

CLARK KERR LECTURE 3

"Bonfire of the Publics"? Rebuilding the Social Foundations of Higher Education

Tuesday, October 7, 2014 4pm - 5:30pm

[bonfire with question mark]

Thank you for coming to the third Clark Kerr lecture. I am fortunate in your participation. The lecture series, and my visit, have been associated with many conversations in which I have learned much. Thank you also for welcoming Anna and Sasha as well as myself. I am very grateful to Jud for his generous organization and invaluable briefings. Thank you again to Christiana for her kindness and material help, and also to Diana.

In the first lecture I reflected on Clark Kerr and the 1960 Master Plan, and on the ideas of Clark Kerr, Martin Trow and Bob Clark. I discussed the distinctive Californian Model of higher education: a system that serves the state and its people, expands at need providing access to all, combines mass education with excellence on the basis of diverse provision in different sectors, and is crowned by the large research Multiversity with its many missions. The Californian Model of public higher education now has its problems, but the historic achievements of the Model stand.

The second lecture looked at the passage of those Californian ideas beyond California. No other systems look exactly the same as California, other ideas about higher education are also influential, particularly from Europe; and in some other countries, public education has policy problems, as it does here. Nevertheless, key features of the Californian Model have appeared across the world—the open-ended growth of participation in higher education, to 50 per cent and beyond; the Multiversity, the comprehensive university speaking the language of global science; and in many nations though not all, separate sectors of higher education institutions with different missions. In some countries mass expansion is largely carried by public institutions, in others largely by private institutions, often for-profits. However, in every nation outside the United States, the leading research universities are in the public or national sector. It is the UC Berkeley variant of the Multiversity, not the Harvard or Stanford variant, that has gone global. This is because of the strategic importance of research, and its cost, and because no other country has alumni giving and philanthropy on the American scale to support a front rank private research university. Even the strong private universities found in Japan, Korea and Brazil are overshadowed by the status and research performance of the top national universities.

Today I explore further issues and problems of public higher education inside and outside California. Public higher education carries a broad potential for modernization of a democratic kind. Clark Kerr and the Master Plan achieved some of that potential, which is why we still talk about the 1960s. But Californian higher education is ruled not only by the 1960 Master Plan but also by the anti-tax Proposition 13 of 1978. The very idea of 'public' or common benefits, orchestrated by the state, is continually under fire from heavy ideological guns. It is a mantra. Private good, public bad. Competition good, cooperation bad. Markets good, public planning bad. In this setting state fiscal policy has become profoundly dysfunctional and it has been impossible to develop the Master Plan in line with changing needs.

Will California allow the Californian Model to go up in smoke? What might be the basis for a forward move, to advance the Plan's twin principles of access and excellence? It is impossible to consider this without looking at the deeper underlying issues that shape the context of higher education.

As an Australian citizen based in UK/Europe, I do not have Californian answers. But some of those underlying issues also play out in Australia and UK. Today I will proceed in three parts. First, I discuss how Californian higher education is travelling, commenting on aspects of the Multiversity, CSU and community colleges, and consider what a renovated Master Plan might look like. This could not become a live possibility without a change in the political climate. Second, I move to the obstacles that block a renewal of the Plan: the politics of increasing inequality, the financial barriers for poor families, the doctrinaire preference for competition and market actors, the narrow ideas about the benefits of higher education. Third, I propose ways and means of re-grounding higher education as a shared public enterprise. These suggestions are diverse but all designed to broaden social inclusion and enhance individual and collective outcomes. I will discuss tuition loans, student learning, and approaches to the public benefits of higher education.

[1. How is public higher education travelling?]

