

Commercialization of Norwegian Universities in a Global Context

- Cultural and Economic Counterparts Resolved

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ABSTRACT**TITLE:**

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Theme

This thesis is concerned with a commercial development of Norwegian universities, and analyzes some of the most essential forces that influence this process. With the current development it is vital to question to what extent the global commercialization of higher education affect Norwegian universities as cultural institutions. Relevant questions in addressing these issues are:

- *What role do the economic and the cultural rationale play in the justification of universities?*
- *What forces influence the development of universities, and how do they relate to the economic and the cultural rationale?*

- *How do stakeholders facilitate the continuance of Norwegian universities as cultural institutions?*
- *How can universities defend their legitimacy without being either a cultural or a commercial institution?*

Analysis

Many stakeholders and processes are crucial in the development of independent research universities, and the analysis of these will be structured in four separate parts, ranging over four chapters. The first part, in chapter two, briefly touched upon the historical development of universities before some of the rationales that currently give legitimacy to universities are explored. The economic rationale is increasing its dominance in legitimizing universities compared to the other rationales, a development that can be seen in relation to global economy and policy. The cultural rationale is applied in the thesis to contrast aspects emphasized by the economic rationale in the justification of universities. The second part, in chapter three, examines the influence from global and international structures on the development of higher education, assuming that what concerns higher education also includes universities. The third part, in chapter four, is on two out of three coordinating forces of universities; the state and the market, mainly analyzed in relation to the economic rationale. The last part of the analysis, in chapter five, will explore the third university coordinating force, academic professional coordination, and its links to the cultural rationale.

Discussion

The discussion, in chapter six, is concerned with strengths and weaknesses in the economic and the cultural rationale. The emphasis on the economic rationale spurs commercialization of universities, and the cultural rationale seems insufficient in reversing this process. Moreover, both rationales lack the capacity to secure democracy. Introducing a democratic rationale can secure and improve universities as democratic institutions concerned with free knowledge, a constructive alternative to commercialized universities driven by academic capitalism.

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ACRONYMS AND ABBREVIATIONS

cf.	Confer
EU	European Union
ECTS	European Credit Transfer System
EFTA	European Free Trade Association
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
FA	Faculty of Arts
IMF	International Monetary Fund
KWNS	Keynesian Welfare National State
KUF	Norwegian Ministry of Church-, Education- and Research
NHO	Confederation of Norwegian Business and Industry
NOKUT	Norwegian Agency for Quality Assurance in Education
NOU	Norwegian Public Reports
NRF	Norwegian Research Council
OECD	Organization for Economic Development
R&D	Research and development
St.meld.	Government White Paper
SWPN	Schumpeterian Workfare Post-National Regime
TNC	Transnational corporations
UFD	Norwegian Ministry of Education and Research
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organization
UO	University of Oslo
US	United States of America
WB	World Bank
WTO	World Trade Organization

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1. INTRODUCTION

As part of my exchange at the University of Toronto I attended a course on international education policy, and one of the most interesting insights I gained concerned the growing importance of global and international actors on national higher education policy. In many countries institutions of higher education are under pressure to commercialize their activities, often against the will of the academic staff. The fact that higher education in large and powerful nations such as Canada, the United States of America (US), the United Kingdom (UK) and Australia were experiencing increased pressure towards commercialization, triggered my interest to explore developments that are currently taking place at universities in the smaller and more internationally insignificant Norway.

Higher education is a vast and important field of research that is in constant transition. The transformation of higher education into mass-education has increased its significance, as it has become a larger and more important part of society. Higher education is also understood to be crucial in gaining competitive advantages internationally and in reaching national objectives. During the writing of this thesis several Government Green and White Papers have been written, the number of Norwegian universities has increased from four to six, and a new law concerning universities and university colleges has been passed. The rapid changes have made it a challenge to stay updated, and those of relevance for the analysis are included in the thesis as footnotes.

1.1. Aim of the thesis and research questions

The overall aim of this thesis is to examine forces that have an impact on Norwegian universities, focusing on: To what extent does the global commercialization of higher education affect Norwegian universities as cultural institutions? In addressing these issues it is of relevance to explore:

1. What role do the economic and the cultural rationale play in the justification of universities?

2. What forces influence the development of universities, and how do they relate to the economic and the cultural rationale?
3. How do stakeholders facilitate the continuance of Norwegian universities as cultural institutions, or alternatively what role do they play in the transformation of universities into commercial institutions?
4. How can universities defend their legitimacy without being either a cultural or a commercial institution?

The thesis starts by outlining some historical tendencies in the development of universities, followed by an exploration of the rationales that are central in legitimizing universities. Most of the rationales have similarities, but the economic rationale appears to contrast the other rationales. As a counterpart to the economic rationale I have chosen to focus on the cultural rationale, which will be the two main concepts in this thesis.

