Fast times at Virtual U: digital media, markets and the future of higher education in the West Report

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Abstract

The West Report placed technological developments associated with digital media and the Internet at the centre of likely forces for change in Australian higher education. It saw the implications of converged communications and information technologies (CITs), globalisation, and the problems with current higher education policy and funding arrangements, all point in one direction: towards a more market-based or, in the preferred language of the West Report, "student-centred" Australian higher education system. Critical to its assessment of the threats and opportunities facing the sector is its expectation that low-cost 'virtual' forms of course delivery will become much more important in the near future. It will be the contention of this paper that the West Report's claims about the imminent threat of 'virtual universities', and the educational possibilities opened up by the application of CITs are, at best, unconvincing. What is more notable is the meshing of neo-classical economic theory and educational futurology found in the West Report, and its vision of higher education in the 'information society' as hierarchical and market-driven. The paper will conclude by pointing to the need for alternative visions of Australia as an 'information society' and the status of higher education in it.

Introduction

The Final Report of the West Committee's Review of Higher Education Financing and Policy, *Learning for Life* (hereafter called the West Report), placed technological developments associated with digital media and the Internet at the centre of likely forces for change in Australian higher education. Indeed, in the West Report, the implications of converged communications and information technologies (CITs), globalisation, and the problems with current higher education policy and funding arrangements, all point in one direction: towards a more market-based or, in the preferred language of the West Report, "student-centred" Australian higher education system. Critical to its assessment of the threats

and opportunities facing the sector is its expectation that low-cost 'virtual' forms of course delivery will become much more important in the near future.

It will be argued here that the West Report's claims about the imminent threat of 'virtual universities', and the educational possibilities opened up by the application of CITs are, at best, unconvincing. There is a confusion between the acknowledgment that 'global' courses and the programs of private training providers, delivered through CITs, will compete with existing institutions in profitable niche areas, and the presumption that there will be movements *en masse* of students to these new forms of delivery unless low-cost 'virtual' options are developed locally.

The West Report is notably reluctant to engage with the issues posed by enhanced use of CITs in higher education, particularly where it is to be used to 'virtualise' off-campus forms of teaching and learning. Instead, the Report presents an 'ideal case' argument that greater use of CITs will lower costs, improve access, and improve the quality of educational outcomes, seemingly in spite of any counter-arguments. The point is not that the Report is completely wrong, but that it overplays its argument, producing a kind of Gresham's Law, where bad arguments for being ready to deal with new competitors and enhance the use of CITs drive out the valid ones, throwing doubt on the motivations underpinning the West recommendations for reform.

A less charitable interpretation of the Report's approach to technology is that it is a stalking-horse for demands for policy and institutional change with quite different rationales. There is a relationship, for example, between the argument that low-cost options for course delivery are not encouraged, the recommendation that there be greater concentration of research funding, and the West Committee's preference for more academic positions to become teaching-only. Similarly, the relationship drawn by the Report between a student-centred educational system, greater application of CITs, and deregulation of fee-systems and funding structures, is

premised upon linking quite different notions of the student: as an active learner who will benefit from a greater menu of teaching and learning options, and as a consumer looking for low-cost access to qualifications. It is far from clear that the changes which the West Report recommends will deliver comparable educational experiences to both categories of student. Instead, such changes point to the greater segmentation of institutions and courses, and the students in them, along a more hierarchical price-quality divide.

Issues raised by the West Report worthy of wider discussion, such as the renewal of emphasis upon teaching, greater institutional differentiation, and re-thinking the teaching/research nexus, are too often buried under a rhetoric of technological utopianism intermeshed with economic determinism. The Report actively promotes educational futurology, outlining steps to be taken to achieve a kind of 'ideal future' over the next twenty years. Given its opposition to active governance of higher education, however, it can only present the interaction of technology and deregulated markets as the way to this future. This paper will consider the Report in light of "histories of the future" (Carey and Quirk 1997), its relationship to other areas of information policy, and competing visions of the 'information society'.

Technology and markets as drivers of change in the West Report

Mainstream economic theory, or neoclassical theory, is characterised by its ability to make many assertions on the basis of assumptions. Two assumptions are particularly important. The first is that, subject to certain assumptions, competitive markets are always better decision-making mechanisms for the allocation of social resources than other mechanisms.[1] In other words, direct relations between producers and consumers, or service providers and their users, through the price mechanism is always a better mode of economic decision-making than direct decision-making by administrators or government planners. Indeed, the definition of economics revolves around this assumption, and consideration of other factors is typically deemed to be 'non-economic' in nature. Second, insofar as there are drivers of change outside of the market, the principal factor is presumed to be technological change, as well as less tangible factors associated with 'tastes and preferences'.

