]

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[819] Committee on Higher Education (The Robbins Report), *Higher Education: A Report*. p. 239.

[820] Baker, *The Turbulent Years: My Life in Politics*. p. 233.

[821] The centralising drive of Thatcher Governments whose professed goal was to roll back the frontiers of the state has struck many observers. Roy Porter, for example, described Thatcherism as "the idiosyncratic prescription of free-market economics and authoritarian political centralism." See Roy Porter, *London: A Social History* (London: Penguin, 2000).

[822] In Taggart's (2004) words, "the Government moved from being a provider of funding to higher education institutions to more transparently being an investor in higher education … the concept of investment … brings into play an entirely different relationship between the state and higher education." Taggart, "A Critical Review of the Role of the English Funding Body for Higher Education in the Relationship between the State and Higher Education in the Period 1945 - 2003." pp. 67-68.

[823] J. Pratt, "Policy and Policymaking in the Unification of Higher Education." *Journal of Education Policy* 14, no. 3. 1999. p. 262. Gareth Williams, "The Market Route to Mass

Baker was followed as Secretary of State for Education and Science by Kenneth Clarke, another Conservative in the modernising mould whose *Further and Higher Education Act (1992)* was another step in the centralisation of UK higher education.[824] This act enabled the thirty-five UK polytechnics to incorporate as universities (becoming the "post-92 group" of universities and ending Crosland's binary system). It also merged the dual funding arrangements into single national higher education funding councils, the largest being the Higher Education Funding Council for England (HEFCE).[825]

The principal target of Baker and Clarke's strategy to lower costs across the board was the universities' method of controlling student enrolments by the practice of allocating places according to the "unit of resource". This was the minimum amount that the UGC argued was required to cover the costs of creating a student place in the universities. By prioritising this, the average expenditure per student in 1985 was £8,500 for the universities and £4,250 for the polytechnics.[826] The unit of resource symbolised what Trow (1998) had identified as the problem of basing a mass higher education model on the per capita costs of the British universities.[827] For a long time, it had meant that the size of student intakes was directly tied to how much money the Government was willing to put into the universities.[828] In response to the parsimony of public spending in the early 1980s, which substantially reduced the university grant, the UGC chose to prioritise the unit of resource at the cost, to potential students, of reducing the universities' intakes. The subsequent reduction of 20,000 places created a large gap between the supply of places and the demand by qualified school leavers.[829] Baker characterised the UGC's approach as a cartel where the universities banded together to force high tuition prices on the "government-purchaser" resulting in what amounted to a rationing of university places.[830] He aimed to use the power given to the Department for Education and Science (DES) under the legislation to issue detailed guidance to the new funding councils. This would replace the more discretionary block grant funding

Higher Education: British Experience 1979-1996," *Higher Education Policy* 10, no. 3/4 (1997). p. 283. Barr, *The Economics of the Welfare State*. p. 338.

[824] *Further and Higher Education Act 1992*.

[825] Single sector national funding councils were created for England, Scotland and Wales.

[826] David Greenaway and Michelle Haynes, "Funding Universities to Meet National and International Challenges," ed. Russell Group (London: Russell Group, 2000). p. 13.

[827] Trow, "American Perspectives on British Higher Education under Thatcher and Major."

[828] Baker, *The Turbulent Years: My Life in Politics*. p. 234.

[829] Roar Hostaker, "Policy Change and the Academic Profession," in *Transforming Higher Education. A Comparative Study*, ed. Maurice Kogan (Dordrecht: 2006). p. 106.

[830] Baker, *The Turbulent Years: My Life in Politics*. p. 234.

allocated to the universities that had allowed them to determine their unit of resource with a system of per capita funding based on the principle of "funding following the student".[831]

While this could not be done immediately, Baker and Clarke took advantage of the binary division between the universities and the polytechnics to implement measures calculated steadily to undermine the grant funding principle. Firstly, they began by transferring a part of the higher education budget into a funded pool of student places which could only be accessed for places created at a per student tuition rate determined by the Government.[832] The ultimate intention was to break the link between resources and student numbers that the universities maintained, and to put pressure on the latter to drop their prices to gain access to this pool of funds.[833] Further policy incentives designed to encourage HEIs to recruit extra students at marginal cost were implemented. In 1991 the Government introduced "fees-only" places where the amount built in for capital and long-term provision according to the customary formula was excluded.[834] Pratt and Hillier (1992) estimated that the process of bidding for these places in 1990/91 resulted in 18,000 students being enrolled by the polytechnics on the basis of fee income alone.[835] At the same time, the Government also created a "competitive pool" of additional fully funded student places to be allocated to those institutions where these "fees-only" students made up a high proportion of enrolments.[836] The rapid growth in enrolments resulting from the these supply-side measures soon set alarms ringing in the Treasury which, even at the lower cost of places, insisted that the brakes be applied.[837] The Government capped enrolments in 1993 and higher education entered a difficult period of policy inaction, with the central issues of demand and funding in the political economy of mass higher education unresolved.

The non-university institutions' response to the Government's market-like incentives in expanding their enrolments at low margins satisfied Baker that the universities should be

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[831] Ibid. p. 234. Rosalind M. O. Pritchard, "Government Power in British Higher Education," *Studies in Higher Education* 19, no. 3 (1994). p. 256.

[832] . p. 255.

[833] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 153. Pritchard, "Government Power in British Higher Education." p. 258.

[834] Swinnerton-Dyer, "Policy on Higher Education and Research: The 1991 Rede Lecture." p. 213.

[835] Pratt and Hillier, *The Polytechnic Experiment*. p. 266.

[836] Taggart, "A Critical Review of the Role of the English Funding Body for Higher Education in the Relationship between the State and Higher Education in the Period 1945 - 2003." p. 71. Pritchard, "Government Power in British Higher Education." pp. 258-60.

[837] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 153.

brought under the same funding discipline. This was fully achieved through the *Further and Higher Education Act (1992)* which gave the polytechnics university status. It now meant that HEIs were competing for places on the same terms under a single funding council. The Baker/Clarke revolution in higher education consisted of the rapid expansion of the higher education system based on this "managed market" model. It overthrew the grants funding institutions on the elite model and achieved efficiency gains without which increased enrolments would have encountered stiff resistance by Treasury and the cabinet. It was an unusual version of competition where market forces were sustained by the Government's highly centralised regulatory framework. The system that emerged from the politics of the Baker/Clarke reforms was, as Bowden and Watson (1999) described it, a "contracting framework … with a *dirigiste* government as the monopoly purchaser."[838] A managed market rested on compliance of the HEIs with explicit funding conditions set down by the central funding council. Without tuition fees as a source of funding, mass higher education in the UK in its beginning developed under unrelenting pressure to drive down costs. At the same time, Australia was able to manage the transition to a mass system without the draconian cuts to per student funding in considerable measure because a Labor Government took the radical step of placing a universal fee on students.

As Figure 8.3 shows, over a twenty-year period beginning in the mid-1970s per student funding fell by 40 per cent in the UK. It is important to note the severity of these decreases in the case of the UK.[839] The per student funding cuts in Australia from the mid-1970s through the 1980s had a more moderate impact on higher education providers. In both cases, the decline in funding was a substantial contributory factor to a long-term pause in the post-war trend of rising participation in higher education in both countries.

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[838] Bowden and Watson, "Why Did They Do It? The Conservatives and Mass Higher Education, 1979-97." p. 248.
[839] Greenaway, David, and Michelle Haynes. "Funding Universities to Meet National and International Challenges." pp. 19-29.
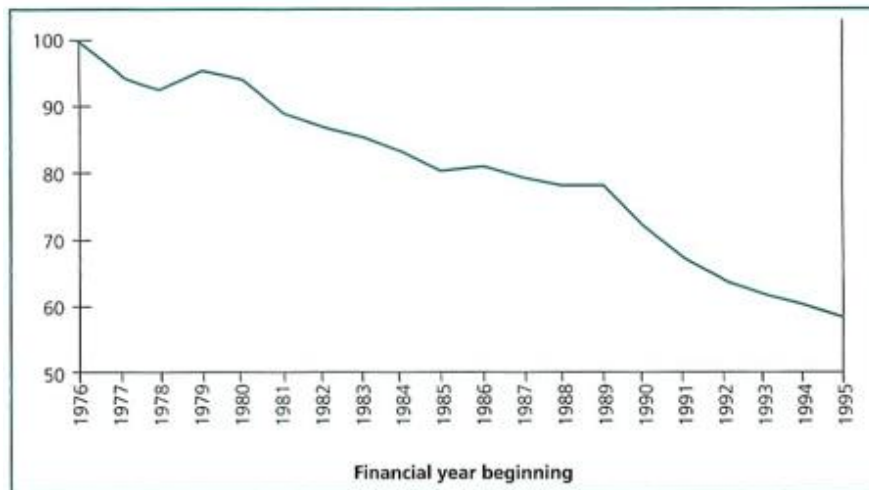
Figure 8.3. Index of public funding per student for higher education 1976-95. Source: UK National Committee of Inquiry into Higher Education (1997).

Source: DfEE

The most consequential breakthrough under Baker in terms of setting the direction toward a sustainable policy model for mass participation were the steps taken the Government to stem the costs of public grants for student maintenance. Among those OECD countries with which comparisons were normally made, the UK stood out for its very generous subsidies for student living costs.[840] With the mounting tuition costs, the bill for the student maintenance grant also grew proportionately with university enrolments. Constraining these costs clearly was a priority of the Treasury and the government.[841] In 1987-88, 400,000 students were claiming maintenance awards at an annual cost of £829 million — three times higher in real terms than it had been when Robbins delivered his report.[842] The Government had progressively put in place measures to hold down these costs such as freezing eligibility thresholds for maintenance and not up-rating the living allowance to offset inflation. However, these were too piecemeal to counteract the effect on budgets of surging enrolments. The urgent need to address the burden of rapidly accelerating maintenance costs on the general revenue was the primary motivation of the White Paper, *Top-up Loans for Students* (1988). This report recommended the incremental adoption of loans for living costs with the aim of shifting the balance of contributions over time from the state to the individual.[843] The

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[840] Department of Education and Science, "Top-up Loans for Students," (London: HMSO, 1988); Barr, "The White Paper on Student Loans." p. 411.

[841] Timmins, *The Five Giants*. p. 548. Blanden and Machin, "Educational Inequality and the Expansion of UK Higher Education." p. 233.

[842] Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," p. 258.

[843] Department of Education and Science, "Top-up Loans for Students."

Education (Student Loans) Act (1990) introduced a maintenance loans scheme based on deferral of repayments until a graduate's income exceeded a threshold set at 85 per cent of average national earnings.[844] The loan was to be paid back in monthly repayments over 5 years. Aspects of this scheme foreshadowed the future UK hybrid private/public model of higher education. Though it lacked innovatory features of the Australian HECS, specifically the calibration of repayment obligations with ability to repay, this was the first application of the income contingent loan principle in British higher education finance. In contrast to Joseph's rebuffed attempt to introduce private charges on well-off families a few years earlier, it was more successful in planting in the public mind the principle that the individual should reasonably be expected to share the costs of higher education.[845]

The sudden emergence of mass higher education, the unwillingness to bear the the full costs through the public funding model, and the return of Treasury controls on student numbers in 1993 dramatically changed debate within the policy community.[846] The next section explores these changes in detail

Policy Stasis Before and After Dearing

The unanticipated rapidity of demand-driven growth under the Baker and Clarke changes led to pressure from the Treasury to reimpose controls on the number of enrolments. The return to rationing places stemmed the burgeoning growth of enrolments which even at the cheaper cost of creating new places was a mounting cost on the Government books. However, there was no abatement of demand in the 1990s (Figure 4.2). An important factor was the strengthening of trends of diversification in patterns of participation that dated from the late 1970s: more females, more part-time and mature-age students, many in these categories taking external studies through the Open University. As sociologists such as Trow (1989) argued, this diversity was proof of the social and economic processes of massification.[847]

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[844] Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," p. 258.

[845] King and Nash, , "Continuity of Ideas and the Politics of Higher Education Expansion in Britain from Robbins to Dearing." p. 186.

[846] Timmins, *The Five Giants*. p. 458. Ansell, *From the Ballot to the Blackboard: The Redistributive Political Economy of Education*. p. 199.

[847] Trow, "The Robbins Trap: British Attitudes and the Limits of Expansion." p. 59. Trow suggests that these trends would have been stronger had the Government clearly recognised them and facilitated ease of enrolments for individuals outside of 18-20-year-old range

Placing a ceiling on enrolments might temporarily pause these developments before unavoidable pressures forced policymakers to revisit the issue. In its final years in office, the Major Government's (1990-97) inaction in higher education policy exacerbated the UK's difficulties in the transition to a mass system that the Baker/Clarke agendas had set in motion.[848] There were growing signs of serious policy failure. With the cuts in funding per student, a number of universities in the mid-1990s were so cash strapped as to be on the edge of bankruptcy.[849] In the absence of action at the national level, several university vice-chancellors, seeing no other prospect of repairing the damage of decades of underfunding and fearing that elite British universities might drop out of the world's top ranks, threatened to take the drastic step of charging tuition fees.[850] To avert a potential crisis, the Education Secretary, Gillian Shephard appointed Ron Dearing, a career civil servant and university chancellor to chair a committee of inquiry into higher education.[851] Dearing who had headed previous inquiries into the national secondary curriculum and school qualifications under the Conservative Government was instructed to

> make recommendations on how the purposes, shape, structure, size and funding of
> higher education, including support for students, should develop to meet the needs of
> the United Kingdom over the next 20 years.[852]

The appointment of a national inquiry with the tacit agreement of the Labour opposition was a way of parking the issue in advance of the forthcoming election, something that suited both parties. As one observer noted, it was "a neat way of kicking into the long grass issues about access, diversity of mission and funding".[853] The Dearing Report which was tabled within months of New Labour winning office in May 1997 thrust the frustrations and expectations

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conventionally assumed to be the university-going cohort. Government Minister B: Interview with author, 2017.

[848] Alan Ryan, "New Labour and Higher Education," *Oxford Review of Education 31*, no. 1 (2005).

[849] Howard Glennerster, "United Kingdom Education 1997–2001 (Case Paper 50)," ed. Centre for the Analysis of Social Exclusion (London: Centre for the Analysis of Social Exclusion, 2001). p. 24. McGettigan, *The Great University Gamble*. p. 19. Garritzmann, *The Political Economy of Higher Education Finance*. p. 193.

[850] Timmins, *The Five Giants*. p. 548.

[851] Gareth Parry, "Education Research and Policy Making in Higher Education: The Case of Dearing," *Journal of Education Policy* 14, no. 3 (1999). p. 227.

[852] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. p. 1.

[853] Ryan. p. 91.

of the higher education actors on a new cabinet with no previous experience of national government.

The 1,700 pages of the Dearing Report was the most far-reaching inquiry into the higher education system since Robbins.[854] To answer its brief, Dearing recommended a partially private funding model as the path to a financial sustainable higher education system. Under this model, the universities would be funded through a combination of the existing public grant and a loans-backed contribution to their tuition costs by every student. This reflected the approach favoured by leading voices in the policy community, particularly the vice-chancellors. However, the Government's response disappointed the sector and fuelled a strong belief of missed opportunity.[855] The widespread perception that Labour's first policy agenda was a failure created mounting pressures and expectations to revisit the issues. It was not until Labour's second reform round from 2001-04 instigated by the Prime Minister, Tony Blair, and his policy advisors that Dearing's public/private funding recommendations were implemented. The following sections analyse how the policymaking processes unfolded between Dearing and New Labour's 2004 reforms.

The Policy Strategy of Dearing

Because it originated in the acute need to reduce the uncertainty of higher education funding, the most crucial recommendations of the Dearing Report concerned finance and demand for places. Of the Dearing report's 24 chapters, five were devoted to the issue of funding and two to the issue of student demand. These chapters set out the principles that Dearing believed should govern the relationship between demand and funding arrangements in higher education.

The Dearing Committee directed its analysis to reconciling what most policy specialists identified as three core aims in administration of the British university system: equity, sustainable funding and containing public costs.[856] The general failure of the higher education system was its inability to achieve a balanced policy solution satisfying these aims. At the core of this failure was the problem of establishing reliable base funding for the universities

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[854] In addition to the main report, Dearing produced a separate Report of the Scottish Standing Committee, 5 appendices, and 14 reports on special subjects. https://www.leeds.ac.uk/educol/ncihe/

[855] Wagner, L. "Dearing Is Dead - Blunkett Is Born? The Future Funding of Higher Education," *Higher Education Quarterly* 52, no. 1 (1998). p. 64.