How is public higher education travelling? It is a mixed picture. Worldwide, social participation in higher education is advancing rapidly. The number of research-intensive universities grows. The partial exception is the United States. Socio-ethnic-economic stratification, the low value of some forms of participation, and tuition costs, block the advance of higher education, especially degree completion. However, in all countries public higher education is a mix of pluses and minuses. First, educational growth has opened opportunities at all social levels but has not led to a regime of equal

opportunity that genuinely distributes social and economic outcomes on the basis of merit. Outcomes vary. The Nordic countries, the Netherlands and Switzerland achieve greater intergenerational social mobility than most countries. The United States does poorly there. Second, the larger higher education grows, the more resources it absorbs. In the low tax English-speaking countries, universal high quality public services are not affordable. Systems are differentiated on the basis of missions, as in California, or resources and informal status, as in UK. The Nordic countries do better. But most national systems differentiate the quality of provision.

Since 1960, Proposition 13, demographic changes, uneven schooling, recession and downward fiscal pressures have further differentiated public higher education in California, within sectors, between districts and between social and ethnic groups. The UC is feeling pressure but it has been tougher in the community colleges. This is consistent with tendencies in higher education across the world. Generalizing freely, research-intensive universities—the objects of global stimulation, social competition, and also policy attention in many countries; and outside the English-speaking world, often the recipients of extra state resources—face issues, and are undergoing changes, but are travelling fairly well. Mass public higher education is travelling significantly less well. I will now briefly discuss elite and mass public higher education in turn, using Californian examples.

First, the research-intensive sector. All public institutions in the English-speaking world must deal with an ideological, policy and fiscal climate less favourable than the 1960s. American public research universities are fraying at the edges. The weight of part-time and contingent faculty has been increasing for more than two decades. States have discovered they can sharply cut subsidies. Flagship public universities are now less competitive in hiring leading faculty. UC Berkeley will struggle against Stanford and others unless it can raise tuition (which is currently capped) and secure more philanthropy. Berkeley needs more benefactors like Phoebe Apperson Hearst, who helped to build the campus a century ago. However, elite public institutions have maintained their perceived value. This has been enhanced by the intense competition for social advantage through higher education.

In his final 2001 chapter on *The Uses of the University*, Clark Kerr listed issues affecting the Multiversity: the impact of globalization, and of fluctuating American productivity; uneven rates of return to a college education; ‘the rise of for-profit competitors to nonprofit higher education’; the growth of mature student demand, and new technologies; the rise of life sciences and continued unhappiness of the humanities; a partial shift in

governing power to trustees and state governors. He also noted ‘the lessened prestige and public standing of the cities of intellect since the 1960s when they were at the peak of public favour and influence.’ To that we can add diversity politics, gender politics, fiscal evacuation, the rise of performance management, student agency in learning, and intensified competition. I will now briefly remark on four issues: internal governance, discipline imbalance, technologies, and student agency. Intensified competition, for-profits, fiscal evacuation and tuition will be discussed later.

Internal governance. The ‘managerial revolution’ on campus has been accomplished. Faculty will continue to share governance in a subordinate role, but will not manage budgets. If faculty ran universities we would pay the price in delays, waste, favours and blockages of organizational creativity. While there are times when faculty must intervene in the running of institutions—injustices can occur anywhere, for example junior faculty are exploited in many institutions and need the support of their colleagues—for the most part professional managers are best placed to make resource decisions. Established faculty have a good deal of agency and it is wise to deploy it to best effect. Faculty energy and expertise are more effectively used in the knowledge-specific domains for which faculty are trained. Arguably, democratic activism and public intellectualism are more usefully directed to the local, national and global public good than to symbolic tussles with internal managers. Two caveats, however. First, faculty must remain supreme in curricula and in research priorities, directions and allocations. When faculty control in those areas starts to slip, the Multiversity as such begins to disappear, a problem in some second tier universities. Second, university presidents, provosts and executive deans should generally come from faculty, so they understand the knowledge-specific products we make. As Bob Clark said, the centrality of knowledge is ‘the root cause of the many odd ways of the higher education system’.