The West Report explicitly identifies two sets of factors which necessitate fundamental change in higher education policy in Australia. First, the Report identifies problems in current policy and funding such as:

- an overly centralised decision-making framework, which limits institutional responsiveness to changes in student demand;

- regulatory arrangements which limit the flexibility of universities in decisions over salaries and student fees;

- an unclear relationship between universities and the vocational education and training (VET) sector;

- insufficient diversity between universities, particularly in modes of course delivery and the balance between teaching and research;

- failure to achieve some equity goals, particularly in attracting more students from lower socio-economic status backgrounds;

- barriers to entry for potential new local and international competitors;

- inability to access private capital for infrastructure and poor institutional accounting practices.

With the exceptions being the equity issues and the relationship between universities and the VET sector, the bulk of these criticisms are variants of the same argument, that the problem with Australian higher education is that it is not sufficiently based upon the principles of a fully-fledged economic market. The basic premise of the West Report is that:

The location, content and mode of delivery of education should be built on a direct relationship between the student and the provider. (West 1998, p. 49)

Marginson (1998) argues that the argument is a circular one, with little detailed analysis of the existing market/non-market mix, and no detailed comparisons with the higher education systems of other comparable countries. Instead, the West Report's approach is "to outline an ideal-model market system in higher education, measure the existing system against that model, and then draw the conclusion that what is needed is reforms that will make the existing system more like the ideal market model" (Marginson 1998, p. 4).

The change factors which the West Report identifies as likely to impact over the next 20 years are:

- higher expectations from students and employers about the quality of educational outcomes;

- developments in technology which will enable more cost-effective administration, improved teaching, and new research opportunities;

- increased competition, both from other Australian universities, and from potential new educational service providers;

- increased competition in international education markets; growing demand for 'offshore' provision;

- rising domestic demand, particularly among mature age students.

Again, with the exception of the largely intangible (and probably self-evident) claim that expectations will increase, this is a list which is premised upon the idea that globalisation and technological change will intersect to force Australian higher education into a more market-based operation. Not surprisingly, given such underlying assumptions, the West Report finds that "the only lasting protection against the threat of world competition... is to be world competitive, both domestically and internationally- now!" (West 1998, p. 63).

Ambiguities of the West Report

A recurrent feature of the West Report is its tendency to find every claim about higher education other than those founded in economic discourse to be ambiguous, and to find in every problematic claim about desirable future options for Australian universities a case for applying the strictures and certainties of the market model as a default option in the face of moral and intellectual ambivalence.

Its discussion of the purposes of higher education and the roles of the university in contemporary society illustrates this point well. The Committee is aware of the 'idea of the university' as a normative construct, just as it is aware of the difficulties involved in applying such normative principles across the broad spectrum of Australian higher education. It also observes the absence of a "consistent, clear vision for the higher education sector" among the academic community, while also finding that "the explosion of knowledge has made impossible any continuing consensus as to the task of the university in relation to some presumed canon of privileged knowledge" (West 1998, pp. 46, 47). Having observed the difficulties involved in identifying a universal standard of value premised upon culture or ethics in contemporary society, the West Report quickly glosses a set of desirable graduate attributes (West 1998, p. 47), before moving to the one regime of value which remains certain to its authors: that of neo-classical or marginalist economics, premised upon fully-fledged competitive markets and a direct relationship between the student and the educational service provider.

In noting that the discourse of higher education-as-industry is the subject of considerable discontent among academics, the West Report's response is swift:

> Higher education institutions consume resources, provide services, manage assets and have customers. If these resources are not used effectively governments, students and the community will receive poor returns for the investments that they make in universities (West 1998, p. 22).

The apparent self-evidence of this response belies its major problem. On the one hand, it is hard to think of any social institution for which the above claims are not true. They are as equally true of RSL clubs, cat protection societies, anarchist bookshops and Archdiocese of the Church of England, yet, like universities, none of these social institutions owe their existence to the 'industry' aspects of their operations. On the other hand, what is interesting about the higher education sector is the extent to which it is not directly comparable to the manufacture of corn chips or ball bearings, and the discovery that universities have an 'industry' or 'market' dimension is in danger of becoming a banal statement of the obvious, given that:

> What is shared by all markets is little more than the fact that something is marketed in them. Otherwise they are highly differentiated, and there is little point in trying to analyse the functioning of the market without further specification. Markets always operate under institutional conditions (Burchell 1994, p. 328).