[856] Barr, "Student Loans: Towards a New Public/Private Mix." p. 31.

whose facilities, buildings and financial resources were insufficient for a student population that had doubled since the late 1980s. Dearing believed that this could be only solved by adding a private source to the public grant revenue component in the university funding mix — the position that vice-chancellors and others who experienced the problems at first-hand had reached. Of the private options, the report had reservations concerning a graduate tax.[857] In listing the drawbacks, the report underlined that taxing graduates contradicted the principle of taxation as general revenue and noted the absence of workable graduate tax systems in any other country.[858] These objections were in line with market liberal criticisms of tax funding by policy specialists and public sector economists.[859] The final Dearing Report stated its unequivocal support for a fee-and-loans regime as a key pillar of sustainable and stable financing to meet the scale of demand of a mass higher education system.

The principles of sound finance were only one part of Dearing's justification for a private funding source. His argument for private contributions to the tuition costs of higher education was also based on reframing the goal of equity in the context of the transformation of the political economy of higher education. The deferred payment mechanism of ICLs were central to this argument. The report claimed that "the arguments in favour of tuition costs from graduates in work" relate to

> equity between social groups, broadening participation, equity with part-time students in higher education and in further education, strengthening the student role in higher education, and identifying a new source of income that can be ring-fenced for higher education.[860]

Dearing's specific proposal to bring more money to the universities was to charge students for 25 per cent of average university tuition costs paid through a government-managed ICL scheme where repayments commence above an income threshold following graduation.[861]

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[857] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. p. 310.

[858] Ibid. p. 311.

[859] Julian Le Grand, "Quasi-Markets and Social Policy," *The Economic Journal* 101, no. 408 (1991). p. 1261. Barnes and Barr, "Strategies for Higher Education: The Alternative White Paper."

[860] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. p. 313.

[861] Recommendations 72, 78 & 79. Dearing set out four different combinations of tuition and maintenance cost funding methods. He recommended Option B. In the end the Government followed Option C. Ibid. p. 323.

This was very close to the partial privately funded public model adopted in Australia in 1989 which was designed on the basis of a 20 per cent contribution on the grounds that this was the notional private benefit of a university education that accrued to the individual.[862]

The measurable outcomes of Australia's decade of living with ICLs were crucial in convincing university vice-chancellors and policy advocates of the merits of undergraduate tuition fees as a means to address the policy dilemma of mass enrolments. Policy experts who had studied the Australian system made representations to Dearing. In late 1996, Dearing and other members of the committee visited Australia to look at what policy lessons HECS held for the UK.[863] Dearing subsequently requested the leading Australian policy advisor behind the HECS scheme, Bruce Chapman, to appear before the full 30 member Dearing Committee in London to explain the scheme. At this time, Australian university financing had operated for ten years under the partial private funding model with the government-run ICL scheme alongside public grant funding. It was already generating substantial private revenue for the Australian universities. Six years from the start of the scheme in 1995 revenue from HECS amounted to 10 per cent of the outlays on Australian higher education.[864] The flow of money into the universities from private fees made an important contribution to the growth in Australia's total expenditure on university level higher education. It grew from 1.1 per cent of GDP in 1985 to 1.5 per cent in 1995.[865] By comparison, the UK's equivalent expenditure stood at 0.7 per cent of GDP in 1997, only sixty per cent of the OECD average.[866] Dearing noted that Australia's HECS system "has produced significant additional revenue for the higher education system while not deterring access for those from lower socio-economic backgrounds or minority groups."[867]

Dearing's primary focus was practical: to solve the universities' budget crises in the immediate term. However, the report's broader justification for introducing private funding

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[862] Edwards et al, "Paying for a University Education: HECS and Not Fees." p. 119.
[863] O'Reilly, *The New Progressive Dilemma: Australia and Tony Blair's Legacy.* pp. 137-8.
[864] Chapman, "Conceptual Issues and the Australian Experience with Income Contingent Charges for Higher Education." p. 743.
[865] OECD, *Education at a Glance 1998.* (Paris: OECD Publishing, 1998). p. 84. Commonwealth Tertiary Education Commission, "Review of Efficiency and Effectiveness in Higher Education." p. 66.
[866] Robert Stevens, *From University to Uni: The Politics of Higher Education in England since 1944* (London: Politico's, 2005). p. 103. See also Tony Blair, "Address to Institute of Public Policy Research and Universities UK Joint Conference on Higher Education Reform."
[867] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society.* p. 333.

sources was based on a belief in the benefits of market forces in shaping the higher education system. Like liberal-minded advocates, Dearing saw a properly designed ICL-backed fees system as the means to give the higher education sector greater exposure to market forces. The intention of Dearing's proposed funding framework was to apply the logic of market choice to the system of allocating students to institutions. In setting out the reasons for fees, it was important to frame them as a contribution to the costs of a course. This should encourage the individual to perceive himself/herself as a purchaser of a service provided by the university. It followed that "'if students did pay tuition, it is reasonable to expect that they would impose their own discipline as purchasers on institutions" and that this would lead to greater "product differentiation" by the universities.[868] Since informed choice is a key principle of markets, it was essential that the courses and other services that the universities were offering students were transparent and comparable. This represented a radical departure from the concept of autonomy based on the university's self-governing status under the grants committee principle. Autonomy in Dearing's conceptualisation derived from free agency and competition within markets. Dearing argued that since the individual university was best placed to understand the benefits that their institution could offer to potential students, it should be allowed to decide and manage its spending needs. Allowing the universities to respond to student choice would produce more efficient outcomes than having institutional intakes determined through central planning by the Department for Education and the Treasury.

The Dearing Inquiry saw its brief as principally to consider the wellbeing of the entire sector. It recommended a uniform tuition charge rather than the variable fees that many actors from the elite universities were urging for the reason that it was concerned with the overall deficiency in public funding.[869] However, Dearing also articulated a broader vision of decentralised decision-making. This was along the lines of approaches favoured by economic liberal critics of the public system, a group that included many vice-chancellors from the academically prestigious Russell Group of universities.[870] Dearing believed that student fees should enhance competition between the universities which was why he emphasised the principle that funds "follow the student" to the institution of their choice.[871] The report also

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[868] Ibid. p. 252.
[869] Ibid. p. 301.
[870] Vice-chancellor B: Interview with author, 2017.
[871] UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society.* p. 292.

wanted a "gradual but steady progress towards more public funding flowing with the student" so that an increasing amount of block grant funding would be distributed to reflect student choice.[872] Making the university's income more "directly related to its success in recruiting students" encouraged the interplay of market forces and increased competition between providers.[873] The report's answer to the supply-side problems of the sector was a combination of tuition fees and market-orientated incentives. By enabling expansion, these measures would also increase access, thereby serving equity goals.

Dearing favoured a gradual approach to the related funding question of grants for students' living expenses. While the report noted the potential for ICLs to fund student living expenses, it kept discussion of this separate from the central question of the report which was adequacy and sustainability of the universities' finances. The report saw a need to continue with the public maintenance grants (more generously allocated to poorer students to offset their relative disadvantage) while over time an increasing proportion of student maintenance could supplemented by individual borrowing.

Innovative Higher Education Reform Ideas in the mid-1990s

The Dearing Report gave official authority to arguments that modernisers and reform advocates had been advancing in the 1990s. A crucial line of argument was that the partially private model based of tuition fees could meet the needs of higher education without jeopardising the goal of equity. This was an argument that policy entrepreneurs, economists and social policy thinkers had been making in academic and other arenas for some time.

Think tanks such as the Institute of Public Policy Research (IPPR) and the associated Commission on Social Justice attached great importance to higher education in a program of renewal of centre-left policy ideas in the 1990s.[874] These organisations saw access to higher education and expansion of the university system as integral to innovative approaches to government services, social investment and welfare state modernisation.[875] They elaborated new approaches to higher education where central controls over the universities' course and

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[872] Ibid. p. 297.
[873] Ibid. p. 295.
[874] Commission on Social Justice, *Social Justice: Strategies for National Renewal. The Report of the Commission on Social Justice.* (London: Vintage, 1994).
[875] L. Baston, "The Social Market Foundation," *Contemporary British History* 10, no. 1 (1996); Denham and Garnett, "'What Works'? British Think Tanks and the 'End of Ideology'."; Andrew Denham, *British Think-Tanks and the Climate of Opinion* (London: Taylor & Francis Group, 1997). ch. 6.

enrolment decisions would be replaced by state regulated quasi-markets to create more choice and diversity of programs. As was the case in Australia in the 1980s, addressing the dilemmas posed by public grant funding of mass higher education systems was a potentially divisive issue in left politics. The Commission on Social Justice (CSJ) was established to address the reasons for Labour's loss in the 1992 general election, particularly its shadow budget which was seen as a large negative for voters. The aim of CSJ was to modernise the party's policies along the lines of reimagining the welfare state as an "enabler" rather than a "provider".[876] In a 1994 report, it argued in favour of a tuition fee on all undergraduates backed by ICLs on the grounds that this would help to cure the "real barrier to the expansion of higher education" which is "not the cost of entry but the supply of places."[877] The Commission maintained that this measure was socially progressive because it overcame the inbuilt political limits to increasing public grant financing and would lead to the creation of many more university places for non-traditional entrants, including women, minorities and those from low income households.[878]

Nicholas Barr, a London School of Economics (LSE) academic specialising in public sector economics, was also a highly influential advocate for liberalisation of higher education policy in this period. Barr began in the 1980s to argue the case for a system of variable university fees and ICLs based on neo-classical economic principles.[879] He blamed the crises in funding and supply of university places on centralised demand management where the Education Department and the Treasury planned student recruitment, enrolment numbers and university course structures. Barr, who was an international authority on welfare economics, claimed that whereas state-funding had been adequate to meet the requirements of the expansion of the elite (five per cent participation) higher education system in the 1960s, full public subsidisation could not meet the costs of expansion of a mass (30 per cent participation) higher education system in the 1990s.[880] By conventional orthodoxy the goal of investment in higher education was assumed to be its social benefit. Barr argued for treating university education as an individual consumption good in a market composed of prices (tuition fees) and well-informed consumers. He claimed that achieving a market based on supply and

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[876] Timmins, *The Five Giants*. pp. 532-35. Catherine Haddon, "Making Policy in Opposition: The Commission on Social Justice, 1992-1994," (London: Institute for Government, 2012).
[877] Commission on Social Justice. p. 139.
[878] Ibid. pp. 137-38.
[879] Barnes and Barr, "Strategies for Higher Education: The Alternative White Paper."
[880] Barr and Crawford, "The Dearing Report and the Government's Response: A Critique." p. 72.

demand pricing was the best guarantee not just of the quality and efficiency of the universities, but also for overcoming the chronic access problem arising from dependence purely on public funding in an age of mass participation.[881] Access, as Barr argued, was the necessary condition for more equitable outcomes in higher education.

The modernisers in New Labour were shifting in a direction consistent with Barr's argument that a policy designed to bring market forces into the higher education system would enhance equity goals.[882] The barrier to widening access in higher education was seen not to be the cost of entry but failures in the supply of places.[883] Paying fees at the point of use deterred poor students from enrolling and was therefore inequitable. On the other hand, requiring an individual to pay when they were a well-paid graduate was fair and positive policy. For Barr, a delayed contribution to tuition costs was a form of "consumption smoothing" across the life course.[884] Therefore, to promote a rational discourse on ICLs it was necessary that people "internalise that this wasn't credit card debt. This was another payroll deduction. So, it is category 'pain in the butt.' Not category 'sleepless nights.'[885] A delayed contribution to tuition costs was essential to the equity of this structure because many students' families are poor *and* because many recipients of a university education end up rich.[886]

New Labour: Round One

The 1997 Legislation – New Labour's First Agenda

The task of responding to Dearing fell to David Blunkett, the Education Secretary in the newly elected Labour Government. Many in the policy community believed that Option B which the Dearing Report recommended after carefully canvassing several approaches was a promising solution to the funding problem that answered the policy requirements and appeared to be politically acceptable. Option B recommended a universal fee at 25 per cent of average tuition costs — somewhere in the vicinity of £1,000. To eliminate the burden of up-front payment, it recommended a government backed ICL regime where the majority of students were expected to borrow. Finally, it recommended maintenance arrangements where half of the individual's living costs should be covered through access to ICL borrowing and

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[881] Barr, "Funding Higher Education: Policies for Access and Quality, House of Commons Education and Skills Committee, Sixth Report of Session 2001-2002." p. 23.
[882] Commission on Social Justice. p. 95
[883] Ibid. p. 139.
[884] Barr, "Higher Education Funding." p. 274.
[885] Ibid. p. 272.
[886] Ibid. p. 265.

the other half by household income or for low-income households by means tested grant.[887] This was not the approach that Blunkett adopted. Instead, under the *Teaching and Higher Education Act (1998)* he introduced means tested up-front fees with extensive exemptions for the less-well off. In the upshot, a third of students were not charged for tuition, a third were charged in a range from £0 to £1,000, and a third paid the full fee of £1,000.[888]

Those who understood university financing quickly estimated that the money raised under this policy would do little to meet the needs of the universities.[889] Barr and Crawford (1998) viewed Blunkett's response to Dearing as a great missed opportunity to adopt a logical and consistent policy strategy to set up British higher education on a stable and sustainable basis.[890] The absence of a sustainable plan to address the funding crisis was particularly disappointing to university leaders who hoped that the Dearing Report would mark the start of a systematic program to restore the sector after the damaging spiral of cost-cutting of the previous two decades. The thinking behind Blunkett's decision was designed to appease the "free tuition" lobby which included the Labour-aligned National Union of Students.[891] Requiring individuals to pay fees up-front was a precedent with potential difficult electoral implications as was shown in the case of Scotland where a coalition government was elected to the new Scottish Parliament in 1999 on the promise of deferring repayments of Blunkett's fees.[892]

One of the most unusual aspects of the changes was that a Labour Government abolished maintenance grants and replaced them with a system of ICLs for student living expenses managed by the Students Loan Company.[893] Without this subsidy for living costs, all students

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[887]UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. p. 322.

[888] Timmins, *The Five Giants*. p. 600. Ben Jackson, "Blunkett's Funding Muddle," *Times Higher Education Supplement* 29 August 1997.

[889] Nicholas Barr, "Good Start, Wrong Road," *Times Higher Education Supplement. July 31, 1998.* UK National Committee of Inquiry into Higher Education (the Dearing Committee), *Higher Education in the Learning Society*. p. 263. Glennerster, " United Kingdom Education 1997–2001." pp. 21-2.

[890] Barr and Crawford, "The Dearing Report and the Government's Response: A Critique." pp. 78-81. Nicholas Barr: Interview with author, 2017.

[891] Jackson, "Blunkett's Funding Muddle."

[892] Glennerster, " United Kingdom Education 1997–2001." p. 23.

[893] Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," p. 260.

became dependent on family resources and/or ICL borrowing.[894] As Figure 8.4 shows, the support contributed by the public maintenance grant to what was deemed a student's maximum annual living expenses dropped in value from the Baker changes in 1989 and was offset by increased student borrowing. The trend of greater borrowing for living expenses rapidly accelerated following the decision to completely replace the maintenance grants by loans in 1997. For his part, Dearing had favoured a more gradual reduction in subsidies for student living expenses with the phasing in of a greater contribution from the individual (facilitated by ICL borrowing). The Treasury, for its part, welcomed the ending of maintenance grants because it removed a source of spiralling costs from the Government accounts.