Discipline imbalances. In the strong research universities core intellectual fields continue to flourish. In the next tier, fields such as philosophy, physics and even math are struggling. Resource flows prioritize applied sciences and applied social sciences. Business studies evolved as a set of applied sub-fields, such as marketing, finance, strategy, with only economics from the core areas of knowledge. Some market sensitive business studies programs even downplay or eliminate economics because it is intellectually tough and unpopular with students. A great opportunity is being missed, to develop a rigorous and transformative business studies curriculum that draws on and sustains seminal areas of knowledge such as history and economic history,

sociology, anthropology, political science and policy studies, cultural studies and philosophy, and foreign languages for global business.

New technologies. MOOCs are a valuable adjunct to the university program, and to the student's extra-curricula life, rather than a substitute for classes. MOOCs are more disruptive in mass education, beyond the research university sector, where they can be used to substitute for flesh and blood teaching. In the research university sector, it is likely that larger changes will flow not from MOOCs but from more expensive technologies that enable students to engage in synchronous classes across distance.

Student agency in learning. Despite the talk about student centeredness and student engagement—which reflects broader cultural shifts in modern societies, in favour of the self-determination of autonomous individuals in the workplace and careers, consumption and cultural taste—there has been little change in the positioning of the student in learning. A superficial form of student empowerment has been facilitated by greater choice of learning units, and softer learning demands. Higher education is not a shopping mall, and in many programs high choice is inconsistent with learning coherence or rigour. Further, two successive major studies by Richard Arum and Josipa Roksa demonstrate that many students are learning little or nothing of substance in the college years. Their institutions foster a 'happy-happy' relationship based on facile instrumentalism. 'They are told all the time that having a college degree is a ticket to a good life', says Roksa. 'Students appear to be doing stunningly well while doing very little work', says Arum. The challenge is to bring deep intellectual self-formation to the centre of higher education. I return to this issue later in the Lecture.

What about mass education, which is travelling less well? Mass public higher education institutions in many countries, rich and poor, are chronically underfunded and cannot fulfill core missions, such as universal access in California, or vocational training for today's workforce, as in Australia and the UK. Mass higher education needs to be rethought. For example, in the Netherlands the second sector, the HBOs, train people explicitly for local employment at a time when both skilled and unskilled labour have never been so mobile across national regions and borders. The problems of lesser status public higher education receive little attention. Governments find it too easy to cut. In some systems, including California, its long-term future must be in doubt. There are trite claims that MOOCs can replace teaching. For-profits and online delivery are invested with a policy glamour that mass public higher education institutions lack—though their diplomas are less valuable—but they are not effective substitutes.

In 1963 Clark Kerr identified the community colleges as 'central institutions in an era of universal access', but did not develop and analysis of the 'Multicollege'. In 2001 he noted there had been a 'movement backward' since the 1960 Master Plan. There were 'enormous discrepancies in the availability of advanced placement courses in high schools and transfer programs in community colleges between low-income and high-income neighbourhoods'. We see this today in the prominent role of a small group of community colleges in access to UC Berkeley, while others have low transfer rates. Another and fundamental problem is that the economic and social value of a two-year higher education credential has fallen since 1960.

Beyond the community colleges in California lies the CSU sector. As with the other sectors, access and affordability are deteriorating. As with the community colleges, transfer performance varies by region. Also as with the CCC, the substantive mission and structuring of CSU has not changed since the 1960s, though the threshold of higher education has lifted all over the world, and research activity has spread to many institutions that are not Multiversities. California has 38 million people, yet PhDs are confined to UC, one research university site for every 3.8 million people. A more normal ratio in the higher education world is one university for every 1-2 million.

Work by John Douglass confirms the 'uneven quality of the economically challenged colleges and four-year public institutions,' and 'large disparities in access rates' among ethnic and low-income groups. Studies by Ray Franke, and the Georgetown University Public Policy Institute, suggest that the lower participation of Hispanic and Afro-American families is wholly explained by socio-economic disadvantage. That is, while American society and economy are tipped against Hispanic and Afro-American people, public higher education does not discriminate further against them. Equally, however, it fails to compensate for prior inequalities. It falls short of the promise of equality of opportunity at the heart of the California Model, in two respects. It fails to nurture and promote merit in under-represented populations at enough scale; and it no longer guarantees every one a place. This robs the Master Plan of half of its rationale, further undermines the tax/spend basis of the public sector, and drives families to the for-profits.