The observation that higher education has 'industry' or 'market' characteristics becomes, in the West Report, a sleight of hand for a more explicitly normative agenda that higher education should operate more along industry or market principles.[2]

The tensions are most apparent when the concept of student-centredness is considered. This is the single most important concept in the West Report, yet it is also open to a number of definitions. The West Report states at the outset that:

> In our view the most fundamental and important change that the Government could make to higher education is to move to a form of student centred funding. Students should have a direct relationship with universities and a real say in what universities provide (West 1998, p. 15).

It is worth drawing attention to the various dimensions of 'student-centredness' which are not endorsed in the West Report. It does not involve improvements in student:staff ratios as a result of increased Federal Government funding for higher education, nor does it point to greater involvement of students in structures of institutional governance[3]. It does indirectly entail greater responsiveness of teachers to student assessments of the quality of their course delivery, as measured in surveys such as Course Experience Questionnaires (CEQs).

What the West Report primarily means by a 'student-centred' approach is that it involves "building a direct financial relationship between institutions and students" (West 1998, p. 99) by promoting the role of demand backed by dollars (as upfront fees, income-contingent loans or some form of 'lifelong learning entitlement') in driving universities in a more competitive and market-driven environment. In its promotion of such a 'student-centred' or, more accurately, market-driven approach, the question arises as to why the West Report did not undertake more careful evaluation of national higher education systems which are more strongly driven by supply-and-demand relations between for-profit institutions and fee-paying students, such as the North Amer-

ican systems, and what lessons the Australian higher education sector should take from this experience[4]. The reason is that such empirical analysis would have been at odds with the West Report's main thrust, which is that technology and globalisation are the inevitable drivers of change, in a context where an understanding of universities as businesses, students as consumers, and higher education as a marketplace provide the only imaginable future for Australian higher education.

'Where do you want to go today': digital media and the virtual university

The West Report's analysis of the likely future impact of digital media on Australian higher education is a mix of the pragmatic and the visionary. Its discussion of the possible implications of greater use of CITs for administration, teaching and research are reasonably balanced, if brief, and it acknowledges the likelihood that future teaching and learning will most likely be a mix of face-to-face methods and utilisation of CITs and the Internet. This can be seen as being, in part, a response to criticisms of the West Committee's interim report (West 1997), and its projection of the 'ideal case' scenario that greater application of CITs in higher education will lower costs, improve access, and enhance the quality of educational outcomes. The issues raised here are discussed elsewhere, both by Ryan in this issue of *AUR* (Ryan 1998), and in a recent study commissioned by DEETYA on new media and borderless education (Cunningham *et. al.* 1998), and need not be reiterated here.

This sits alongside a more expansive vision of higher education's future in the West Report, derived largely from Global Alliance Limited's (GAL) study, "Higher Education in an Era of Mass Customisation", which was specially commissioned by the West Committee. The GAL study, which is the most quoted source in the West Report, envisages digital media as producing a fully-fledged global market in higher education, where Web-based technologies deliver courses internationally across the full spectrum of price/quality of product options, from a high-cost "Harvard in Australia U", to low-cost "Virtual Universities", all of which become potentially profitable as higher education globalises, and economies of scale can be realised. As the West Report notes:

> *GAL's authors envisage a world in which the structure of the higher education system has evolved to meet the varying weightings assigned by different student groups to particular elements of what is currently offered by higher education- for example, access to employment following graduation, prestige, the ability to network with fellow graduates, an attractive social and physical environment and so on.* (West 1998, p. 63)

There are limits to the emergence of such new providers at both the upper and lower ends of this scale. At the elite end, there is the issue of how 'massification' of

degrees from institutions such as Harvard would reduce the value of the qualification, which is based upon its scarcity value. The value of degrees from such institutions is also related to the value placed upon the on-campus experience, in terms of networking among other likely leaders of the future. At the lower end, issues emerge for policy-makers, as well as employers and other stakeholders, about the extent to which they are willing to acknowledge and accredit these qualifications, and the danger that students will be permitted to enrol in programs whose placement on the price-quality divide is so far below that of other institutions using the term 'university'. As Kelly and Ha note in this edition of *AUR* (Kelly and Ha, 1998), other countries in the Asia-Pacific, such as Hong Kong, have responded to globalisation trends in higher education by tightening accreditation criteria for such low-cost 'virtual' providers.