Taking a structural perspective, this shift to individual financing coincided with a period of critical transition to mass participation in the political economy of higher education. However, the immediate problem was that the measure made no direct contribution to repairing the universities' budgets.
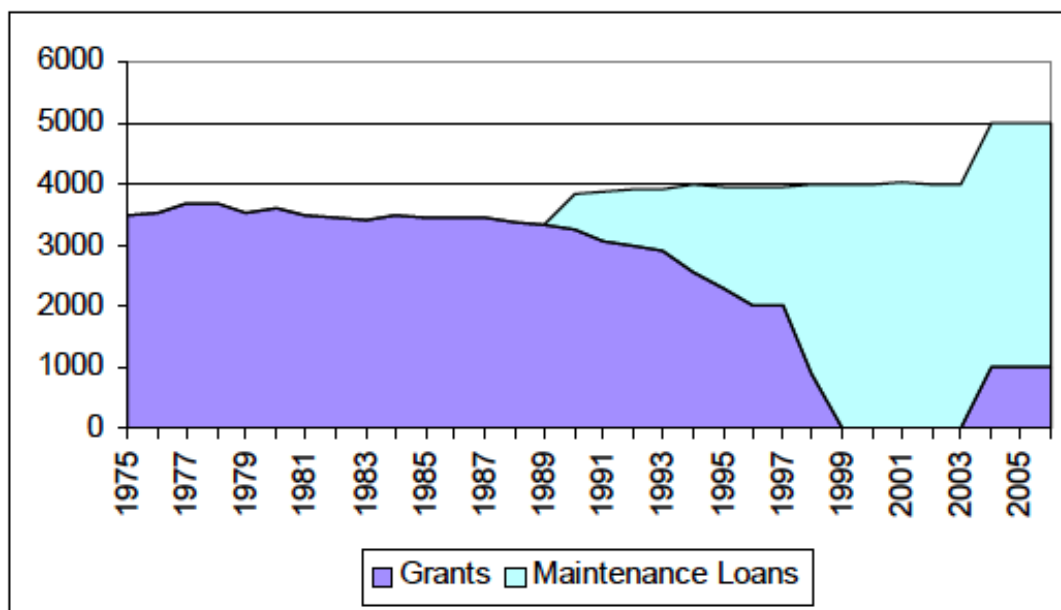
Figure 8.4 Maximum value of maintenance grants and maintenance loans (£ p.a., 2003–04 prices)
(Source: Goodman and Kaplan, 2003.)[895]

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[894]Timmins, *The Five Giants*. p. 600. Hillman, "From Grants for All to Loans for All: Undergraduate Finance from the Implementation of the Anderson Report (1962) to the Implementation of the Browne Report (2012)," p. 260.
[895] Alissa Goodman and Greg Kaplan, "'Study Now, Pay Later' or 'HE for Free'? An Assessment of Alternative Proposals for Higher Education Finance," (London: Institute of Fiscal Studies, June 2003). p. 48.

To understand why the complete Australian version of the hybrid funding model was not embraced in the UK in 1997 requires analysis of the political context and motivations behind Blunkett's 1997 agenda. One important factor was that having arrived in government after so many years in the wilderness, New Labour was simply not prepared for a major reform of the higher education system. Blunkett's dislike of the idea of loans for fees was consistent with the traditional left position that held considerable sway in the PLP in 1997-98.[896] Many Labour politicians justified a belief in tuition-free higher education based on the principle that higher education represented a public good.[897] There was also a widely shared assumption that the state should remain as the central player in the regulation and maintenance of a comprehensive, public university system. Many saw a regulatory role for government as a necessary counterweight to the elite universities who would be expected to use their power under a deregulated arrangement to set fees at a level that would entrench privilege in a two-tier system. It was only after a considerable period of time and searching debates that members of the PLP became open to being persuaded that tuition fees were a way to increase the supply of university places and thereby enable greater access. Many, as discussed below, maintained their opposition to fees despite — or, as several observers suggest, because of — the campaign led from the Prime Minister's Office in the lead-up to the 2004 fees legislation to change party thinking on the question.[898] Blunkett had put the traditionalists' case for means testing and against unilateral fees in tabling the Dearing Report:

> We shall, however, ensure that the poorest students do not have to pay fees. That is the best way of encouraging access to free education for the least well-off.[899]

The 1998 measures paid service to the "Old Labour" concept of equity as redistribution between social classes: if fees were necessary to raise money, target the well-off through upfront payments; if students from low-income families were struggling with living costs, increase their allowances or expand their borrowing entitlements.

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[896] Vice-chancellor B: Interview with author, 2017.

[897] Member of Parliament A: Interview with author, 2017. Member of Parliament B: Interview with author, 2017.

[898] Andrew Rawnsley, *The End of the Party: The Rise and Fall of New Labour* (London: Viking, 2010). p. 233. Philip Cowley, *The Rebels: How Blair Mislaid His Majority* (London: Politico's, 2005).

[899] Hansard House of Commons. 23 July 1997. cols 953-67.

A second reason for the Government's unwillingness to undertake a major overhaul of the funding model related the Chancellor's vow before the election to stay for two years within the spending plan of the Conservatives.[900] Gordon Brown was not prepared to give Blunkett the interim funding necessary to tide over an ICL regime before post-university payments flowed into the government revenue pool.[901] To do so would have shown up as a major cost under the accounting system for public expenditure.[902] The reason was that Treasury argued that *all* lending to students counted as public spending even if analysis showed that the bulk of money would be repaid.[903] (By contrast, under the Australian public accounting rules, the initial costs of HECS before it began to generate a revenue stream were kept off the public balance sheet.[904]) This would present a major difficulty for the Government's self-imposed spending limits and provoke the opposition of Treasury whose critical role in shaping higher education funding policy is discussed below.

As the project of modernising public services became more prominent in Labour's second term, ideas such as private finance initiatives (PFI) or notions of private contributions (based on "investment returns") for government provision were much more widely circulated. The "centre-left" political discourse that New Labour proponents had begun in the 1990s had taken concrete shape in the national policy discourse, particularly after Labour's re-election with another huge majority in 2001. Electoral success appeared – certainly was claimed by strategists – to confirm that the voters liked these policies. Blunkett, himself, came to be seen by observers as a representative of "New Labour" politics (*viz.* his position on schools' standards and crime). But he was no longer in the education portfolio during the next round of higher education reform in 2002, while remaining unenthusiastic about universal tuition fees.[905]

The set of recommendations in the Dearing Report were designed as mutually reinforcing measures. However, Blunkett's unwillingness to implement Dearing as an overall package destroyed its rationale. Ultimately this meant that several years were lost to the reform project

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[900] Timmins, *The Five Giants*. p. 555. Andrew Gamble, "New Labour and Political Change," *Parliamentary Affairs* 63, no. 4 (2010). p. 649.
[901] Stevens, *From University to Uni*. p. 93.
[902] Barr, "Student Loans: Towards a New Public/Private Mix."
[903] Ibid. p. 32.
[904] Barr and Crawford, "The Dearing Report and the Government's Response: A Critique." p. 82.
[905] David Blunkett, *The Blunkett Tapes: My Life in the Bear Pit* (London: Bloomsbury, 2006). p. 563.

and that the central problems would need to be revisited in another agenda round.[906] Thus, five years later the Government set the wheels in motion to tackle the very same funding problems that this first agenda had failed properly to address. When this second New Labour agenda was under way, Dearing continued to argue that the changes proposed in the 1997 report "are needed as much today as they were then."[907]

For reasons outlined above the Labour Government's first higher education agenda did not fully confront the dilemmas of the new political economy of mass higher education in the UK. The result was a less coherent framework for developing policy in higher education during the Government's first term than may have been the case with a more mutually reinforcing strategy. Blunkett's responses to the framework that Dearing offered (which reflected the consensus view of many policy specialists) appears fudged due in part to the potential for the issue to arouse opposition from within the PLP. The window of opportunity for the higher education reform agenda closed with the passage of the *Teaching and Higher Education Act (1998)*. Attention in the education portfolio shifted to New Labour priorities of primary education and standards and performance in secondary schools.[908]

Policy Pressures Before and After the 2001 Re-election of Labour

Disappointment at the Government's response to Dearing spurred the universities, led by the elite Russell Group, to lobby Blair's office for changes that would decisively settle the interminable financial crisis of the sector. Regular interactions between a number of vice-chancellors and policy specialists, on the one hand, and individuals who became the leading proponents of Blair's 2003/04 higher education agenda brought together the policy and political streams. The main New Labour figures were Andrew Adonis, the head of the Policy Unit (2003 to 2005), Jeremy Heywood, the Principle Private Secretary to the Prime Minister (1999 to 2003), and Charles Clarke, Secretary of State for Education and Skills (2002 to 2004). A vice-chancellor interviewed for this thesis spoke of his connection to Clarke through regular meetings where he extensively briefed him on what the Government got wrong about Dearing.[909] Another important figure was Roy Jenkins who, after holding the

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[906] Ryan, "New Labour and Higher Education." p. 94.

[907] Ron Dearing, "We Will All Benefit from Tuition Fees," *Guardian*, 8 January 2004. Alan Thomson, "'Invest or Perish,' Dearing Warns," *The Times Higher Education Supplement*, April 26, 2002.

[908] Heath, Anthony, Alice Sullivan, Vikki Boliver, and Anna Zimdars. "Education under New Labour, 1997–2010." Oxford Review of Economic Policy 29, no. 1 (2013). p. 229.

[909] Vice-chancellor B: Interview with author, 2017.

highest offices of state under earlier Labour Governments, joined other prominent figures in abandoning Labour to form the Social Democratic Party in 1981. In later life Jenkins was appointed Oxford University Chancellor. His political views had brought him close to both Blair and Adonis, and he warned them that fees were the only means of protecting the quality of Britain's leading universities.[910]

The political context helps to explain why the Government was slow to accept the logic of Dearing's proposals. In the aftermath of the Blunkett reforms, anxiety about the political risks of tuition fees persisted. Blair believed that the issue had the potential to damage the Government's popularity with the middle-class families central to New Labour's electoral coalition in 1997. The Government's strict adherence to its promise to follow the fiscal policies of the Conservatives was an indication of the lengths that New Labour would go to hold this electoral coalition together. Blunkett was sanguine about support for the Government believing the £1,000 fees would not lose voters because most households were exempt or alleviated from the full charge.[911] However, to reassure voters he announced in parliament early in 2001 that, if re-elected, the Government would not increase fees in the next term.[912] This pledge went into the manifesto that Labour took to the 2001 election campaign. Blair was silent about views he later espoused that the higher education system should be more responsive to market forces. The retention of its huge majority of seats in June 2001confirmed the broad electoral coalition of support for the Government's programs. Blair interpreted the result as a mandate for what he began to proclaim as a modernised public services agenda.

After the 2001 election, the Prime Minister's Office set itself to fix the defects of the higher education system. This agenda would lay the foundations for "a new, equitable, sustainable, socially progressive model for funding higher education."[913] Higher education reform was one of a number of flagship policies that Blair defined as a modernisation of public services project. He believed that this would take Britain closer towards the kind of aspirational society that he argued was foundational to the idea of New Labour.[914] Central to this was the

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[910] Tony Blair, *A Journey* (London: Hutchinson, 2010). p. 482. Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. p. 230.
[911] Blunkett. pp. 305, 563.
[912] Lee Elliot Major, "No University Top-up Fees, Promises Blunkett," *Guardian* 2001.
[913] Vice-chancellor B: Interview with author, 2017.
[914] Anthony Seldon, *Blair Unbound* (London: Simon and Schuster, 2007). pp. 36-46. For what New Labour meant for Blair, see Blair, *A Journey*. pp. 265-67, 484-87.

concept of public services modernisation where market mechanisms would play a much larger part in the delivery of government services. This would include tapping private funding sources such as tuition fees, contract management through fund-holder and provider relationships, and co-funding through public-private partnerships. Blair needed to build support for these programs, including university fees, within cabinet, the select committees and the PLP. It was critical for the Blairites supporting increased tuition charges to sell the policy to the party and the public on grounds of equity, access and efficiency. The case for replacing a publicly subsidised system with the partially private funding model rested on reconceptualising the meaning of these goals for the new era of mass higher education.

New Labour: Round Two

Rebooting the Higher Education Agenda in Labour's Second Term

After Blunkett's response to Dearing, the higher education issue moved off the education agenda where most space was taken up with the issue of literacy and numeracy in schools.[915] However, soon after Blair was re-elected in 2001 higher education rose to become a defining issue for New Labour's second term domestic policy agenda. In his speech at the 1999 Labour Party conference, Blair had placed higher education as a central element in progressive Third Way policy distinguished from "conservatism of right or left".[916] A thriving university sector was the key to the 21st century "knowledge-based economy", and Blair announced a target of 50 per cent higher education participation by young adults. Following his landslide win in 2001, Blair directed his advisors in the Number 10 Policy Unit to prepare an agenda for a radical restructuring of the higher education system.

The Blunkett changes had done little to ease the financial difficulties of the universities. Shattock (2012) claims that in the first two years after the introduction of the fee, any impact was cancelled because the increased income was absorbed by the Treasury in pursuit of efficiency gains.[917] In the decade to 2001, enrolments in UK higher education had doubled and stood at over two million .[918] The public grant remained the predominant source of funds to cover the costs of these places, with only slightly more than five per cent coming from the

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[915] Adonis, *Education, Education, Education: Reforming England's Schools*. p. 27. Heath et al, pp. 227-30.

[916] Tony Blair, "Speech to Labour Party Conference," (Bournemouth28 September 1999).

[917] Shattock, *Making Policy in British Higher Education 1945-2011*. p. 162.

[918] Office for National Statistics (ONS), "Education and Training: Social Trends 41," (London: UK Office for National Statistics, 2011). p. 17.

£1,000 undergraduate fee.[919] The latter had failed to ease the strain on the universities' resources, and the inadequacy of per student funding levels continued to overshadow all other problems for the vice-chancellors and the university staff. These circumstances amplified the problems of sustainability that Dearing had carefully identified four years earlier.

The university interests intensified their campaign for a universally applied tuition fee set at an amount that would cover a substantial fraction of tuition costs. These and the public grants, they argued, should be the twin pillars of higher education finance.[920] The vice-chancellors threw themselves behind an intensive campaign focused on the inadequacy of the £1,000 tuition fee in light of the state of the universities after two decades of cost-cutting. With no prospect of large increases in the public grants, the university interests focused on lobbying the Government for a larger and universal tuition charge.[921] The elite universities pressed for the power to set differential fees on the grounds that payments based on their "institutional premia" would unlock resources that would improve quality and access for higher education.[922] Blair and Adonis were sympathetic to the more radical arguments for "top-up" tuition fees based on variable pricing for institutions which they believed would be the basis of a market-orientated higher education system. Blair believed that means tested tuition fees were based on outdated notions of redistribution and that this misunderstood the aspirations of the British public.[923] The users of public universities, he argued, wanted government to refashion these in ways that would provide greater choice of services that were available to them in other domains of their lives.[924]

The Russell Group whose members had the most to gain led the university interest groups in lobbying Blair and his ministers to allow the universities to levy fees.[925] Supported by influential voices in the business community, it called for lifting the ban on "top-up" fees in

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[919] House of Commons Select Committee on Education and Skills, "The Future of Higher Education." p. 55.

[920] Vice-chancellor B: Interview with author, 2017.

[921] Seldon, *Blair Unbound.* p. 248. Greenaway and Haynes. "Funding Universities to Meet National and International Challenges."

[922] Greenaway and Haynes. "Funding Universities to Meet National and International Challenges." pp. 71-75.

[923] Tony Blair, "Speech to Fabian Society," (London, 7 July 2004). "Address to Institute of Public Policy Research and Universities Uk Joint Conference on Higher Education Reform."

[924] *A Journey.* p. 485.

[925] Timmins, *The Five Giants*. p. 628. Universities UK, "What's It Worth: The Case for Variable Graduate Contributions," (London: Universities UK, 2003). Shattock, *Making Policy in British Higher Education 1945-2011*. p. 163.

the 1998 legislation so that universities could cover the shortfall between the public grant and the costs of high-quality tuition.[926] Figures in the elite universities — supported by voices in British business — proposed raising the price of their courses to levels in excess of £10,000 annually, claiming that only this would protect the international standing of their institutions.[927] Many of the newer universities opposed fees — more specifically differential fees — believing that this would formalise the positional hierarchy underlying university education in Britain.[928]

Key figures in shaping the government's higher education modernisation agenda were the prime minister's advisors, particularly Adonis and Michael Barber, the education professor heading the new Policy Delivery Unit in the Cabinet Office. These policy actors gave more precise form to Blair's ideas about developing markets in the higher education system through allowing the universities to set their fees. Blair appointed Adonis as his education advisor on the basis of a newspaper article in which Adonis advised Blair to be his own education minister: Adonis was appointed education advisor in the Downing St Policy Unit.[929] He subsequently became head of the policy unit as higher education reform returned to the centre of the New Labour agenda.

Roy Jenkins, the Oxford University chancellor since 1987, was another important influence on Blair's thinking.[930] Jenkins was Chancellor of the Exchequer and Home Secretary in earlier Labour Governments who was one of four senior party figures to break their allegiance to Labour to form the Social Democratic Party in 1981. Jenkins was a one-time strong believer in state provision of higher education. However, the dire circumstances of higher education funding and the impasse in policy convinced him that there was a powerful case for bringing private sources of funding into higher education. He impressed on Blair, another Oxford graduate, the danger that Britain's top universities would fall behind their global competitors unless they were permitted to raise money through top-up fees. Given his

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[926] Greenaway and Haynes. "Funding Universities to Meet National and International Challenges." p. 73.

[927] Donald Macleod, "Imperial Rector Proposes £10,500 Tuition Fees," *Guardian*, 17 October 2002. Sarah Cassidy "Imperial College to Raise Fees from £1,100 to £10,500 a Year," *Independent*, 18 October 2002.