This would not matter if for-profit higher education did a good job and provided value for private and for public money. It does none of those things. Between 2000 and 2010 for-profits grew from 2.9 to 9.6 per cent of the higher education enrolment. In *Degrees of Inequality*, published earlier this year, Suzanne Mettler subjects American for-profit colleges to a

devastating critique. For-profits build student numbers with misleading claims about job prospects and transfer pathways. For-profit students experience the highest average loan debt in any sector, the lowest and slowest completion rates, questionable job prospects if they do graduate, and much the highest default rates on student loans. 'While the for-profits appear to give struggling Americans a shot at improving their life circumstances, in reality, these schools leave many worse off, to the point of financial ruin'. For-profits enroll one in ten college students but utilize one dollar in four of federal student aid. Public support provides 86 per cent of their revenue. Mettler estimates the subsidy at \$32 billion a year.

So all three public sectors are under severe financial pressure, access has been compromised, excellence is under strain, and the fourth sector, the for-profits, waste public money wholesale. Time for a new Master Plan, you might say. Let's pretend that a new Plan is possible. How might it look?

I suggest that in the best ordered utopia, a new Master Plan would cover all sectors of higher education: UC, CSU, Community Colleges, and Private Colleges, including for-profits. Like the 1960 Master Plan it would need to progress both research-intensive universities and access institutions, mobilizing the whole system in its support. Community Colleges would move from local to state funding. For-profits would be properly accountable and regulated for quality for the first time. UC would be free to increase tuition provided that progressive tuition and high access regimes were maintained. In the best of all worlds, tuition would be covered by income contingent loans, repaid through the tax system. I discuss this later.

The 1960 mix of qualifications would be revised. The world has moved up. In most countries the majority of higher education students are in three- or four-year programs, and in some countries most students are in doctoral universities. Many CCC programs would be lifted to four-year level (something already starting to happen). A second tier of research and doctoral campuses would be established in selected CSU sites. In the longer term other CSU sites would merge with community colleges, thus creating four regulated sectors: two sets of doctoral universities, public colleges, private colleges. Bill Tierney and Bryan Rodriguez of USC suggest an overall CCC/CSU merger, as part of a process of upgrading the community colleges. They also suggest that all students who graduate within four years from the CSU should be guaranteed a free college education.

But ... any new Master Plan would require more public money. In 1960 there was optimism about the broad-based potentials of higher education.

That optimism cannot be restored without a change in shared values and policy. At present the political conditions are not there, for more money, for long-term thinking, or for a unified public plan. Let's turn to the underlying issues and obstacles to public higher education and its service to the state.

[2. Underlying issues]

The New Deal and Post-World War Two eras shaped Clark Kerr and the politics of the 1960s. Those times are long gone. The political present is led by the new plutocracy, the aristocracy of money, and there is growing economic and social inequality. This is associated with intense competition for high value opportunities in the leading universities, coupled with the steep stratification of institutional value within the sector, which in the US is partly sustained by the Ivy League and is largely beyond state regulation.

The facts of growing inequality are widely agreed. In 2012 Joseph Stiglitz published *The Price of Inequality*. In the last three decades the bottom 90 per cent in the US have seen aggregate wages rise by 15 per cent. The top 1 per cent saw a gain of 150 per cent. In the partial economic recovery in 2009-2010, the top 1 per cent seized an amazing 93 per cent of the total increase in US national income. But most Americans are worse off than in 1997, with lower real incomes. Nor will public spending make up the gap. As Stiglitz puts it, 'the rich, needing few public services and worried that a strong government might redistribute income, use their political influence to cut taxes and curb government spending. This leads to underinvestments in infrastructure, education, and technology, impeding the engines of growth.'