The problems with the speculative, scenario-building approach to projecting educational futures is that it extrapolates massively from relatively early or minor trends, while becoming largely immune to contrary findings or, indeed the lessons of the recent past. The GAL study drew heavily from recent trends in course-ware development in the United States, but simply presumed that localised adaptation of "global programs" was relatively straightforward across countries, institutions and courses. By contrast, the findings in *New Media and Borderless Education* (Cunningham *et. al.* 1998) were that levels of adaptability are highly variable, with the most adaptable areas being those characterised by:

- skills and concepts which are readily translatable across countries and cultures;

- a strongly vocational emphasis;

- high student and/or industry demand for tailored and flexibly delivered programs;

- strong industry pressure for standardisation of content across institutions.

Both the West Report and the GAL study conflate national and global markets as alternative scenarios to a university system which has been predominantly oriented to local markets in the recent past. Instead, it is the case that while many new education providers which utilised CITs present their potential reach as global, they in fact catered largely to student populations which were local or national. This is the case with some well known "virtual universities", such as the University of Phoenix and the Western Governors' University initiative.

This is part of a larger problem with the study of neglecting the variety of markets and of modes of provision which can be presumed to characterise increasingly segmented educational markets. If it is the case that we are about to see major changes in higher education internationally, it could be argued that it is more appropriate for policy makers in Australia to seek

to broaden and deepen their understanding of the characteristics of the emerging markets, rather than base policy upon highly speculative scenario-building.

A curious feature of the Report is that it largely fails to draw upon the extensive experience and literature on distance education, as a guide to the significant teaching and learning issues, in developing programs which utilise CITs and digital media to deliver 'location-independent' teaching and learning. Instead, it projects the 'virtual university' as an omnipotent threat to Australian higher education, capable of capturing students at will, while also holding out a vision for higher education utilising digital media which echoes Microsoft's "Where do you want to be today" rhetoric, with the premise that, over the next 20 years, there will be demands for flexibility over what, how, when and where they study which are without parallel in the current era.

'Histories of the Future' and the West Report

In "The History of the Future", James Carey and John Quirk (1992) discuss accounts of the future from the Industrial Revolution in the early 19th century to contemporary debates about the digital revolution and the 'information society'. Themes which they observe as ongoing in such accounts include: an emphasis upon inadequate communications rather than social inequalities as the major source of problems in contemporary societies; a disavowal of the past as a useful guide to the future; and what they term a "rhetoric of the technological sublime", the faith that technology will resolve social, political and ecological problems. The West Report casts itself in a futuristic mode, describing its task as being one of "charting a course for higher education for the next 20 years", and adopting a "long-term, visionary perspective" (West 1998, p. 16).

Carey and Quirk identify three recurrent characteristics of discourses of the future. First, the future is presented as the basis for a revival of optimism and an exhortation to the public to 'keep faith' with decision-makers. Second, the future is portrayed as enabling the realisation of a particular ideology or prophecy, and as the way out of the problems of the present. Third, discussion of the future provides an occasion for activities of data collection and extrapolation, public participation, and clarifying the set of choices facing the community.

The West Report provides clear manifestations of the first two tendencies, balancing a rhetoric of threat to existing practices with the promise of a regime of seemingly infinite flexibility and responsiveness, arising from the mix of market-based relations between students and providers, and the extensive application of digital media as teaching and learning tools. The extent to which the Report has clarified the set of choices available on the future of Australian higher education,

rather than acted as an advocate for a market-based model, is debatable. While the West Committee received 392 submissions, and 170 responses to its Discussion Paper, only eight of these contributions are referred to in the Final Report. By contrast, the study by Global Alliance Limited, commissioned by the West Committee, and which develops an analysis which unequivocally understands the university as an industry and education as a product, is referred to six times.

Conclusion: from virtual universities to the information society

The West Report utilises the concept of lifelong learning, and harnesses it to the rhetoric of technological utopianism and educational futurology, in ways which largely preclude visions of the relationship of universities to the information society which diverge from a market-based and consumerist vision. In doing so, it responds to the uncertainty surrounding contemporary higher education to present an understanding of universities are primarily a differentiated group of educational service providers, selling degree programs across a series of price points, to a student clientele who, in spite of the notion of student-centredness, are constituted largely as the buyers of such services. The vision is not completely wrong, but it marks a failure to take seriously notions of inclusiveness, collaboration and collective social purpose.