[928] Stevens, *From University to Uni.* p. 125.

[929] Alan Smithers, "Education," in *The Blair Effect: 2001-5*, ed. Anthony Seldon and Dennis Kavanagh (Cambridge: Cambridge University Press, 2007). p. 256.

[930] John Campbell, *Roy Jenkins: A Well-Rounded Life* (London: Jonathan Cape, 2013). pp. 700-26. Blair, *A Journey*. pp. 482-84.

sympathy for policy solutions incorporating market forces, Blair readily accepted the merits of Jenkin's arguments, particularly as a way of maintaining the global reputations of Britain's top universities.[931]

A major difficulty for Blair and his advisors in driving the higher education agenda was that it was an issue on which, inevitably, the political divisions within the PLP were projected. There were sharply conflicting opinions about the future of the national higher education system within the cabinet and among the 412 members of the PLP. Fundamental disagreements over principles of access and equity, and over the merits of delivering government services through a purchaser/provider model, divided the New Labour modernisers and the traditional Labour left. Many of Labour's huge backbench majority felt marginalised from New Labour's "command premiership".[932] They resented their lack of influence and their remoteness from policy processes which were steered by a small number of individuals close to Blair – cabinet allies, key advisors and staff in the Number 10 Policy Unit. Hostility to Blair's style of leadership intensified with his conduct of foreign policy culminating in the decision in March 2003 to take the country to war in Iraq. The higher education agenda beginning with the January 2003 White Paper and leading to the parliamentary vote on the Higher Education Bill in January 2004 unfolded over what was by most accounts the most traumatic year of New Labour's time in office.[933] The agenda played out in a climate of uncertainty about the survival of Blair's leadership that worsened fractures in the cabinet and the difficulties in managing the PLP.

The Policy Resources of the Treasury

A crucial factor determining the advance of the reform agenda was the position that the Treasury would take on questions such as the size of higher education enrolments and the budgetary impact of a government backed student tuition/loan system. A government-backed fee-and-loans system for a substantial portion of Britain's 18- to 22-year-olds had considerable implications for the national accounts and for administrative arrangements

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[931] Campbell, *Roy Jenkins: A Well-Rounded Life.* p. 726. Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. p. 230. Blair, "Address to Institute of Public Policy Research and Universities UK Joint Conference on Higher Education Reform."

[932] Peter Hennessy, *The Prime Minister: The Office and Its Holders since 1945* (London: Penguin, 2001). p. 477.

[933] Rawnsley, *The End of the Party: The Rise and Fall of New Labour*.; Jon Davis and John Rentoul, *Heroes or Villains?: The Blair Government Reconsidered* (Oxford: Oxford University Press, 2019). pp. 226-242; Seldon, *Blair Unbound.* pp. 232-262.

required to mesh with the taxation system.[934] Further complexity would be added if the universities were granted the power to vary their fees. Blair's preferred model of demand-driven expansion represented a significant change from the centralised role of the Treasury in setting the parameters for the annual student intake. The proposal to directly remit tuition contributions from the Government lending authority to the university of the enrolling student would diminish Treasury's existing control over a significant area of funding. Treasury would lose its influence in setting annual student intakes if the creation of university places were to be demand-driven in a "marketplace" of institutional providers and student users.

Under Brown as Chancellor, the Treasury had a powerful role in determining the overall Government agenda. Davis and Rentoul (2021) characterised Treasury under Brown as one pole of a Blair/Brown power axis that determined how New Labour governed.[935] Brown and a small circle of advisors exercised a dominant influence over economic policy at the expense of regular officials. They considered themselves as the engine of government policy. Brown headed all the cabinet economic committees and major decisions were frequently taken in the absence of consultation with the full cabinet.[936] Brown interpreted Treasury's legitimate responsibilities as to range across the domestic policy departments, particularly the delivery departments in health, education and social provision. By the standards of even the most forceful past chancellors Brown shaped his department as a rival power centre to the government machinery around the Prime Minister's office.[937] He presumed that the Chancellor for the Exchequer had a legitimate and essential role in shaping, initiating and, where necessary, vetoing the domestic policy agenda. Treasury's expertise gave Brown the intellectual resources and depth of argument to back up interventions on his cabinet colleagues' agendas. With an enormous appetite for work, Brown mastered the details of the reform programs before the cabinet. He routinely used Treasury to produce formal reports on policy issues across the whole of the Government's responsibilities. Through these means Brown was in a position to dominate cabinet discussions and to intimidate weaker colleagues.

Supporters of Blair and Brown are divided in their interpretation of Brown's role in encouraging opposition in the PLP to the higher education agenda. In the view of critics,

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[934] Government Official D: Interview with author, 2017.
[935] Davis and Rentoul, *Heroes or Villains?: The Blair Government Reconsidered.* pp. 27-29.
[936] Hennessy, *The Prime Minister: The Office and Its Holders since 1945*. p. 480.
[937] Davis and Rentoul, *Heroes or Villains?: The Blair Government Reconsidered.* p. 223.

Brown slowed the agenda through stalling the cabinet processes of reaching collective agreement, a demonstration of non-support that sent a message to the dissenters in the party. Brown's disagreements in cabinet meetings over the winter of 2002/03 appeared aimed at stalling momentum and clearly delayed the progress of the Higher Education White Paper before cabinet finally agreed for it to be tabled in January 2003. His apparent reluctance to support the reforms certainly fed into the dynamics of Labour's internal party politics in the two months preceding the crucial parliamentary Second Reading vote on the Higher Education Bill on 28 January 2004. The next section briefly outlines the context of the Blair-Brown rivalry before the thesis turns to a detailed analysis of the processes of building support for the reform agenda.

Control of the Domestic Agenda — The Blair-Brown Rivalry

The Brown-Blair rivalry which has been analysed in numerous political histories of the New Labour years is highly relevant to understanding the processes of advancing the higher education agenda because it shaped the dynamics of the cabinet and the PLP. As noted, both the Prime Minister and the Chancellor presumed the responsibility to define and drive New Labour's domestic policy agenda.[938] For this reason, the backstory of New Labour's leadership is relevant to understanding the reform agendas around welfare, health and education that were promulgated in Labour's second term (2001-05).

Brown and Blair formed a highly productive relationship when they entered parliament together in 1983 that was crucial to the reform of the Labour policy platform and the emergence of New Labour. From the outset, both men were united in the goal of dropping Labour's nationalisation tenet that would reveal it as a modern centre-left party that understood the realities of global markets and the aspirations of a private ownership society. Brown embraced the position that economic growth and wealth creation in the private sector were essential conditions for implementing progressive social policy. In his first years as Chancellor, he set out to show that New Labour was the party best equipped to manage economic growth. As well as honouring Labour's pledge to stay within the limits of his

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[938] Davis and Rentoul suggest one approach to assessing the Blair-Brown relationship at some periods of New Labour in office is to see the two as leaders of rival parties governing in coalition. See ibid. p. 15.

predecessor's spending plans in the first years, Brown also preserved the Lawson-Thatcher tax structure and the legal restrictions on trade unions.[939]

As described in many accounts of the so-called "Granita agreement",[940] Brown agreed to stand aside from challenging Blair for leadership of the party in exchange for commitments from Blair. From Brown's perspective, this was an understanding that he would control the direction of the Government's domestic policy agenda. As the leading architect of New Labour's policies, he assumed that his responsibilities reached into domestic portfolios. Those cabinet ministers who were unwilling to acquiesce he treated as rivals.[941] Overall, these dynamics served to further the aggrandisement of the Treasury at the expense of the spending departments, a development that had already advanced under strong Chancellors in the Thatcher-Major years.[942] This environment created pressures on cabinet members driving them to identify as Blairites or Brownites.

In his first three years as Chancellor, Brown honoured the pledge to follow the spending plans inherited from John Major's Government. Then in 2001, he opened the coffers for large-scale domestic policy programs, notable for the degree to which the Chancellor took the central role in determining the Government's domestic priorities. Central to the domestic agenda was the idea of basing social policy around tax credits and in-work welfare emulating the Earned Income Tax Credits (EITC) of the Clinton administration much admired by Brown.[943] In order to deliver extensive tax credits and increases in child benefit payments to British households, Brown merged the tax and benefit system, a radical innovation to the national welfare system. In a way that no previous chancellor had done, Brown used the Treasury as a platform to influence and steer domestic policy agendas including education

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[939] Peter Sinclair, "The Treasury and Economic Policy," in *Blair's Britain: 1997-2007*, ed. Anthony Seldon (Cambridge: Cambridge University Press, 2007). Spending on education as a percentage of GDP slipped from 1995 and continued to fall after Labour took office in 1997. In 1999/2000 at 4.5 per cent GDP it was lower than any time in the Thatcher years and lowest since the early 1960s. See Glennerster, "United Kingdom Education 1997–2001." p. 6.
[940] Named after a now defunct café in Islington where the agreement was concluded. Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. pp. 59-62.
[941] Simon Jenkins, *Thatcher and Sons: A Revolution in Three Acts* (London: Allen Lane, 2006). p. 289. Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. pp. 64-65. Robert Peston, *Brown's Britain* (London: Short Books, 2005). p. 67.
[942] Jenkins, *Thatcher and Sons: A Revolution in Three Acts*. p. 222. Derek Scott, *Off Whitehall: A View from Downing Street by Tony Blair's Adviser* (London: I. B. Taurus, 2004). pp. 9-32.
[943] Kitty Stewart, "Equality and Social Justice," in *The Blair Effect: 2001-5*, ed. Anthony Seldon and Dennis Kavanagh (Cambridge: Cambridge University Press, 2007). p. 310.

(education maintenance allowances), employment (welfare-to-work programs) and a minimum wage.[944] Brown imposed his authority across multiple policy areas through force of intellect and personality. This brought Brown into collision with senior figures in the cabinet as Blair determined to use the Government's second term to define his domestic legacy. In 2003, the battle for policy control in the health and higher education agendas between the Chancellor and Number 10 erupted into political warfare.

The Political Agenda after 2001

After 2001, the Number 10 Policy Unit which saw itself "as being the kind of intellectual and policy engine of government" began work on what it regarded as a major modernisation agenda for higher education.[945] Adonis in the Policy Unit and Jeremy Heywood, Principle Private Secretary to the Prime Minister, assumed responsibility for steering the agenda.

Adonis believed that it was necessary to establish flexible and sustainable funding for the sector by tapping private sources and that freeing obstacles to demand would generate diversity, differentiation and higher enrolments.[946] To achieve the first goal he favoured a universal tuition fee along the line of Dearing's Option B or the Australian HECS arrangements. The second goal of meeting demand for courses would be achieved through allowing universities to set prices for fees – the so-called variable fees option. In the early stages, the discourse of the Policy Unit tended to marry the two goals, but, as the policy cycle advanced, the funding issue and the market issue tended to be treated separately in policy discourse. Initially, Number 10 was attracted to the more radical "variable fees" position advanced by some vice-chancellors who wanted the Government to stimulate market forces by removing penalties for universities setting their own fees. Allowing the universities to set their tuition charges would bring supply and demand for courses into alignment and be the basis for sustainable funding for a private/public system. Variable fees were a desired outcome of liberal market advocates of the complete removal of government-imposed caps

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[944] Gamble, "New Labour and Political Change." p. 651. Polly Toynbee and David Walker, *The Verdict: Did Labour Change Britain* (Granta, 2010). pp. 205-7. Martin Rhodes, "Restructuring the British Welfare State: Between Domestic Constraints and Global Imperatives," in *Welfare and Work in the Open Economy Volume II: Diverse Responses to Common Challenges in Twelve Countries*, ed. Fritz W. Scharpf and Vivien A. Schmidt (Oxford: Oxford University Press, 2000). p. 60. Peston, *Brown's Britain.* pp. 275-8.
[945] Vice-chancellor B: Interview with author, 2017.
[946] Helen Carasso, "Implementing the Financial Provisions of the Higher Education Act (2004): English Universities in a New Quasi-Market" (PhD Thesis, Oxford University, 2010). pp. 236, 246.

on fees and on undergraduate numbers. The aim of Dearing's principle that "the money follows the student" was to stimulate accountability and choice through market-based mechanisms, but Dearing stopped short of recommending open-ended pricing by the universities.[947] He realistically accepted that a Government-managed grants system would in the medium term continue to be a major pillar of the funding model.[948] As the agenda proceeded through the processes of the cabinet and the PLP, the reform proposals moved closer to Dearing's pragmatic approach of securing a private funding source hedged by central government steering and regulatory structures.

Estelle Morris, who became Education Secretary in the second Blair ministry in June 2001, immediately came under pressure from Blair and Adonis to announce a process to tackle the funding of higher education. She was less convinced than the latter of the need to redesign funding around the principle of top-up fees. In early 2002, Morris announced a White Paper to be tabled in October that would state the Government's plans for higher education. At this time, Adonis visited Australia to take a close look at its HECS fee-paying system that had been amended under a Liberal-National Coalition Government by the introduction of a differentiated fee structure.[949] (The level at which fees were set, however, was still determined by the Government.) On his return, full of admiration for the Australian approach, Adonis teamed with Heywood, his Policy Unit colleague, to begin consultations with Brown's advisors, Ed Balls and Ed Miliband, on a common approach to university fees.

Instead of bringing the Treasury behind the student loans/tuition fees proposal, Brown argued for a progressive tax on graduate incomes to replace the existing system of up-front fees and maintenance loans.[950] (Blair strongly opposed a graduate tax because it conflicted with his model of modernised public services where payments should match the value of the benefit. He believed that a graduate tax would penalise high-earning graduates who would be in the position of paying more than others for the same service.[951]) Brown and Balls argued against loans on distributive principles that debt would be a greater burden on students from poorer households and that it potentially had a deterrent effect on the decision to follow university

[947] UK National Committee of Inquiry into Higher Education (the Dearing Committee), " *Higher Education in the Learning Society.* p. 300.
[948] Ibid. p. 297.
[949] Carasso, "Implementing the Financial Provisions of the Higher Education Act (2004): English Universities in a New Quasi-Market." pp. 51-2.
[950] Peston, *Brown's Britain.* p. 311.
[951] Blair, *A Journey.* p. 487.

studies.[952] To examine these questions — and to stall the momentum of the agenda — Brown commissioned the Treasury to undertake a detailed study to examine the feasibility of a graduate tax. Ultimately, the Treasury study concluded that a graduate tax would be unworkable. Brown continued to stonewall and proposed that the Government postpone higher education changes pending a large-scale inquiry.[953]

In September 2002, Estelle Morris unexpectedly resigned as Secretary of State and was succeeded by Charles Clarke. Clarke requested a delay in the publication of the White Paper while he read himself into a deeper understanding of the issues.[954] He professed to be open-minded about the top-up fees versus graduate tax question but "with a predisposition towards a graduate tax". However, after working through the options, he concluded that a graduate tax would be unworkable.[955] At this point Clarke was in mutual agreement with Blair and his Number 10 advisors on the principles and objectives of the higher education reform program. By December, Clarke was persuaded that a deferred fee payable by in-work graduates through the taxation system would provide a basis for financial sustainability and an enduring policy settlement for higher education in England to flourish.[956] Clarke imparted momentum and direction to the Blairites' agenda. His position as Chairman of the Labour Party placed him in the cabinet. He was highly confident in his intellectual abilities to argue his case, and he had considerable experience both in the politics of the universities and of the Labour Party. He played the key strategic role in advancing the policy goals in cabinet proceedings, and, with the assistance of his Minister for Higher Education, Alan Johnson, in managing the communication and consultation on the higher education reforms with the fractious PLP.

Clarke had acquired a well-developed understanding of the higher education policy space from a range of sources. Like several of the policy actors in the higher education reform agenda in Australia, Clarke had a background in national student politics. He had also discussed shared policy interests with influential university leaders for many years and therefore came to the education portfolio informed by insiders' knowledge of recent history and the state of the sector. Not long after his appointment, Clarke's office made contact with

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[952] Seldon, *Blair Unbound.* p. 248.
[953] Peston, *Brown's Britain.* p. 312.
[954] Will Woodward, "Why Student Fees Touch a Nerve for Labour," *Guardian* 5 December 2002.
[955] Seldon, *Blair Unbound.* p. 249.
[956] Ibid. p 249.

the tuition loans advocate, Nicholas Barr. Barr recalled being invited to a social function as a brief window of opportunity to give his views:

> And in due course he came to me and said "okay. What have you got to tell me?" So, I had my ninety seconds prepared. He listened with half closed eyes. And as a teacher you can tell when somebody gets it. When I finished there was a half second pause and then he said, "very clear. Thank you." And I thought, "he's got it."[957]

After this encounter Clarke's office and the Number 10 Policy Unit opened a channel of communication seeking Barr's analysis as the agenda progressed.