In *Capital in the Twenty-first Century*, published earlier this year, Thomas Piketty traces the long-term increase in economic and social inequality. He discusses the role of higher education, especially high status universities, in reproducing inequality. States Piketty: 'intergenerational reproduction is lowest in the Nordic countries and highest in the United States', with Germany, France and the UK in the middle. As I mentioned before, social mobility through higher education is significantly lower in the US than in Western Europe. Piketty suggests this is because access to the high value institutions is more unequal in the United States, being correlated to both parental income and parental donations to Ivy League universities. In short, the commanding heights of US higher education have been captured for the plutocratic social project of wealth formation and elite reproduction.

We can now see that the 1960 Master Plan did not sufficiently challenge reproductive inequality in higher education. As Martin Trow saw it, under

systemic differentiation, 'the establishment of different sectors of higher education, reflecting the status hierarchies in the larger society', is an 'effective way of using higher education to buttress rather than undermine the class structure'. But that underwrites the monopoly of the powerful in the leading universities. The Master Planners were strongly committed to upward mobility, but once ensconced, social elites can limit its extent. There are exceptions, poor bright students who break in, but not enough of them. Here the University of California does well with social mobility, compared to the Ivies, but is not large enough to overturn the main pattern.

Suzanne Mettler agrees that equality of opportunity has run aground. 'Over the past thirty years ... our system of higher education has gone from facilitating upward mobility to exacerbating social inequality.' The higher education system turns over 'something that increasingly resembles a caste system: it takes Americans who grew up in different social strata and it widens the divisions between them and makes them more rigid.' Higher education 'stratifies Americans by income group rather than providing them with ladders of opportunity.' Mettler focuses not on the leading universities but on the failure of the equality project at the lower levels—the financial disadvantages faced by poor families, and the cul de sac of the for-profit sector where many are enticed. She assembles strong data: the growing cost of tuition in public institutions; the declining value of Pell grants, while affluent Americans gain growing benefits from tuition tax policy; and the marked social differences in graduate completion rates.

The OECD Secretary-General Angel Gurría said recently: 'Education can lift people out of poverty and social exclusion, but to do so we need to break the link between social background and educational opportunity'. Clark Kerr and the 1970s Carnegie Commission understood this, and were primarily focused on upward social mobility. Matters have regressed since. Mettler shows that in the United States in 2011, of persons in the top income quartile, 71 per cent completed college by early adulthood, up from 40 per cent in 1970. In the bottom quartile the completion rate had increased from 6 to 10 per cent. In the second bottom quartile it rose from 11 to 15 per cent. It seems there is an iron-bound link between social background and educational opportunity. Who cares? Like Stiglitz, Mettler describes a political system that responds to plutocracy, in which leading Democrats cross the floor to join Republicans in defense of the for-profit sector's right to exploit the poor and excluded as its own special market.

And this political system also wants a higher education system in which every actor is permanently at war with every other. Intensified competition

is manifest in two ways. First, social competition between students for access to the institutions that confer advantage. Second, institutional competition between universities-as-stand-alone-firms, for prestige, research output and reputation, top students, top faculty, and resources. The two forms of competition reinforce one another. I said that elite reproduction and high stakes competition go together. This is not simply because a place in Harvard Law School is a doorway to wealth, a prize worth striving for. It is also because the plutocracy always prefers open competition, rather than distribution on the basis of merit or entitlement. It can bring its lop-sided resources to bear on any contest, and open competition legitimates unequal outcomes. In this setting, a cooperative system model like the UC is beyond comprehension. But in an atmosphere of intense competition, the effects do not stop at the boundary of the elite sector. They work their way down to the middle level institutions as well. While competition can drive performance in specific areas (for example, university rankings drive universities to perform better in the domains included in the rankings), competition absorbs resources, and weakens performance in domains not related to measured competition, such as the provision of social access. As competition intensifies, it demands ever-higher spending from institutions to hold their position. The salaries of enrolment managers escalate like those of football coaches.