Thereafter the focus will shift onto stakeholders that currently influence the development of universities. The European Union (EU) and the World Trade Organization (WTO) represent influential forces at international and global level, being important actors in the global economy and policy.¹ They are closely related to the General Agreement on Trade in Services (GATS) and the Bologna declaration that have important implications for Norwegian higher education policy with consequences for universities.

Then attention will move towards Clark's three coordinating forces; the political and bureaucratic coordinating force, the coordinating force of the market and the academic professional coordinating force (1984). These forces all contribute at a national level to promote either the economic rationale, providing legitimacy to commercialized universities, or the cultural rationale legitimizing universities as cultural institutions. In this thesis the political coordinating force and the coordinating force of the market are understood to encourage the economic rationale, while the academic coordinating force is perceived to advocate the cultural rationale. This representation has to be understood as an ideal type, a

¹ Both the EU and the WTO can be defined as international actors. However in this study the EU is accounted for as an international actor, as internationalization refers to processes occurring between nations, although some have labeled the EU as a regional actor (Gornitzka, *et al.*, 2003:9-10). The WTO identified as a global actor to differentiate between the two institutions, even if some have characterized the WTO as an international actor (Dale and Robertson, 2002:14).

construction that helps present the most essential aspects of the phenomenon under examination (Kjellstadli, 1999:147). It gives a well-arranged but also simplified picture of the influence from stakeholders and rationales on universities. In reality the coordinating forces are complex, made up by diverse actors with different perspectives and beliefs about society and universities that to different degrees support the economic and the cultural justification for universities. An illustration might ease the understanding of central factors in this thesis, showing the three coordinating forces of universities and their interaction with stakeholders at a global and international level, and their economic or cultural motives (Fig.1.1).

Global and international influence (Advocating economic aspects)

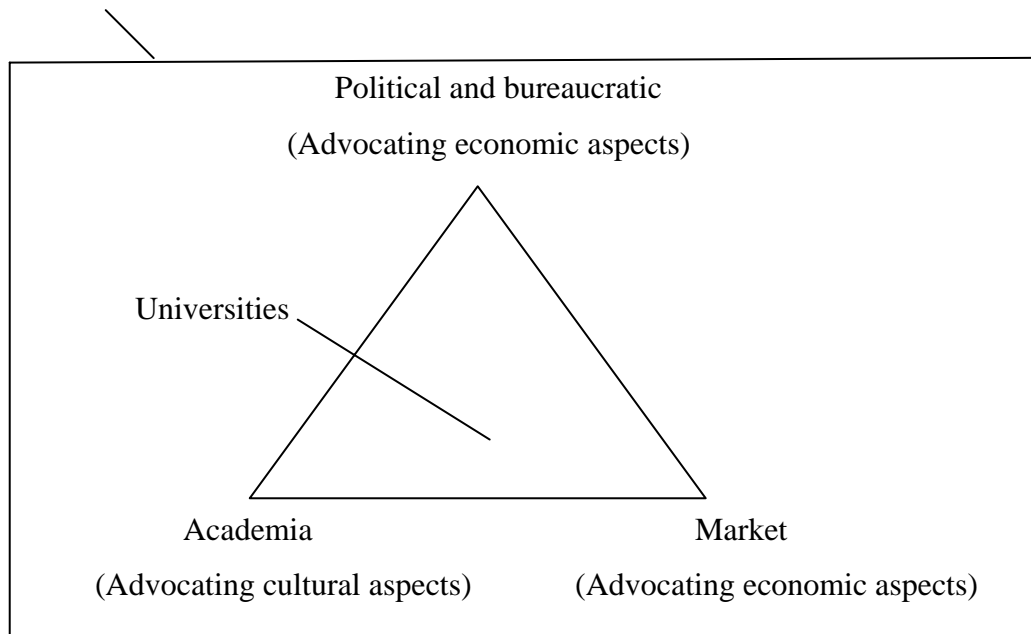


Figure 1.1. Global powers influencing the triangle of university coordinating forces.

1.1.1. Delimitations

The commercialization of higher education is an immense area that only seems to increase in complexity as the type and number of institutions are multiplying. In dealing with the diversity of the higher education sector, the scope of this is mainly limited to concern independent research universities concerned with basic research, with particular focus on Norwegian universities and the University of Oslo (UO).