When it was clear that Clarke had moved to support the Blairites' position on tuition fees, Brown intensified his attacks on the White Paper. Brown used all the resources afforded to him as Chancellor of the Exchequer to oppose each step of the debate within cabinet.[958] According to Clarke: "when it came to the point (Brown would) then blast out a very, very full and very, very technically correct document at enormous length, which he wouldn't have shared with any of us at any point before."[959] Brown went outside the normal conventions of cabinet by addressing a letter to the individual cabinet members that attacked Clarke's top-up fees option.[960] In it he claimed that fees would have a negative effect on children from less-well off families making decisions about pursuing higher education, noting that a large section of the PLP stood by this view. Blair appointed John Prescott, the Deputy Prime Minister, to chair the cabinet committee formed in mid-January to secure agreement to the White Paper recommendation for tuition fees. At a climactic meeting of this committee on 16 January with most members of cabinet present, Clarke and Brown engaged in a heated battle with many of those present swayed by Brown's immovable opposition to tuition fees.[961] At the end of the meeting Prescott ruled for the matter to be referred to the prime minister for decision.

In January 2003 Clarke and Adonis put the last-minute touches (under a barrage of critical missives from Treasury) on the White Paper. To appease critics in the PLP who saw variable fees as a formula for a two-tier university system, Clarke put into the White Paper a cap of

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[957] author.
[958] Seldon, *Blair Unbound.* p. 250.
[959] Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. p. 232.
[960] Tom Bower, *Broken Vows. Tony Blair: The Tragedy of Power.* (London: Faber and Faber, 2016). p. 274.
[961] Ibid. p. 250.

£3,000 on tuition charges which was fixed throughout the next Parliament.[962] The threshold for payments under the ICL was also raised with bursaries and fee waivers for some from disadvantaged backgrounds.[963] This was a disappointment for several university vice-chancellors who had imagined establishing a variable tuition fee market with places priced up to and in excess of £10,000.[964] In 1997 Dearing had considered the question of "differential pricing" but dismissed it on the grounds that his task was to consider the wellbeing of the system of higher education in its entirety.[965] Since differential pricing was a matter for a minority of universities rather than a "widespread feature of the system", Dearing left it as an open question for the future but finally recommended a flat-rate fee.[966] The £3,000 cap of the White Paper reflected the same approach that also alleviated the anxieties of many individuals in the PLP who were wavering on the issue. By setting the fees that universities could charge in a range between £0 and £3,000, the White Paper ostensibly allowed differentiation. However, when the fee charges came into operation in 2006, all but two universities set charges at the cap.[967]

When Clarke tabled the higher education White Paper on 22 January 2003, the majority of the policy interests understood compromise on the questions of variability and the rights of institutions to set their own charges as the price for political sustainability of the reforms. Even those taking a market liberal position critical of the limitations on universities' freedom to set prices and the public subsidisation of loan borrowing saw the tuition fee/loan model as

[962] Cowley, *The Rebels: How Blair Mislaid His Majority.* p. 189.
[963] Department for Education and Skills, "The Future of Higher Education," (Cmnd 5735. London: HMSO, 2003). pp. 87, 100.
[964] Claire Sanders and Alan Thomson, "Secret Blair Bid to Boost Top-up Cause," *The Times Higher Education Supplement*, November 22, 2002. At a critical point in efforts to win the support of Labour backbenchers for the Higher Education Bill, James Sykes, the businessman and rector of Imperial College, publicly expressed his view that the true costs of a quality degree were at least £15,000 and disparaged overspending on "third rate" universities. In the opinion of an interviewee this intervention contributed to cruelling the pitch for the Blairite reformers who intended a £5,000 cap before the rector "who wasn't very good at politics, sort of, shot his mouth off." The Government judged then that anything higher than £3,000 would not get through parliament. Another interviewee believed that £5,000 was the minimum that would have driven the differentiation between university courses which was the goal of the variable fees concept. See Stevens, *From University to Uni.* p. 152.
[965] UK National Committee of Inquiry into Higher Education (the Dearing Committee), " *Higher Education in the Learning Society.* p. 301.
[966] Ibid. p. 302.
[967] Several policy actors interviewed for this thesis suggested that a cap of at least £5,000 would have been necessary to provide sufficient scope for differentiated pricing of courses. Vice-chancellor B: Interview with author, 2017.

a positive turning point for the higher education system.[968] Among these, Barr recalled receiving a call on the publication of the White Paper:

> And my mobile phone rang, and it was Charles Clarke's office saying, "you will see in the White Paper we have not got rid of interest subsidies. The Secretary of State knows your arguments, he understands them, he thinks you are right, he agrees with you. But his view is that raising interest rates at the time we are introducing variable fees politically would be a step too far. So, he is not doing it not because he thinks you are wrong but because his political judgement is that it won't fly."[969]

Labour Rebels and the 2004 Higher Education Act

Drafting of the legislation after the release of the White Paper was not completed until the final months of 2003. With British troops in the Iraq war dominating the national debate, the issue of higher education moved to the background. However, many MPs in the PLP opposed the agenda — in some cases on grounds of process and lack of consultation rather than the principle of fees — and indicated their willingness to cross the floor. Clarke faced the task of shoring up the party's "yes" votes in advance of the legislation through reaching out to MPs and, as discussed below, tactical concessions that diluted the principles of the policy.[970] With the Minister for Higher Education, Alan Johnson, he began a round of seminars and meetings — dubbed by Johnson a "charm offensive" — with Labour MPs to secure their support.[971] With his background as an early school leaver and postman, Johnson gelled with working-class backbenchers —an unexpected asset for the Government's case.[972] Clarke made himself and his department available to appear on several occasions before the Parliamentary Education and Skills Select Committee to answer questions on the legislative proposals. His efforts contributed to convincing Labour members of this committee (with one exception)

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[968] See Charles Clake's speech in Hansard House of Commons, 22 January 2003. cols 302-19.

[969] Policy academic A: Interview with author, 2017.

[970] Cowley, *The Rebels: How Blair Mislaid His Majority.* pp. 176-78.

[971] Johnson's often quoted line was: "It's a charm offensive. I do the charm and Charles does the offensive." See Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. p. 233.

[972] Cowley, *The Rebels: How Blair Mislaid His Majority.* p. 182.

that fee debt designed around ICLs would not deter poor students taking up university studies and that, by expanding places, fees could promote equity in outcomes.[973]

Despite the advocacy led by Clarke, as the scheduled date of the second reading of the Higher Education Bill approached, it was apparent that the Government faced a problem in mustering sufficient yes votes from its own backbench. In October 2003, 92 Labour MPs signed a Parliamentary Early-Day Motion against top-up fees.[974] The Queen's Speech in November 2003 announcing the Higher Education Bill provoked the tabling of another Early Day Motion whose signatories included five former cabinet ministers requesting alternatives to variable fees.[975] The prospect of a damaging loss in the parliament at the end of 2003 led Clarke to delay the vote on the Second Reading to give more time to appease discontented members of the PLP.

There were several foci of dissent within the PLP: anger at the Blair command style government; opposition to top-up fees and the general market-orientated philosophy of public services; and opposition to a two-tier system which many MPs claimed would be a consequence of the agenda. Some saw the Blairites' argument about choice and private payments for government services in the area of higher education as a relinquishment of the public good principle. They disputed the argument that the private benefits of university education justified a contribution through tuition fees. Many in the PLP felt that the central focus of higher education reform should be inequality in participation manifest in the overrepresentation of the private schools and well-off households in the elite universities. The policy of variable fees, a means of accomplishing market-based principles for the Blairites, was opposed by a considerable group in the PLP who believed it would advantage the elite universities at the expense of the majority of universities in the sector. This group had little sympathy with the idea of allowing Oxford and Cambridge to levy top-up fees to maintain their international prestige. The weak record of Oxford and Cambridge in recruiting students from comprehensive schools reinforced this line of criticism.

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[973] The exception was Jeff Ennis, one of the 92 Labour members who signed the House of Commons Early-Day Motion against top-up fees on 16 October 2002. Member of Parliament C: Interview with author, 2017.
[974] Early Day Motion. House of Commons. Top-up Fees and the Government's Higher Education Strategy. 16 October 2003. Cowley, *The Rebels: How Blair Mislaid His Majority.* p. 173.
[975] Sue Hubble and David Knott, "The Higher Education Bill (Research Paper 04/08)," (Westminister: House of Commons Parliamentary Library, 2004). p. 15.

Finally, the acrimony within the PLP about Blair's foreign and domestic policy decisions spilled into the agenda processes. For a significant number of Labour MPs the higher education reform agenda represented an opportunity to channel anger or get revenge at the prime minister.[976] Apart from the anger at what was seen as Blair's peremptory leadership in taking Britain to war in Iraq in March 2003, a major reason for anger among anti-Blairites within the PLP was the legislation for a foundation hospital aimed at introducing private competition in the NHS which 65 Labour MPs had voted against in May.[977] The finer points of Clarke's argument for the tuition fees policy were immaterial for MPs wanting to give the Government a bloody nose. As a vice-chancellor recalled, the anger

> turned itself on higher education in the fee cap. Now most of these people had not been interested in higher education. I won't give you names. But I had meetings with Labour MPs who said, "we don't give a fuck about higher education, but we are determined to have our revenge on the health vote."[978]

Clarke and the advisors in the policy structures under the Prime Minister's Private Office represented opposition in the PLP as out of step with the forces for progressive policy embodied in the New Labour project. The latter, they argued, represented the larger part of the electorate, the Labour Party branches and the weight of university opinion.[979] Nevertheless, Clarke understood that he would have to soften the agenda with concessions to win over wavering MPs.

The view of the Brown camp that Blair should step aside from the leadership was another factor complicating the process of building support for legislation. The prime minister and his allies viewed their whipping operation through the prism of the Blair-Brown conflict convinced that questions of policy were of secondary interest for many PLP rebels. From this view Nick Brown and George Mudie were identified as "leaders of the rebellion" doing the bidding of Gordon Brown.[980] It remains an open question as to the extent of Brown's reservations about university reform legislation and the motives behind them, as well as the

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[976] A third of Labour MPs voted against the Government motion on the Iraq engagement in the House of Commons on 18 March 2003. Hansard House of Commons. 18 March 2003. cols 907-11.

[977] Martin Kettle, "This Isn't a Revolt on Tuition Fees, It's a Revolt against Blair," *Guardian*, 20 January 2004; Hansard House of Commons. 7 May 2003. cols 796-803.

[978] Vice-chancellor B: Interview with author, 2017.

[979] Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. pp. 231-33.

[980] Seldon. p. 253. Jonathan Powell, *The New Machiavelli: How to Wield Power in the Modern World* (London: Random House, 2010). p. 117.

implications of the legislation for Brown's future leadership of Labour. The Brownites were slow to dampen the efforts of insurgent elements in the lead-up to the parliamentary vote, and Brown's policy views were often framed at the time to make distinctions between Blair's services modernisation agenda and the Labour tradition of state-centred provision. Some observers have suggested that underlying these tensions was a growing divergence between the original architects of the New Labour project.[981] Brown was standing by a belief in the state as a traditional supplier of public services while others in cabinet such as Blair, Peter Mandelson and Alan Milburn were affirming their faith in private markets to deliver good public outcomes. Peston (2005) suggests that Brown's and Blair's experiences of government led to subtle divergence in their respective beliefs about liberalisation and the role of private sector in the delivery of government services.[982] As already discussed, Brown was as vigorous as Blair in the fight against Old Labour in the cause of party renewal. However, during the course of Labour's time in power he was more circumspect in his attitude to the public service modernisation agenda and its watchwords of private financing, markets and choice than the prime minister and his circle of advisors. He was less inclined than the Blairites to give primacy to markets. He expressed a concept of modernised public provision that was "non-market but non-centralist" claiming that, "public money well spent, will deliver not only more equitably but more cost effectively than privatisation."[983] In this way, the binary of Old Labour versus the modernisers is of limited use in analysing the volatile and extremely complex policy dynamics.

Clarke and Johnson set to work on another group whose disagreements on grounds of specific policy principles were judged amenable to negotiation. The general objection of a considerable group of Labour MPs was that the thrust of the policy would disfavour the universities that enrolled the majority of poorer students – overwhelmingly the post-1992 institutions. Because of the nature of their student body these would be obliged to devote a much larger share of their fee income to cover maintenance and bursary costs. This would leave them with much less of the additional money from fee income than the elite universities to spend on improving the quality of teaching. MPs argued that the legislation as it stood needed more safeguards against higher education becoming a two-tiered system.

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[981] Peston, *Brown's Britain.* pp. 302-7.
[982] Ibid.
[983] Ibid. p. 309.

Two Labour backbenchers, Peter Bradley and Alan Whitehead, circulated an alternative proposal.[984] Their paper argued that the tuition fees proposal should have a standard fee of £2,500 for all universities (no differentiation), that maintenance grants (up to £5,000) rather than bursaries should continue to have an important role in supporting low income students, and that excess fee income should be redistributed from the cash-rich universities to those with higher levels of low income students and greater maintenance grant costs.[985]

Clarke delegated Alan Johnson, his minister for higher education, to negotiate concessions that would gain the support of this group. These concessions amounted to considerable alterations to the reform package. The chief concessions Clarke promised were: bursaries and income support that amounted to passing a third of the income from fees to students from low income households; a clause that prevented further increases in the £3,000 cap without a parliamentary vote; a major review to evaluate the system to take place three years after its implementation; and the statutory creation of an agency to enforce fair access.[986] These concessions significantly diluted the White Paper, particularly the promise of a fixed fee across the sector which went against the quasi-market principle of giving universities greater freedom to vary fees at the institutional level. The concessions were responsible for some backbenchers switching to support the legislation though it is difficult to put an exact number on these cases. Nick Brown, the leading "rebel", urged by Gordon Brown at the eleventh hour, also switched to support the legislation. Again, it is difficult to detail with any precision how many discontented backbenchers may have switched to following the party whips or abstained from the parliamentary vote as a consequence of this cue by a leading Brownite.

Brown's unwillingness to speak in favour of the reform program created an ambivalent position. His expressed doubts throughout 2003 suggested opposition which helped to sustain the grievances of PLP critics who pointed to the inconsistency of aspects of the reform program with the principles of a centre-left government. In order to shore up support the

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[984] Peter Bradley and Alan Whitehead, "Excellence, Equity and Access: Squaring the Circle of Higher Education Funding," (Labour Party MPs' Higher Education Paper 25 November 2003). Peter Bradley, "Tuition Fees - the Devil Is in the Detail," *Guardian*, 3 December 2003.

[985] Bradley and Whitehead, "Excellence, Equity and Access: Squaring the Circle of Higher Education Funding." p. 2. Labour had already introduced a system of education maintenance allowances (EMAs) to encourage 16-18 year-olds to complete secondary education.

[986] John O'Leary, "Higher Education," in *Blair's Britain 1997-2007*., ed. Anthony Seldon (2007). pp. 475-78.

reformers reached out to groups within the PLP to negotiate concessions that affected the final shape of the Government's legislation.

Among the Blairites the strongest believers in the benefits of competition envisaged a higher education system based on partial private funding where the universities could charge variable fees within a significant range with student payments supported by the Government-facilitated system of ICLs. The supporters of market forces and "choice" in higher education were the enthusiastic principled proponents among Blair's closest advisors. The "Blairites" supporting this course within cabinet were those identified by their support for increasing leverage of the private sector in government service delivery such as Alan Milburn and John Reid. These individuals implicitly supported Blair's vision of modernised public services and wanted to move beyond the monolithic model of delivery and give the users of government services choices matching the diverse educational, health and other needs of citizens in the modern era.

Immediately following his appointment as Secretary of State for Education and Skills, Clarke "read his way" to a position supporting Blair's policy preferences for a partially private funded system of higher education.[987] Clarke played an indispensable part in achieving the goals of Blair's higher education agenda. His efforts in vigorously pushing the agenda processes that led to the tabling the Government's White Paper in parliament in January 2003 were critical. He was also the central cabinet figure in overseeing the drafting of the higher education legislation in 2003, explaining it to key audiences, and making tactical concessions within the PLP to secure a majority in the House of Commons vote on the Second Reading Bill in January 2004.

The market reformers believed that the universities were best placed to know their needs, and, therefore, should have greater control over spending money and offering a better choice to students. With the ability to charge fees, universities would also create more places and achieve the desired outcome of quickly driving up levels of university participation. There were other individuals in the cabinet who were more qualified and provisional in their support of these ideas during policy agenda processes of 2002/03. Observers have noted that these individuals were swayed by Brown's vigorous and dissuasive arguments against the Prime Minister's modernisation program.