These patterns will not be modified by good practice in the UC alone. They can only be tackled amid a broad momentum for democratization. It is likely this momentum will develop—emerging discussion about inequality is one sign of this. This will not change higher education soon. In the meantime, elite reproduction and high stakes competition feed the one-sided emphasis on the private economic benefits of higher education, with little regard for the shared public benefits of higher education, which are economic, social, intellectual and cultural in nature—as if those public benefits do not matter, or will flow regardless. In turn, the shift in the public/private balance, onto the private side, feeds into, and is fed by, the selfish anti-tax politics and the collapse in state funding of education.

In this instrumental setting, higher education finds itself judged solely by the private rates of return associated with degrees, and the employment rates for new graduates—fruits of the human capital metaphor I discussed in the first Lecture (though Adam Smith and Alfred Marshall had a broader view of the benefits of education). It would take longer than we have today to expose all the fallacies in this limited idea of higher education. Briefly, first, the notion that the education-employment relationship is in lock-step progression creates unsustainable expectations about outcomes, and

underplays the transition between these two heterogeneous worlds. Higher education and work are very different, as different in their way as, say, state and family. Second, private earnings cannot be solely attributed to higher education, but are also affected by social background, networks, individual personality and energy, and contingency: like employment rates, earnings are closely affected by the fluctuating global, national and local economies. What proportion should be attributed to university? It is arbitrary.

Third, higher education generates many other benefits, individual and collective. In *Higher Learning, Higher Benefit* (2009) Walter McMahon provides a summary of the literature on those benefits. These include health outcomes of graduate and family, and better public health; more prudent personal financial management, and economic and political stability; better citizen political participation; earlier and more widespread adaptation to technological innovations; enhanced communications; more diverse cultural activities; social tolerance of difference; and so on. More broadly, higher education is a pillar of civil society in many countries. Calculations of these benefits are assumption dependent. Nevertheless it is clear that in modern societies higher education touches many of the conditions of individual development, and collective sociability. Higher education institutions will produce more and better social benefits if these benefits are recognized in policy, valued, observed and monitored.

Only a small proportion of university places are associated with stellar careers. A one-sided focus on private economic benefits empties out the value of mass higher education, especially the community colleges—both lowering their fiscal standing, and reducing participation and completion—and diminishes the social contributions made by the UC system. In this climate the individual UC campuses face a dilemma. Do they compete explicitly as high brand providers of private outcomes, pressing the state to free them to charge tuition consistent with degree value, diminishing their range of public service, and converging with Stanford and other leading private universities? Or do they persist with a broad-based public and social mission, risking continued under-recognition and under-funding? Berkeley, UCLA and UCSD are well placed to compete on a stand-alone basis, though the breakup of the system could weaken others.

There is little that we can do, from higher education alone, to alter social competition and growing inequality at the root. But we can research it and talk about it; and we can expect selective private universities to be more meritocratic, like leading public universities. And, despite the obstacles posed by low tax/spend politics, we can press for tuition policies that

modify the impact of social inequality, for example income contingent student loans. We can also tackle the narrow definition of the product, the sole focus on private economic benefits. I have two ideas for this. The first is about student learning. I call it ‘higher education as student self-formation’. The second idea is about defining, observing, measuring and enhancing the public goods produced in higher education. I will now take up these themes: tuition loans, self-formation, and public goods in higher education.

[3. Some possible ways forward]

I will start with tuition. In many though not all countries, the share of costs borne by family and/or student is rising. Higher education remains free in the Nordic countries, almost free in Germany and France, and below \$3000 a year in almost the whole of Europe. On the other hand, tuition is climbing in the United States and high in the UK and Australia, and the family pays the largest share of costs in much of East Asia. There the lowest levels of tuition are paid by high achieving students in the leading universities, who also tend to be from socially advantaged families, as in the United States.