In responding to such a vision, many in the higher education sector have been caught on the hop. Meredyth has noted that there has been a tendency to see all contemporary strategies for the reform of higher education as manifestations of a 'top-down', economic rationalist or corporate managerialist agenda, which is counterposed to a more democratic or 'bottom-up' approach, which is a mix of institutional self-governance and a vaguely-defined set of participatory mechanisms (Meredyth 1998). What is lost in such accounts is the variable mix of market reforms, centralised policy initiatives and actions to indirectly influence the conduct of institutions and individuals, which have existed under the pre-1996 Labor administrations and the post-1996 Howard Liberal-National Party Government.

The West Report uses the anti-statist rhetoric of critics of the Labor reforms, to put the case for transition to a fully-fledged market. The problem for critics is to try to work out what may have been good about bureaucracy and the post-1987 Labor reforms, while also being able to judiciously assess the pros and cons of markets (Marginson 1997; Meredyth 1998). One of the issues which has been raised by the Report, and which follows from an understanding of the student as consumer, is a greater emphasis upon teaching quality. Rather than appealing to the vagaries of a technology-driven solution, relying upon fees and exclusivity, or mounting a

rearguard defence of academic self-governance, perhaps the various stakeholders could look to the possibility of benchmarks of good practice, and means of assisting academic staff to continuously improve their teaching practices. This is the sort of approach proposed by the Dearing Committee in Britain, and it should be considered in the Australian context.

Ultimately, many of these issues relate to competing visions of Australia as an information society. It is intriguing to note how digital media have been tied to a 'business-as-more-than-usual' vision of the future in recent Australian information policy documents, since one of the characteristic features of debates about the digital future has been the hope that the online resources of the Internet can be used to reinvigorate communication, community and the democratic project (Flew 1997; Thomas 1997). Universities are, or should be, a nodal point in any such project, as centres of inquiry, scholarship, diversity and tolerance. Linking these values to the technological possibilities now offered for more flexible, interactive and diverse learning materials and practices, while also recognising the quasi-market aspects of higher education, has been the issue on which the West Report has not provided adequate leadership. It is another instance of the failure of public policy to adequately address the social implications of the information revolution, and the potential it creates for new forms of division and exclusion as well as innovation and dynamism.

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Notes

1. Sheehan (1996) identifies the six main assumptions of neoclassical economic theory as:

· the existence of complete markets and a finite economy, and assumptions concerning expectations and perfect information;

· behaviour of agents governed by the maximisation of profits (in the case of producers) and utility (in the case of consumers);

· producers have no sunk costs or market power, and face diminishing returns to scale in production;

· all producers and consumers are price-takers, interacting only through markets;

· technological change is external to the market system;

· the structure of the economy can be taken as given and fixed at any point in time.

Given such restrictive assumptions, the perennial question which faces economists is determining the implications of relaxing any of these assumptions as not relevant in the 'real world', and whether they render the theoretical assumptions of the model valid as a guide to decisions and policy-making. For critiques of neo-classical theory from a variety of perspectives, see Stilwell and Argyrous (1996).

2. This should not lead to the conclusion that any consideration of economic factors in higher education policy marks the baleful influence of the ideology of 'economic rationalism' upon universities, or that 'economic' influences upon higher education are inevitably bad. There is a significant difference between the observation that acquisition of skills which are valued in the workplace ('human capital') is a motivator of student preferences in higher education, and the belief that it should be the only governing principle. The problem with the West Report's approach is that it questions the legitimacy of any criteria other than the economic as a useful governing principle for Australian higher education, thereby reinforcing a questionable dichotomy between advocates and opponents of a market-based approach.

3. The latter is opposed as blocking structures based upon executive decision-making, as the Report makes clear in observing that "The tradition of collegial decision-making is reflected...in the insistence of some groups that they be represented on the council or senate of each institution of higher education" (Learning for Life 1998: 111).

4. Coaldrake (1998) notes that debates about problems with higher education in the United States are comparable to those of Australia and Britain, with the additional issue of spiralling tuition costs. This issue is not considered in West, which simply relies upon competition to minimise fee inflation. David Noble's account of "digital diploma mills" and Timothy Luke's discussion of "cyberschooling" also provide accounts of the North American experience of higher education by 'virtual' means which should have given pause for thought to the West Committee, had they been interested in such critical perspectives (Noble 1995; Luke 1996).