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[987] Rawnsley, *The End of the Party: The Rise and Fall of New Labour*. pp. 231-32.

When the higher education policy agenda was under way Brown had Treasury working on an alternative proposal to raise money for the universities through a progressive tax linked to graduates' income. This contradicted Blair's belief that individuals should pay no more for their higher education than the cost of provision. Right up to the point of the cabinet decision to support fees, Brown expressed to colleagues his concern that fees would deter poorer students from accessing university studies. In higher education, as in several other social agendas, points of differentiation were emerging between a Brownite approach to domestic policy and the domestic agenda coming out of the prime minister's office. The perception of differences between Labour's two senior figures played into divisions within the PLP, particularly in the period between May 2003 and January 2004 when two key domestic agendas, NHS foundation hospitals and higher education tuition legislation, were enacted.

Conclusion

This chapter has examined the multiple higher education reform agendas under the Thatcher and then the Blair Governments. It has outlined key structural reforms beginning with the Baker/Clarke agenda which was the first systemic attempt to fashion a policy that squarely faced the realities of mass higher education. After coming to office, the Thatcher Government put severe constraints on most public spending including the university grants. However, it baulked at the radical alternative of tuition fees. This meant that at the advent of mass higher education, the universities' base funding depended on the public grant. The Thatcher Government's reluctance to contemplate fees was tied to political reasons, in particular the backlash of Conservative Party MPs against Keith Joseph's earlier attempt which was still a fresh memory. Notably, leading figures in a centre-left government in Australia had been more successful in promoting a discourse around the cause of tuition fees.

Baker was the first senior political figure to positively advocate mass higher education for Britain's school leavers. To raise levels of participation under circumstances of severe budgetary constraints, he introduced a range of incentives to drive competition between institutions where those offering low tuition costs were awarded more enrolments. This approach was a continuation of Thatcherite austerity through centralisation. However, the loans facility in Baker's central piece of legislation was an important departure from previous policy. This was because it asserted the principle that individuals should share a financial burden for their studies. The maintenance loans were designed to shift costs away from public revenue through making households responsible for a substantial component of a student's living expenses. The Conservatives' political choice to target maintenance kicked

the problem of tuition costs down the road. But it nevertheless symbolised the non-acceptance of the principle that government funding should fully assist individuals through higher education.

The next significant event in the prolonged process of reform, the 1997 Dearing Inquiry, gave an official voice to the swing in insider opinion in favour of radical alternative arrangements for funding. The Dearing Report set out a detailed evidence-based framework to guide national agenda on the principles of private funding sources. Its central proposal was an ICL-backed tuition fee based substantially on the inquiry's study of Australia's implementation of HECS.

The impact of funding growing at a much slower rate than the undergraduate population for a decade and a half severely depleted the universities' resources. Many vice-chancellors concluded that to solve this acute crisis a student contribution to tuition could not be avoided. They welcomed Dearing's recommended funding model with the caveat that "the overriding requirement for the fee income (was) … reserved for meeting the investment needs of higher education."[988]

As well as the vice-chancellors, many other actors engaged in higher education policymaking shifted to the position of supporting tuition fees. However, there were differences around market liberal principles in this support. For example, while the Dearing Report supported the principle that the money collected through fees should follow each student into their university, it did not endorse variable fees. Vice-chancellors of the elite universities and market liberal advocates believed that, in saying "yes" to fees but "no" to variable fees, the thrust of the Dearing Report was to restrict the autonomy of the universities.[989] The freedom to price their degrees was seen as a condition for market competition in the sector. Dearing's was in fact a moderate pragmatic reform strategy that aimed to take higher education some way along the path to greater private funding but stopped short of the bolder market remedies that some vice-chancellors, business figures, think tanks and policy specialists were advocating. As he claimed, the reason for this was that his primary task was to advise how to solve the immediate and system-wide funding crisis. As this chapter has argued, Dearing's approach was a pragmatic recognition of the reality that in a public system, the state would

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[988] Committee of Vice-Chancellors and Principals, "A New Partnership: Cvcp's Agenda for Action Following the Dearing Report," (October 1997).
[989] Vice-chancellor B: Interview with author, 2017.

continue to exercise a powerful coordinating role including the function of determining tuition costs, as it had been doing through the funding councils.

New Labour's response to Dearing fell short of the systemic changes that could rebuild the sector on a sustainable basis. The immediate explanation was the circumstances of a party after eighteen years in the wilderness only months into a first term government and in the throes of finding its priorities. When Blunkett became Education Secretary in 1997, he had a limited background in higher education looking at many issues through the prism of an "Old Labour" standpoint. The decision to impose fees did end the norm since the 1970s of "tuition-free" education for all British domiciled undergraduates, but it did little to close the gap in needed funding. Also relevant in explaining the rejection of Dearing's broadly favoured Option B, a universal fee-and-loans scheme with fees at 25 per cent of average undergraduate tuition costs, was the context of Labour's election pledge to stay within the previous Government's spending plan. Brown ran an extremely tight fiscal policy in New Labour's first three years in power to demonstrate to voters that New Labour were prudent managers of the British economy. Where "previous Labour Governments have spent first and cut later. (Brown) did the reverse."[990] The prospect of an ambitious higher education reform project was constrained by pre-set limits for spending ministries. The ICL component of Dearing's Option B designed to improve equity and sustainability in fact presented a problem under the existing UK system of national accounts that treated loans advanced through the Student Loans Company as expenditure on the government's books.[991]

How Dearing was received goes to the question of temporality in policymaking history. The political context of the early years of the New Labour Government — the pledge to honour the Major Government's budget estimates, Labour's lack of familiarity with the universities — were constraints on how Blunkett engaged with Dearing's carefully argued funding strategy. Modernisers labelled Blunkett as "Old Labour" claiming that he cherry-picked Dearing because only parts of the report resonated with his political instincts. [992]

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[990] Philip Stephens, "The Treasury under Labour," in *The Blair Effect: The Blair Government 1997-2001*, ed. Anthony Seldon (London: Little Brown, 2001).

[991] Under the classification system for the national accounts at this time the amounts issued by the Student Loans Company appeared in full on the Government books. Recognising this barrier Dearing recommended that the Government implement resource accounting in the national accounts to make clear the fact that grants and loans are not equivalent.

[992] Policy academic A: Interview with author, 2017.

While it did not embrace the logic by which Dearing understood the political economy of higher education in the 1990s, the limited version of tuition fees was a move in the direction of the partially privately funded hybrid model that was well entrenched in Australia. Rather than accepting the view that Blunkett's measures were rooted in the distributive politics characterised as "Old Labour", it is more feasible to argue that they represented a modification of centre-left beliefs in "free" university education and the concept of higher education as a public good. (New Labour moved decisively in this direction in its second term.) Since the mid-1980s the Conservatives had shifted the balance of maintenance costs in favour of private payments. Significantly, Blunkett's 1998 legislation turned all maintenance grants into loans, transferring the burden of living expenses from the state to the household.

The hybrid public-private model as an appropriate solution for the political economy of mass higher education was an idea that took some time in the UK to gather political momentum. Its time came when the Labour Government was returned for a second term in 2001. Blair embraced reform of the university system as an essential element of New Labour's project of public service modernisation. After four years a changed politics opened a window of opportunity for a national agenda to realign the funding and governance of the universities to the imperatives of mass enrolments.

Chapter Nine: Conclusions

This thesis has examined questions of change and stability in policy systems using cross-national case studies of higher education agendas in Australia and the UK. The analysis focused on the interaction of ideas, institutions and political events in the post-war restructurings of these higher education systems. The broad questions that the thesis set out to answer were why governments saw the need for radical reforms to higher education systems in the late 1980s, and how they set about building national agendas to implement these reforms.

A central argument of the thesis is that the structural forces generated by the emergence of the political economy of mass higher education placed great pressure on the elite model that underpinned the organisation of universities and other institutions in the immediate post-war decades. These forces manifested in the growing demand for places in universities and colleges that led to massive increases in rates of participation in the late 1980's. The scale of funding necessary to sustain the political economy of mass higher education precipitated a crisis in the public university systems in Australian and UK. The thesis relates these developments to a fundamental recasting of the policy discourse in the 1980s around the idea that a central function of the universities was to add to the national stock of human capital. Economic competitiveness rested on increasing the supply of graduates with the demand for rapidly changing technological and industrial skills of modern labour markets. This economic rationale for higher education was also expressed by new concepts encapsulated in government reports such as lifelong learning, the learning society, and education for economic change that would equip individuals with the skills and flexibility necessary for the new knowledge-based economy.

The advantage of case studies conducted over several decades is that the researcher can analyse the processes of change unfolding in the context of national political and policy arenas. From this perspective, the thesis has identified underlying economic forces driving cross-national convergence at the same time as finding persistent diversity in the conduct of national agendas. This has led to an account of major change in a policy system that balances the contingencies of political events and circumstances with underlying structural shifts that determine constraints on and opportunities for policy actors. The following sections outline the research findings by taking in turn the questions the thesis set out to examine.

Why Did Governments in Australia and the UK Introduce Radical Higher Education Reform to the National Decision Agenda in the 1980s?

To place the higher education agendas that emerged in the 1980s in historical context, the thesis outlined how the elite model guided the development of national systems in the UK and Australia in the immediate post-war decades. This model imbued the liberal expansionist approach of a close-knit group of university leaders and counterparts in government. Its assumptions ran through the thinking of the landmark national inquiries of the 1950s and 1960s that were conceived as blueprints for the organisation of higher education as a national system in each country. However, resource pressures resulting from rapidly rising enrolments in the HEIs meant that adaptation within this elite model became necessary. As participation rates surpassed ten per cent, the universities resisted pressures to lower unit costs while the non-university HEIs adjusted to absorb larger numbers of students through spreading resources more thinly. The thesis has argued that in both countries the decision to organise higher education into dual sectors had critical implications for the dynamics of expansion. The vocational sector evolved in unintended directions and for a period was the means of accommodating demand pressures of growing numbers of eligible entrants. These institutions evolved rapidly to cater to the greater diversity of the student body — most importantly for government funders, through measures that promoted institutional expansion through lower per student costs.

The binary system emerged in Australia and the UK at the same time. In both countries, it was viewed not just as a way of managing the enlarged pool of school leavers but also as a way to match provision to more diverse educational needs. By reducing the potential load of undergraduates in the universities (allowing resources to be directed to higher degrees) and by hiving off research funding for the exclusive use of the universities, the latter were able to enhance their capacity as research institutions.[993] However, the key policy actors responsible for the binary division — Martin in Australia and Crosland and Weaver in the UK — justified their decision by quite different rationales. Martin, a scholarly traditionalist, aimed to stem the flow of enrolments to the universities to protect their exclusivity and intellectual mission. For Crosland, the socialist revisionist, the aim of binarism was to develop a comprehensive public sector of technical learning that would achieve parity of esteem with

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[993] Croucher and Waghorne, *Australian Universities: A History of Common Cause*. p. 126.

the universities.[994] Contrary to the vision of their founders, the non-university institutions in both countries converged along similar lines to the large public multi-faculty university. The thesis has argued that this was an institutional adaptation by the polytechnics and advanced education colleges to the large numbers of those who failed to attain a place at university but whose strong preference was for the three-year degree. In absorbing the rising tide of eligible school leavers, the non-university providers increasingly emulated the universities' curriculum. Adaptation, a capacity for reinvention, and the attraction to government of the lower unit costs meant that the UK polytechnics and the Australian CAEs were the engines of the 1980s expansion. At the same time, convergence to the generalist three-year degree amplified problems of parity between educational providers. A consequence of the pattern of expansion encouraged by government was the fragmentation of interests and instability in the policy system.

The Australian and UK higher education systems initially adapted to higher rates of participation, but the larger enrolments pressed on the limits inherent in the elite model. This included the limits of government tolerance for institutional autonomy and funding generosity under the block grant principle. The universities' demands on the public purse up to the early 1960s were small relative to budget outlays in areas such as schools, welfare and public housing. The belief that growing numbers of individuals should be given the opportunity to benefit from the full-time three-year university degree was a product of a modern liberal and democratic vision confidently asserted and widely communicated by Robbins and other inquiries. However, with rapid expansion and consolidation into a national system, higher education spending as an item of the national budget attracted greater scrutiny.[995] Weak economic growth from the 1970s and financial stringency of post-Keynesian economic strategies created pressures to reduce tuition and maintenance costs which now applied to more than one in ten young adults.

The strength of the influence exerted by the elite model on policy preferences established a pattern of path dependence in higher education policymaking in Australia and the UK.[996]

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[994] Stephen King, "The Ministerial Career of Anthony Crosland 1964-1977" (PhD Thesis, University of Newcastle, 2018). p. 109.

[995] Trow, "Problems in the Transition from Elite to Mass Higher Education." p. 4.

[996] Pierson's description of path dependency is "an incremental, slowly unfolding outcome of earlier policy choices." See Pierson, *Politics in Time: History, Institutions and Social Analysis*. p. 91. Pierson, *When Effect Becomes Cause.* p. 611.

Policy actors were locked into the idea that the multi-faculty university was a template that could be adapted to a wide range of HEIs. Trow (1974) argued that the core features of the elite system — high common academic standards, small tutorials, one-on-one tuition, the three-year full-time degree, state monopoly of the institutions awarding degrees, costs of instruction and maintenance borne by the state — could not be replicated in a financially sustainable way above 15 per cent participation. However, achieving institutional diversity through modification, adaptation and adjustment proved to be extremely difficult in systems where elite principles had strongly shaped the first phase of expansion. The basis of support for elite higher education was also reinforced by the politically influential coalition of the university community and the middle- and upper middle-class families whose children attended university and wished to preserve their entitlement to (tax-funded) "free tuition".[997]

Gradual evolution of the existing structures may have been achievable in principle through segmentation according to distinct missions and scaling costs for different types of instruction (on the lines of the California model). Instead, the costs of standardising the academic degree accelerated as the threshold of mass higher education was crossed in Australia and the UK with the late 1980s surge in enrolments. The resulting squeeze on funds contributed to an erosion of confidence in the fitness of the public funding model felt by policy actors, including many who had been the strongest believers in the model. This led vice-chancellors, government policy units, think tanks and economic advisory agencies, to consider alternatives involving charging students for at least part of the costs of tuition. The more radical alternatives wanted a deregulated market typically through a voucher system with the aim of encouraging greater student "choice" and stimulating competition between the universities on the principle that they were "service providers".

From the beginning of the 1980s, the increasingly widespread view within the political elite was that the policy of relatively open-ended grant funding that underpinned expansion in the Robbins' era in the UK and the Karmel era in Australia had come to an end. Some leading figures were persuaded that the forces driving expansion were spent. At the same time, influential policy actors including cabinet ministers began to openly advocate tuition fees. Policy-minded experts fleshed out the details of funding alternatives such as the hybrid

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[997] Martin Trow, "From Mass Higher Education to Universal Access: The American Advantage," ed. Centre for Studies in Higher Education (Berkeley: Centre for Studies in Higher Education 2000). p. 9.

private/public model. Tuition fees, and the responsibilities of state and market, became matters of sharp disagreement between and within political parties. What was viewed as a more or less permanent funding squeeze, and the difficulties this posed in maintaining the quality of their institutions, caused many vice-chancellors, principals and college directors — with varying degrees of reluctance or enthusiasm — to accede to the case for allowing institutions to charge top-up tuition fees in order to supplement the public teaching grant.

The funding impasse in both countries was overcome through incorporating individual tuition fees as an essential pillar of the funding system. As the thesis has detailed, the transition to mass systems threw into policy contention issues that prior to the 1980s enjoyed large majoritarian support in policy circles. However, with massification the question of higher education governance and funding reinforced ideological divisions and opened new fault-lines between "modernisers" and "traditionalists" within political parties. The modernisers were generally sceptical of the efficiency of public spending. For "political fixers" this was a matter of balancing the fiscal hawkishness with the recognised need to appease voters who liked higher education. As a place in higher education was now a high-order issue for a lot of voters, the promise of expansion was crucial in building an electoral coalition for majority parties of the left and right. A typical argument in centre-left politics broke out around achieving the high-minded goals of equity, access and opportunity between proponents of the public grants arrangements and those who concluded that these priorities could no longer genuinely be achieved through this means. Prominent figures on the centre-left and centre-right were attracted to the market liberal argument that the chief obstacle to access was the failure of public funding to create an adequate supply of places. The Labor cabinet in Australia moved toward this fiscally prudent and more market-orientated approach to higher education provision in the 1980s. The New Labour cabinet in the UK acceded to a policy of increasing university enrolments through tuition fees rather than increases in grant funding in the early 2000s.