Nevertheless, knee-jerk tuition politics based solely on fee level can miss the point. The public character of higher education, its contribution to equality of opportunity, is shaped not by whether tuition is charged, or by the sticker price; but by the combination of price, subsidies, exemptions, student loans, and university selection. The ultimate determinant of the public character of the UC is who gets in. Students from poor families, and first generation higher education students, are much better represented at Berkeley than Stanford. According to John Douglass, both Berkeley and UCLA each have more low-income students than the *whole* Ivy League; 40 per cent of Berkeley undergraduates pay no tuition; 65 per cent receive some financial aid; and half graduate with no debt. Berkeley’s progressive tuition regime, and the UC’s exclusive focus on needs-based aid, are impressive. At the same time UC undergraduate degree completion rates are unmatched by any other research-intensive public university. These factors would not change if Berkeley tuition rose by \$5000.

In fact it is possible to design a tuition regime that couples high charges with minimal deterrent effect and minimal socio-economic bias—that is, a regime in which no student from any background is deterred on financial grounds. How? Income contingent tuition loans. These were first introduced in Australia in 1989 and adopted by the UK in 2012. Public university tuition in the UK has been fixed at a near uniform £9000 per annum (\$14,500). Students pay tuition using government-backed loans. These are not subject to timed repayment, like commercial loans, but are

income contingent. The loans are repaid through the tax system on a percentage of income basis, with repayment beginning when income reaches a threshold level. In both Australia and the UK the threshold is just below average full-time earnings, so most new graduates do not pay. Tuition debt is subject to sub-commercial interest rates; in Australia it is merely indexed to the cost of living. Not all graduates repay their loans over a lifetime, particularly those who spend long periods outside the workforce, for example in family formation. Unpaid tuition debts are not passed on after death. The scheme is government subsidized, via the rate of interest, and non-repayment. The extent of subsidy can be tweaked by altering the terms governing the loans. In a low tax setting, income contingent tuition loans allow UK and Australia to expand enrolments on an open-ended basis knowing graduates will eventually pay the bulk of the costs. In the UK and Australia the public subsidy is variously estimated at 25-45 per cent.

In the best of all worlds, tuition would be free and supported from a progressive general taxation system. In low taxation polities, the nearest thing to collective financing and cost free study is income contingent loans. Income contingent tuition loans have completed 25 years in Australia. The social mix in higher education is little different to what it was when tuition was free prior to 1986. The most sought-after universities are dominated by the affluent middle class, but this is because of academic selection. Financial factors are not the only factor that stratifies opportunity. Nevertheless, opportunities in Australia and the UK are less stratified than in the United States, because finance has been taken out of the equation.

Only the US federal government could introduce income contingent loans, which would absorb existing commercial loans. It is a transformation almost on the scale of health care reform. The new scheme would confront vested interests and would be fiercely contested, but if implemented would radically weaken the link between family finance and completion rates. If income contingent loans are considered, questions arise. For example, should subsidized loans cover the full Ivy League sticker price? Would they fund sky-rocketing tuition? How would state/federal transfers be sorted?

Higher education as student self-formation. Earlier I said the turn to student-centred learning and student engagement was mostly superficial, consisting of consumerism and softer learning demands—a focus on customer satisfaction rather than transformative learning. Here business model thinking has reached the heart of higher education, to our cost—for it is intellectual transformation that makes education truly exciting. The core problem is our inability to imagine the intellectual and personal self-

transformations that many students already undergo. We need to put active and reflexive students in the centre of the picture, rather than modeling students as semi-passive respondents. Information and communications tools are ahead of higher education in positioning the student as a proactive decision-maker, but disciplinary learning offers richer contents.

It is strange that after the 1960s and all that has happened since, the higher education student is still imagined primarily as a person other-formed: by teachers and teaching, by learning resources, by technologies, by the institutional environment, and by external stimuli such as market signals. For learning in higher education is an intentional and reflexive process of self-development, driven by conscious goals. Students learn to become something different, often as part of a larger personal project. These projects include becoming more skilled or employable, becoming wise in the discipline, finding their preferred identity, working out a future. Student volition is prior to the learning program and supplies the energy in every act of learning: it is *the* essential resource. Yet it is downplayed. As Manja Klemencic remarks in relation to student engagement research: ‘The starting point of this research has been that student agency is shaped by the institutions, i.e. “by the structure”, and the focus has been on the question of how the institutions organize and use their resources to promote various forms of engagement.’ Rather, this research should focus on the students, not the institutions, and examine not how their environment determines them, but on how they appropriate, interpret and alter that environment.