A similar rethinking of higher education policy happened on the Conservative side of politics. In the late 1980s, Kenneth Baker, emerged as a centre-right moderniser in the Thatcher Cabinet by urging national rates of higher education to match the levels of the United States. Baker, Clarke and later David Willetts embodied centre-right modernisers arguing that higher rates of participation were possible while maintaining restraints on the cost of public services. This would be achieved through a government regulated

Table 9.1 Support for higher education finance regimes in major Australian and UK political parties

	Private market, voucher approach, markets forces		Partial private funding, Regulated market		Public Funding	
	Centre-left	Centre-right	Centre-left	Centre-right	Centre-left	Centre-right
Grouping		UK market liberals. New Right.	UK New Labour. Australia: Labour cabinet in 1980s	Post-1988 Conservative party modernisers	Centre-left governments before mid-1980s in UK and Australia. UK: PLP left under New Labour. Australia: ALP Left Caucus in 1980s. Centre-left parties for which the issue was electorally advantageous including Australian Democrats and Greens; UK Liberal Democrats (before 2010 Coalition)	Conservative governments before the mid-1980s in the UK and Australia.
Individuals[*]	.	UK: Keith Joseph, Robert Jackson	UK: Tony Blair, Andrew Adonis, Charles Clarke; Australia: John Dawkins; Neville Wran.	UK: Kenneth Baker, Kenneth Clarke	UK Rebels in 2nd Blair Government (2001-05), Gordon Brown; Australia: Gough Whitlam, Susan Ryan, John Cain.	Macmillan, Heath
Illustrative policy events		UK: Keith Joseph fee proposal in 1984.	UK: 2004 Charles Clarke tuition fees legislation. Australia: 1989 Dawkins reforms	UK: 1988 Baker reforms and 1993 Kenneth Clarke reforms	Australia: 1972-75 Whitlam expansion of higher education.	

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[*] The individuals in the table are mentioned in the thesis.

purchaser/provider market that was effectively a bidding system that allocated greater numbers of students to institutions willing to enrol students at marginal cost.

Table 9.1 schematically groups individuals, political parties and policy events with reference to the three higher education funding regimes. The partially private funding approach represented in the middle columns of Table 9.1 is the one to which cabinet modernisers increasingly shifted from the late 1980s. It eventually became the mainstream policy within both centre-left and centre-right parties.[999]

Why Did Reform Take longer in the UK?

The second question that the thesis addressed was why Australia rapidly implemented all elements of the model based on a universal tuition fee and government-provided deferred loans whereas the UK only fully implemented the model after a series of agendas spanning over a decade and a half. Chapters Seven and Eight showed how political currents and the unfolding of events created conditions particular to the respective national spheres that permitted or constrained opportunities for reform agendas. The skills and motivations of a cabinet minister and management of internal party divisions were also key factors to the success of constructing a policy strategy and translating it to national decision agendas and into legislation reform. Through analysing several crucial periods in national higher education agendas, the thesis has identified some key differences in the dynamics of policymaking that affected the timetable of reform in Australia and the UK.

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[999] The 2012 decision leading to a tripling tuition fees in the UK represents a fundamental undermining of the concept of a hybrid model with all its attendant policy justifications that have been set out in this thesis. The radical stem of embracing what is in effect full cost recovery through private provision crosses a bridge that no Australian government has indicated a willingness to contemplate. The expectation that the pure market principle of the student/consumer repaying the costs of their degree through future earnings will be honoured in the breach by the government not being able to recover costs from a large number of graduates raises a number of difficulties about how to characterise this radical departure from the logic of a dual obligation embedded in the hybrid model. Not least is the fact that the estimation of unrecovered costs grows as a component of the Public Sector Borrowing Requirement. The 2012 changes fall outside the scope of the agendas that are the subject of this thesis but certainly indicate weaknesses of the 2006 policy settlement of the Blair Government and perhaps that a fiscal policy of severe austerity could have the consequence of undermining the long-standing Australian settlement. Comparative study of the unfolding of higher education policies in the respective countries over the last decade would yield fruitful lessons about the dynamics of policy change.

The first main difference related to the priorities of the governing project of the parties in office. The thesis has argued that the attention to labour markets and youth agendas in the early period of the Hawke Governments led to the development of a framework of continuity and consistency in this area of microeconomic reform. Aspects of these agendas such as the priority placed on training and school retention and the theme of developing human capital fed into the government's discourse on structural economic reform which subsequently contributed to ways of thinking about higher education reform. The economics-focused rationale of higher education reform in 1987 was partly derived from earlier agendas around skills and youth transitions between school, further studies and employment. When he was appointed to the education portfolio, Dawkins was identified as the cabinet minister who played the largest role in developing Labor's skills and youth policy framework. The contingency that one of government's most policy-focused, proactive figures was appointed to the education portfolio forms part of the explanation for the accomplishment of the far-reaching structural changes to Australian higher education in a short timeframe.

The priorities of the Thatcher Government were a response to interests and circumstances it found itself in and the evolution of its ideology during its first two terms in office. The national domestic agenda was dominated by macroeconomic goals of severe cost-cutting. This meant that a swathe of government functional responsibilities and problems pertaining to them including higher education were subsumed under this larger project. Thus the special problems pertaining to these areas tended to be seen as secondary to the focus of the government. The most significant attempted reform measure in UK higher education in the first half of the 1980s was Joseph's fee proposal that provoked a backbench revolt. The difficulties of sustaining the elite model intensified in this period, but there was not a deep scrutiny of its underlying assumptions in the arena of the national cabinet. Of all the post-1950s education secretaries, Joseph's line on the question of expansion was the least bullish, in part a reflection, despite his market radical inclinations, of the disposition of Conservative politicians to fall into an elitist view of the universities., Joseph was less inclined to be an advocate in cabinet for more funding for his department, but rather, his thinking dominated by the fiscal question, encouraged his advisors' formulation of a policy of "tunnelling through the demographic hump".[1000] There was not a figure in the UK cabinet analogous to

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[1000] Harold Perkin, "University Planning in Britain in the 1960's," *Higher Education* 1, no. 1 (1972). p. 113. Michael Shattock, "British Higher Education under Pressure: Politics,

Dawkins who came to the education portfolio in Australia at the moment of transition to mass higher education with clear intent to reform based on lessons he drew from previous portfolios and a firm idea (if not pre-ordained) about using private funding sources. The raising of education reform, including measures to address the realities of mass participation, to the national decision agenda was an abrupt reversal of Conservative policy after the appointment one of the party modernisers, Kenneth Baker, as Education Secretary.

The Baker-Clarke strategy aimed to usher in mass higher education in the UK and to make the transition from school to university the norm for greater numbers of school leavers. This was to be achieved within the Government's macroeconomic imperatives by a strong focus on driving down the costs of provision. The result was a further dramatic decline in the index of public funding per student which had been in a state of free-fall since the late 1970s.[1001] Baker's green light for open-ended expansion so quickly brought the world of mass higher education to Britain that the cost pressures (particularly, related to maintenance grants) on the national budget resulted in Treasury pressure to institute supply-side restrictions in 1992. (This was despite the development of highly centralised coordination of incentives to discount the cost of delivering courses.) The imposition of controls on the number of enrolments stalled the momentum of growth. The clear picture was that through public subsidisation under the most stringent financial constraints, the UK's universities had achieved a remarkably rapid phase of expansion. The price was ongoing deterioration in the quality of provision, with consequences that played out in re-alignment of the policy interests.

Through the 1990s, the weight of opinion among policy advocates was that fees were necessary to bring more money to the universities. By easing fiscal constraints on growing intakes this would address the problem of unmet demand. The universities could also begin to recover from the effects of the long-term collapse of investment in infrastructure. Why then did the UK not follow a path to the hybrid funding model at this time along the lines of HECS in Australia? Part of the answer to this question was a reluctance to revisit the question

Budgets and Demography and the Acceleration of Ideas for Change," *European Journal of Education* 19, no. 2 (1984). p. 209.
[1001] UK National Committee of Inquiry into Higher Education (the Dearing Committee), " *Higher Education in the Learning Society.* p. 45.

of fees that had been a bruising internal party conflict, leading to a backbench rebellion against Joseph's fee proposal.

Kingdon argues that the opportunity for policy alternatives on the national decision agenda is brief; it passes quickly and is crowded out by other priorities of the government. Baker's agenda leading to the 1988 ERA represented this opportunity. Following the Baker-Clarke period, there was not another significant reform in UK higher education until the second Blair Government, as the resources dedicated to the public university system dwindled when judged against comparable countries. Higher education expenditure as a percentage of GDP levelled off in 1992.[1002] In contrast, the institutionalisation of the fees principle in the 1987/88 Australian agenda helped to achieve the political and policy conditions for a more sustainable system based on mass enrolments. The hybrid funding arrangements facilitated the restructuring and enlargement of the HEIs under a centralised framework in which the policy actors fairly quickly adapted to the pursuit of their interests. The political management and then selling of HECS was a critical part of achieving a stable policy settlement in Australia. Gaining acquiescence in the fees policy eliminated sources of contention. The question of university fees never became an issue of high order in electoral politics as it was in the UK.

The 1990s had been a decade of drift. In terms of national spending on university tuition, the UK had fallen well behind comparable countries, including Australia.[1003] In these circumstances, support for fees had been expressed by a range of actors from vice-chancellors, polytechnic directors, think tanks, policy entrepreneurs to the economic departments of government. Frustrations at the parsimony of the public grant to sustain the basic standards of quality of their institutions had led the CVCP to threaten to set their own tuition fees — a measure that could entail cutting loose from the national system.[1004] The prospect of this course of action was the catalyst for the government to establish the Dearing Inquiry.[1005]

Out of the 1990s debates within the policy community, a consensus among most policy actors about the need for reform emerged. But because the interests of the older and the post-1992

[1002] Ibid. p. 44.
[1003] Ryan, "New Labour and Higher Education." p. 94.
[1004] Shattock, *Making Policy in British Higher Education 1945-2011*. pp. 130-33.
[1005] Ibid. p. 133.

universities diverged there was less agreement on concrete proposals and the shape of reform. However, the processes[1006] which fed into the conduct of the Dearing Inquiry suggested principles and goals around which a program of reform could potentially crystallise. The policy alternative favoured by the CVCP and the Russell Group to allow the universities to charge fees to top up their budgets was endorsed in Dearing's recommendations on funding model.

The election of New Labour in the UK in 1997, a watershed in UK electoral politics, happened only months after the tabling of the Dearing report. Did this present a new opportunity in the national decision-making agenda for sustainable alternative organisation of mass higher education? The thesis has argued that while a response to Dearing was expected of the government, the solutions that had been fleshed out in the Dearing Inquiry and other arenas fitted poorly with the dynamics of the political stream. Blunkett baulked at a solution based on unilateral and substantial fees at what seemed to observers a long-awaited moment of opportunity. The surrounding political environment was critical to how the policy strategy unfolded. From Blunkett's position, there were commitments to groups in the political coalition — students' and teachers' unions — that helped Labour into office. In addition, the Chancellor's election promise that Labour would stay within the Budget estimates of its predecessor was a significant constraint on policy innovations in higher education. Finally, there were divisions within the PLP — and in the mind of Blunkett — between "Old Labour" and "New Labour" views on higher education funding and around the idea of regulated markets for public services. These factors in the surrounding political institutions worked against the logic of a strategy such as that contained in the Dearing Inquiry or of funding specialists such as Barr, driven as they were by the central objective of accommodating policy to the principles of the new political economy of higher education.

The Blair Government encountered its own set of difficulties in finding methods to efficiently manage divisions around key policy agendas. Tensions were generated by a combination of ideological fault lines in the party, the trend of developing and debating policy initiatives through the Prime Minister's Office at the expense of cabinet processes, and the Blair-Brown bipolarity of decision-making and its implications for the dynamics of the PLP. Without

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[1006] Pre-agenda processes is a term used by Kingdom to describe the efforts and time spent by experts and other actors in the policy community in debating and developing alternative policy proposals. With these solutions they wait for "a development in the political stream they can use to their advantage." Kingdon, *Agendas, Alternatives and Public Policies*. p. 165.

implying the absence of major internal divisions, one can observe that the passage of the 1987-88 Australian higher education reforms exhibited a high level of cabinet discipline under the Labor Government. The knife-edge outcome under Blair in 2004 points to a weakness in the top-down management of the debate, sometimes celebrated perhaps mistakenly as the art of New Labour politics. Problems of division within the PLP shaped the dynamics of the 2002/03 UK higher education agenda, forcing the cabinet to modify the more radical market-oriented proposals in Blair's and Adonis's original conception of the reform agenda. These divisions also played into the leadership tensions between Blair and Brown that disrupted the cabinet processes of advancing the agenda.

Finally, the individual actor's capacity to exercise strategic control of the agenda forms an important part of the explanation for why the time horizon is so radically different where two governments with comparable political and administrative institutions reach a policy settlement along similar lines. Ministerial agency is structurally constrained, but it clearly is a factor in explaining the rapidity of the remaking of Australia's higher education policy system in contrast to the multi-stage processes over a decade and a half. Dawkins displayed acumen in building a coalition of support for his reforms; he limited his advisors to a small group; he controlled the agenda stages and astutely managed to gain the kind of support needed in key venues such as the cabinet, the Labor Party and the national bureaucracy.[1007] Dawkins also shaped the policy discourse by casting the reforms as an element of Labor's project of national economic renewal. Also important for enhancing the political acceptability of the reforms were the skills of proponents in framing the concept of the arrangements under HECS as a "contribution" rather than a "fee".[1008]

Contingency and Inevitability in Remaking Higher Education Systems

The UK and Australia experienced similar structural pressures generated by the political economy of higher education finance under mass participation. This occurred in an era when government macroeconomic strategy eschewed projects of extending state spending such as university expansion through full public subsidisation of tuition and maintenance. These structural constraints drove convergence in policy responses to the problem of mass enrolments at a broad level. The thesis has explored how policymaking environments in each

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[1007] Higgins, "The Higher Education Contribution Scheme: Keeping Tertiary Education Affordable and Accessible."

[1008] Gregory, "Musing and Memories on the Introduction of HECS." p. 239.

country were the product of interactions of individuals, ideas, ideological currents and political forces. It has shown how processes of reaching policy outcomes illustrate marked variation in the policy communities in the UK and Australia. The processes of arriving at the higher education settlement are crucial not only to understanding the distinctive characteristics of national policymaking but also to understanding important differences in the nature of the settlements themselves. Research into why diversity persists across national policy environments should ultimately make a positive contribution to conceptual understanding of the macro-theory of policy change.

Policy analysis commonly accounts for major reform by identifying a crisis in the policy system as a triggering event.[1009] Thus, a step-change in demand for places in the 1980s that threatened to push enrolments beyond the state's funding capacity created enormous pressures on governments to change the existing policy structures. This fits into the interpretative framework of an influential strand of institutionalist theory that sees a "critical juncture" as the condition for major change in political-economic institutions.[1010] In this framework a crisis breaks the constraints of path dependency and opens a space for political agents to enact radical reform.[1011] Thus institutional change conforms to the pattern of "alternating periods of stability and structure punctuated by moments of agency and choice".[1012]

The model of change based on the concept of "critical junctures" could be applied to the policy crisis in higher education that governments faced in Australia and the UK. For example, the failure of the normal policy system to manage unprecedented levels of demand for higher education was a critical juncture. The magnitude and intractability of the problem was sufficient to override institutional resistance and perceived political risks to change, and allowed political actors the freedom and opportunity to push radical reforms through the national decision agenda.[1013] In the language of historical institutionalism, the scale of policy failure produced path-departing institutional change.

[1009] Kingdon, *Agendas, Alternatives and Public Policies*. pp. 90-100.
[1010] Béland, "Ideas, Institutions, and Policy Change." p. 703.
[1011] Thelen, "Institutional Change in Advanced Political Economies."
[1012] Ibid. p. 474.
[1013] Streeck and Thelen, "Introduction: Institutional Change in Advanced Political Economies." p. 6.

However, the striking national differences in the timing of the reforms raise potential problems for this explanatory framework. The thesis has argued that, in developing theoretical accounts of policy change, there is a need for closer attention to the effects of national political structures (and the legacies embedded in them) on how events unfold. Foregrounding structural failure is problematic when it plays down analysis of national agendas in terms of government responses to the contingencies and circumstances of national politics. A second potential weakness of bringing the focus of analysis on critical junctures is that it can be at the expense of overlooking the importance of continuity as a mode of institutional change. The adaptive capacities of existing policy institutions and the renegotiation of policy coalitions are important topics pointing to the fact that reform agendas of the most radical nature combine elements of stability and change.

The reform agendas in this study were an inevitable response to developments in the political economy of higher education of advanced societies. In this sense the shift to the market liberal policy operationalising a government facilitated loans scheme was driven by long-term structural forces. However, change was also shaped at another level by political circumstances and conditions in the local environment. The thesis has examined the processes of higher education reform from both perspectives. On the one hand it aims to understand how the contingencies in national politics shaped the agenda processes and how they defined the reform outcomes. Studying change through the lens of policy history brings to the forefront of analysis the politically contingent context in which policy actors made their choices. A key aspect of this is the influence that political and institutional traditions specific to the national context exercise in shaping the possibilities of policy reform. Taking seriously both the event-driven and the long-term structural perspective has the potential to enrich understanding of convergence of national policy regimes, a key concept in political economy theory which should not be abstracted from the realities of policymaking.

Theoretical Lessons and Implications for Further Research

This section discusses the study's contribution to the existing state of knowledge on policymaking. The thesis has engaged with concepts and drawn on the tools of prominent theoretical approaches to policy studies. In this it has evaluated the strengths and weaknesses of theoretical paths aiming to explain the nature of the policymaking process that have been followed in the literature. Chapter Three outlined four theoretical frameworks that have been influential in defining key questions in the academic speciality of policy studies. The four

approaches are: (1) the application of an evolutionary framework in new institutionalist theory to understanding the nature of change; (2) the advocacy coalition framework (ACF); (3) punctuated equilibrium theory (PET) with its key concept of critical juncture; and (4) the multiple streams framework (MSF) which uses the metaphor of separate streams (the problem specification, policy and political activities of government agendas) coming together where essential conditions exist at opportune moments. The thesis interrogated what these frameworks tell us about key questions such as the role of ideas, the source of stability and change in policymaking, the role of the environment and how it structures the opportunities and constraints on actors and the conditions and preferences determining whether change is systemic or incremental. Its theoretical preferences, reflected in the conceptual tools to selected to advance the narrative, are justified on the basis that these are most able to clarify the dynamic process of agenda building. What follows in this section addresses the question of how, on the one hand, the history of the rapid adoption of HECS in Australia, and, on the other hand, the history of the failures to grasp opportunities for higher education reform in the UK can be brought together in an explanation that is informed by different streams in institutionalist theory.

At the heart of PET is an argument about the nature of institutional change. As it is conceptualised, change which unfolds rapidly with dramatic outcomes does not occur in the normal course of policymaking but as "critical junctures". Our knowledge of institutional behaviour, it is argued, is advanced through a precise understanding of the dynamics of change processes through focusing on these junctures. The thesis argues that the theoretical force of PET depends on the validity of assumptions underlying this line of argument. The matters considered in this study go to the dynamics of higher education policymaking at key post-war junctures in Australia and the UK. Thus, it is able to test the validity of assumptions that are foundational to PET. For example, is it correct that major institutional change takes place at rare intervals of upheaval the events of which deserve exceptional interest for their theoretical implications? How does this fit with the findings of this thesis?

At first glance, in the case of HECS and the associated structural changes to higher education in Australia, PET's model of a radical rupture to the stability of the policy system appears plausible on several counts. A clear case of radical institutional change carried out very rapidly seems to merit treatment as a critical juncture along the lines set out by theorists such

as Hall (1993) and other major contributors to PET.[1014] This finds support in the accounts and the language used by individuals close to the Australian reform agendas who were interviewed for this thesis. Prevalent in these was the view that the institutional upheavals during Dawkins' period as minister, the nature of the changes in conditions and circumstances in the policy field, presented compelling evidence of a clean break with how national higher education was organised in the past. However, this interpretation neglects important realities of policymaking on the ground. Identified precursors to Dawkins' reform agenda indicates that institutional disruption had surrounded decision-making in the higher education system for at least a decade pre-Dawkins. To sustain PET's concept of change would mean arguing that the processes causing upheavals in decision-making structures in the earlier period were by nature different to those in the later period. This sets up a split in how institutional change is defined which makes the concept unnecessarily difficult to operationalise in empirical research.

A central weakness undermining the explanatory potential of PET are the limitations imposed by its underlying binary framework. This is strongly suggested by the empirical findings of the thesis. Organising theory around mutually opposed concepts of equilibrium and critical juncture imposes a certain rigidity in the approach to studying policymaking. It is important to remember that the art of policymaking is defined by collective problem-solving processes. In PET's view, agents are driven by the desire to remove uncertainty and the tendency is to restore a policy system to a stable state which they see as "normal". This is probably true to a point, but not overwhelmingly so. Normal policy systems are in the habit of accommodating considerable dissent. This is why it is important to study processes of stability and change in higher education, not simply as reflected in the immediacy of the national decision agenda, but through processes embedded in a longer span of time. At no time can one assume the policy space to be a blank slate. It is always constrained by how earlier choices by policy actors have structured available actions in the present. (This includes inaction which, as borne out by laggard decision-making in the UK, is no less a policy choice.)

[1014] Peter A. Hall, "Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain," *Comparative Politics* 25, no. 3 (1993). It is important to note the context in which Hall was formulating new institutionalism which was the transformations in the UK political economy that were lumped under the idea of Thatcherism (as in the case of most "isms" at the sacrifice of exactitude).

A mutually exclusive distinction between systemic change and normal incremental change has hampered theory development. This preordains restricted conditions for "real" change. Insisting that the rare change that matters is destructive of institutional forms makes institutions out to be brittle. A lot of evidence points to the opposite conclusion. The story told by this study of restructuring and reform in higher education suggests that institutions bend and adapt even when under tremendous pressure. Theoretically, it might be more feasible to assume that disruption is clear and present under "normal" circumstances and does not lead to any major renovations or restructuring of institutions. This thought can be expanded by reconsidering perceptions and dynamics of change in Australia's higher education.

As Chapters Five and Seven outline, leading authorities and full-time policy actors such as Peter Karmel were inclined to portray the operation of the higher education system as a "steady state". This was a stable policy system with well-established channels of decision-making between government and knowledgeable insiders, including an expert secretariat surveying needs and predicting future requirements. This representation of higher education organised through orderly decision-making structures was a reflection of Karmel's deeply held beliefs in planned incrementalism. Interestingly, the opponents of Karmel's *status quo* shared this conceptualisation of a stable system. (Though reluctant sing its praises, they quickly recognised the quality and usefulness of Karmel's astutely informed analysis.) Unlike Karmel and his supporters, for them the "steady state" was constructed as the problem. They then proceeded to cast themselves as the agents of necessary change. According to this narrative, a "big bang" change agenda was necessary because the existing structures were incapable of adjusting to the fiscal pressures of mass enrolments. In other words, a narrative of instability underlying a rupture of the policy system. However, it is evident that processes of institutional adaptations — through adjustments and accommodations to pressures of massification — were reshaping the policy system well before the Dawkins era. A lot of these changes were due to reconfiguration of the field of higher education actors, in particular the pressures of new interests which was associated with more intractable contests over funding and other limited resources. Reading back, it is difficult not to see these as the origins of processes that were intensified on the arrival in ministerial office of a minister who combined a strategic policy grip with tremendous energy. (An interesting counterfactual is what would have happened if a lazier minister had been appointed?) Overall, the experience

of higher education reform in Australia is a weak basis for supporting the central concepts of PET.

Similarly, the concept of punctuated equilibrium cannot adequately account for the dynamics of policymaking in the UK. Several contributing factors can be plausibly given to explain the inadequate government action related to the transition to a mass system of higher education: the sector was low on the list of priorities of the Thatcher Government; a string of ministers who were political fixers rather than root-and-branch reformers; the issue was hostage to ideological agendas. If there were critical junctures these did not lead to a radical path-departing reform. Furthermore, to infer from the absence of major systemic reform that policy institutions were in a state of equilibrium would be grossly wrong given the state of chronic crisis in the sector from the early-1980s.

The thesis has found the multiple streams framework (MSF) approach to be immensely useful for grasping the actual dynamics of unfolding agendas. No doubt, this is because the conceptual framework was developed via a fine-grained empirical study based on closely interviewing policy actors who were involved in various government agendas in Washington from the 1940s to the 1980s.[1015] Kingdon landed on the metaphor of multiple streams as on as a way of getting to grips with the processes he was studying. This has considerable explanatory power in unpicking the processes of reform in the institutions governing higher education in Australia and the UK. Under this formulation, the unfolding of an agenda is conceptualised as a confluence of problem, policy and politics streams (successful policy depends on "lining the ducks in a row"). Kingdon's use of Cohen et al.'s (1972) "garbage can" metaphor, draws attention to a general disordered pile of policy alternatives that is the background to "the slow progress of an idea towards acceptability within the policy community".[1016] This rings true of the messy and complex policy histories covered in this study. For a policy alternative to actually reach the national decision agenda depends on the availability of a "policy window" and the skills of actors (entrepreneurs) in both shaping the political acceptability and technical feasibility of an idea and then capitalising on the opening of brief space of opportunity in the national agenda (policy window). Attention to the

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[1015] Kingdon, John W, *Agendas, Alternatives and Public Policies* (Boston: Longman, 2011).
[1016] Cohen, Michael D, James G March, and Johan P Olsen, "A Garbage Can Model of Organizational Choice," *Administrative Science Quarterly* 17 (1972). Paul Cairney and Michael D. Jones, "Kingdon's Multiple Streams Approach: What Is the Empirical Impact of This Universal Theory?," *Policy Studies Journal* 44, no. 1 (2016). p. 41.

"windows", actors and environment underlines the contingency of events and shed light on the question of how closely actual policy outcomes approximate the policy actors' goals. These categories certainly assist in explaining the efficiency of the Australian reform agenda *vis-à-vis* the faltering efforts to restructure higher education in the UK.

MSF's categories can be seen as essential methodological tools operationalised by scholars working within the evolutionary school within institutionalism. These tools have played a key role in conducting the research in this thesis. As the thesis aims to show, this approach is highly consistent with what could be seen as the evolutionary turn in institutionalist theory that views policy change through adaptation, incrementalism and drift as key to a more complete explanation of the nature of institutional change. Further advances in understanding depend of extending empirical research in the form of case studies in national and sub-national policy jurisdictions.

Until relatively recently much analysis of policy history was premised on the idea of harmonious actors constituting a policy community. This projected agreement among actors arising from a shared epistemic view of the problems in the policy field in which they were engaged. However, as the work of Sabatier and colleagues suggests, the literature elaborating the idea of a policy community mistakenly assumes that shared expertise drives convergence around shared values and goals by actors in the policy field. As Chapters Seven and Eight have explored, a defining feature in both countries under pressures of fiscal constraint and rising demand was the absence of agreement among the expert actors. Conflicting beliefs about vital issues were at stake drove a polarised discourse about the goals of a national higher education agenda. The gulf between highly informed actors in values and on the issue of reform produced highly variant discourses. These shaped opposed and compelling narratives of the problems/solutions required. The strength of these differences is an important reason not to assume that the reshaping of university systems was a foreordained outcome driven by the political economy of mass higher education. The market liberal solution which was been pushed to its extremes by fees increase in 2012 under its leading UK advocate, the Universities Minister David Willetts, has polarised the policy community. Why the policy settlement has unravelled in the UK is an important topic for further research on comparative lines. As Sabatier argues the image of a harmonious policy community is belied by deep contestation within policy circles. This was clearly the case in the processes of restructuring higher education. The formation of advocacy coalitions grouped among the

actors in a policy field is a part of the explanation of why reform in Australia and the UK took particular trajectories. Further research applying ACF in case studies can shed light on gaps in understanding of the nature of collective problem-solving, to mention two: the dynamics of actor communication and actors' use of discursive resources.[1017]

This thesis is an addition to the body of empirical analyses of aspects of advanced political economies. The study of the unfolding of government decisions relating to mass higher education in two advanced political economies shows that contextualised accounts of the interactions of individuals, ideas, institutional forms and governing traditions are essential to gain the nuanced understanding that will advance theories of institutional change.

Another contribution made by the study is to show the virtue of synthesising theory. The explanatory framework is enhanced by applying the insights of more than one theoretical path to empirical case study. It gains insight by focusing on areas of epistemological agreement and testing for reconciliation between what ostensibly appear to be conflicting interpretations.

One important lesson to take from this thesis is that major institutional policy reform is formidably difficult. This is clear in the case of the UK higher education reforms which were painfully prolonged and, as the history subsequent to the Blair reforms shows, have failed to produce a stable settlement. Difficulties were also evident in Australia where the pace of reform should not be allowed to disguise underlying conflicts. In overall policy choices Australia and the UK exemplified market liberal national regimes from the late-1980s and subsequent decades. For policy actors whose influence on the national agenda was strongest, the fix for the rising costs to national budgets in the transition to mass systems of higher education was a hybrid funding model. The thesis has explored why the UK under Conservative and Labour Governments appeared to lack the energy to grasp a comprehensive answer to a policy problem that plagued governments for at least a decade and a half. They finally muddled through to the quasi-market solution of which ICLs were a strong element. This reflected the government's direction of travel, policy designed around key instruments: ICLs, quasi-markets, corporatisation, management models from the private sector. This was

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[1017] Paul Sabatier, A., "Toward Better Theories of the Policy Process," *PS: Political Science & Politics*, no. 2 (1991). Paul A. Sabatier, Christopher M. Weible, and Frank R. Baumgartner, *Theories of the Policy Process (Third Edition)* (Boulder, Colorado: Westview Press, 2014).

floating prominently in the policy space and eminently available for trans-national policy transfer since the implementation of HECS for Australian university students in 1989 furnished a real-world example thus obviating a large degree of uncertainty that surrounds major reform.

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Appendix One: List of Interviewees

Interviewee	Role, Responsibilities and Activities	Relevant Period as Active Participant in Policy Agenda	Date of Interview
Ministerial Staffer E	Advice and policy role in ministerial office	2000-20010	4 August 2017
Vice-chancellor B	Board Member of national Higher Ed Council; maintains political contacts	1997-2010	7 August 2017
Member of Parliament A	Active in backbench group proposing agenda compromise	MP Westminster 1997-2005	7 August 2017
Member of Parliament C	Education Select Committee	MP Westminster 1997-2010	8 August 2017
Government Official I	Higher education funding and policy research	1992 - present	10 August 2017
Specialist Higher Ed Advisor	Advice to House of Commons Education Select Committee	2002-07	15 August 2017
Vice-chancellor C	Polytechnic Funding Council; policy commentary	1992 - 2010	17 August 2017
Journalist	Specialist higher education journalism	Thatcher and Blair Eras	18 August 2017
Government Official D	Senior roles in Dept of Education and predecessors	2002-2012	22 August 2017
Higher Ed Academic Specialist	Empirical and theoretical UK policy analysis	2005-14	23 August 2017
Government Minister A	Ministerial posts, including Education in Blair/Brown Governments	1997-2010	24 August 2017
Member of Parliament B	Senior role in Dearing Inquiry	1993-94	30 August 2017
Policy Entrepreneur B	Academic commentary and opinion pieces. Expert advice to Select Committees and Ministerial office	1998 - present	9 October 2017

Interviewee	Role and Responsibilities	Relevant Period as Active Participant in Policy Agenda	Date of Interview
Government Official B	Senior DEET bureaucrat	1987-88	19 September 2017
Ministerial Staffer B	Advice and policy role in ministerial office	1987-88	22 September 2017
Government Official A	Formulation of HECS	1987-88	4 October 2017
Government Official C	Higher Education division of DEET. Formulation of HECS	1987-88	12 October 2017
Ministerial Staffer A	Advice and policy role in ministerial office	1987-88	1 November 2017
Ministerial Staffer C	Advice and policy role in ministerial office	1987-88	14 November 2017
Federal Politician C	Negotiations for cross-bench support		1988	16 November 2017
Ministerial Staffer D	Advice and policy role in ministerial office	1987-88	21 November 2017
Government Official F	Senior DEET bureaucrat	1987-88	24 November 2017
Government Official G	Organisation of HE Research funding	1987-88	27 November 2017
Federal Politician B	Prominent in Education Policy in Labor Party Caucus	1987-88	4 December 2017
Vice-chancellor A	AUC; NBEET	1985-90	5 December 2017
Government Minister B	Ministerial post in Education	1983-88	18 January 2018
Government Official E	AUC; NBEET; Amalgamations of HE institutions		1987 - 1990	6 February 2018
Federal Politician A	Prominent in Education Policy in Labor Party Caucus	1987-88	13 February 2018