Once we understand higher education as student self-formation we can organize it differently. Students need a rights framework providing them with social space and time in which to make decisions for themselves. They need financial support, information, and skills to help them develop themselves and make choices. At the same time, we need to accept that higher education is only one social site where students form themselves and make a future, alongside work, consumption, communications, travel, family, friends and so on. Students should be encouraged to be active, thinking and self-reflective agents in all spheres, if they are not already.

But self-formation cannot be programmed and it moves learning decisively away from a reduction to standardized economic objectives. Self-formation, and its social meanings, are determined by the student and are diverse. The notion of higher education as student self-formation creates room for many personal projects. It includes economic investment in the self-as-human-capital; formation in professions; building social capital; building cultural capital; political activism, a process of collective self-formation; acquiring

aesthetic sensibilities and practicing art; and so on. Some students will opt for shallow self-formation, graduating largely unchanged. The task of the educator is to persuade the student to invest in deeper personal change.

Finally, the public good functions of higher education. As noted, policy in many countries focuses primarily on the private benefits of higher education, such as earnings or the social status of graduates. Rates of return and employment rates are easy to measure. However, while there is no general theory of higher education, it is clear many of its outcomes are not captured as private benefits for individuals, but are consumed jointly. They are collective. Institutions contribute to government, industrial innovation, social equity, and the formation and reproduction of both knowledge and of relational human society. Higher education fosters tolerance and awareness of difference. The public outcomes of higher education also include individual goods associated with these public collective benefits, such as the formation, in students, of capabilities of social literacy, scientific literacy, effective citizenship, connectedness and economic competence. These individual capabilities do not show up in the measured private benefits.

A sole focus on measured individual economic goods leads to an impoverished picture. But the public goods are little discussed. There is no agreed nomenclature. There are many loose normative claims. Evidence-based approaches are under-developed. No discipline covers everything. Collective goods, especially, are a frontier problem in social science. Because the public goods are not identified, observed or measured, they are under-funded, and neglected. We need to develop methods that allow us to grasp these public goods systematically and comprehensively. How do we factor in the normative element—for social goods are policy-shaped, and some groups benefit more from ‘public’ production than others—without losing empirical observation? How can we move beyond a solely economic understanding of public goods without setting aside economics? How do we measure public goods, while satisfying both inclusion and rigour?

In his *Treatise on Probability* JM Keynes said the qualities apprehended by social science can be divided into three categories: those open to measurement and computation; those to which a precise number cannot be assigned but are nonetheless capable of rank ordering (more/less, faster/slower, better/worse); and those that can be apprehended only in the exercise of expert judgment. All three categories are relevant to understanding the public goods produced in higher education. Quantification is essential if we are to provide governments, public and institutions with greater clarity about public outputs, but it is also essential

to observe and monitor aspects that cannot be measured. This is an important project on which we can work together, on a cross-country basis.

The public goods produced in higher education include global public goods, goods produced in one national system that cross borders and contribute to other systems, and the countries and populations in which they are housed. These global public goods include research on worldwide problems, advanced training, and protocols facilitating people mobility. By more precisely identifying global public goods in higher education, we can design and target strategies to enhance those goods, to our common benefit. Higher education has a deep capacity to address key global problems, such as ecological and social sustainability, that neither states nor markets alone are competent to solve. In sustaining and developing the Californian Model of public higher education, and more precisely identifying the public goods that it produces, including the global public goods, there is much at stake.

[final slide]

This is the slide that best summarizes the 2014 Clark Kerr lectures. The public Multiversity in the global era. That is my work. This has been an engaging experience and I have learned much from you. I am very grateful. It remains for me to thank you again; and to wish you well in your work in future, as you apply the principles of access and excellence in higher education, in synergy, in the best Californian tradition.