This thesis aims to analyze forces that have impact on Norwegian universities. The approach I have found most beneficial is to focus on several stakeholders; the parts, to understand their contribution to the situation for Norwegian universities; the whole. In focusing on multiple stakeholders and perspectives it is possible to achieve a broad perspective on the development of universities, however it may cause a deficiency in depth perspectives. I have chosen to focus on the economic and the cultural rationale, at the expense of other rationales, in examining the legitimacy of Norwegian universities. In analyzing impacts from global and international actors on universities, economic rather than cultural aspects are emphasized, a focus that excludes important themes such as standardization of education and cultural imperialism.

1.2. Approach and methodology

My scientific understanding is based on social constructivism perceiving people as creators of reality and knowledge, and their constructions are subject to interpretation. Analysis in this thesis will be based on an interpretive process - the hermeneutic circle, involving the modification of my presuppositions and understanding as I am confronted with new perceptions, categories and ideas. Based on the new information additional terms and concepts become relevant and the research questions have to be modified, deepening the understanding and making it richer and more insightful through the dynamics between the material and the interpretation (Kjellstadli, 1999:123-4). My approach to understanding the situation for Norwegian universities created by stakeholders is theoretical and philosophical, but also ideographic, as I understand social reality to be dependent on individual subjective experience and creation (Burrell and Morgan, 1979:28). Through exploration I analyze and discuss the alternative rationales giving legitimacy to universities, as well as the controversies between stakeholders, seeking to discover meaning, tendencies and patterns through the collected material. I elaborate on the situation and progress for universities in Norway, but final conclusions seem impossible. My hope is to bring forth new and interesting knowledge by examining existing material.

Analysis will be undertaken at several levels to gain an understanding about potential transformations of Norwegian universities. On macro-level global and international actors will be explored, while on meso-level national education policy will be subject to analysis. On meso-level institutional behavior represented by the UO will be examined and finally at micro-level individual attitudes expressed through interviews and articles will be investigated (Barbøl, 2004:4, Bleikellie *et al.*, 2000:15). Dimensions are used as a tool in the analysis with main focus on the economic - cultural rationale, but also dimensions such as neo-liberalistic ideology – social democratic ideology and elitist education – democratic education are of importance. The ideal type, where the global stakeholders, the state and the market represent the economic rationale and academia represents the cultural rationale, is a tool that helps presenting the most important subjects in the study (Bergström and Boréus, 2000:158-163).

Published materials and research are used as subjects in the analysis and discussion aimed at understanding the essence of the forces that affect Norwegian universities. The research questions are illuminated from different angles through research reports, articles, books, websites Government White and Green Papers and the Norwegian laws concerning universities and university colleges. With this approach I intend to represent different stakeholders views, and by using a number of sources I can examine their consistency against each other. Moreover through comparison it is possible to determine if the opinions and theories support each other, and to find differences and similarities between institutions and countries (Kjellstadli, 1999:180-81, 265).

Keeping research as objective and free from values as possible is a scientific ideal. Despite of this “it is not humanly possible to remain neutral” to the people and institutions that are subject to research in social science (Phillips, 1992:140). Hanson’s thesis states, “The theory, hypothesis or background knowledge held by an observer can influence in a major way what is observed” (Phillips, 1992:53). This also holds relevance for text interpretation. Research has been carried out in a critical spirit to avoid biased values to the greatest extent possible, but I am aware that my preconceptions have affected the field of research I have chosen to investigate. I am of the opinion that it is imperative to create alternatives to commercialized universities, and my presuppositions will influence the analysis, discussion and conclusions.

I adhere to the rules of conduct in regard to referencing and quoting, adding reliability to the thesis (Fagerheim, 2003:8). The construct validity is high if the true theoretical meaning of the variable is to a large extent reflected in the operational definition of that variable (Cozby, 1997:58). A more relaxed definition of construct validity states that if the main concepts in the study are clearly defined, with the interpretation and analysis committed to these definitions the study has construct validity. Internal validity often refers to causality, but can in addition involve coherence and logic (Fagerheim, 2003:8). If it is possible to generalize findings in the thesis to other settings and populations the external validity is good (Cozby, 1997:74). This thesis tries to sustain construct validity by clear definitions and consistent use of concepts. Moreover an attempt is made to uphold an acceptable level of coherence and logic to add internal validity. Regarding external validity I believe that the analysis and discussion, although biased towards the UO, can be of relevance for other Norwegian universities. Furthermore I believe that my thesis can be of significance for universities in other countries, as a significant part of the texts on which I base the study of university development was written outside of Norway. People with interest in the field of higher education can generate relevance from the theories and adapt them to alternative contexts.

1.2.1. Limitations

This thesis is a meta-level theoretical work, based on second hand sources. It is essential to be aware that individuals can perceive the same terms and concepts in various ways when interpreting what other people have written (Alvesson and Sköldberg, 1994:33). Revealing meaning through interpretation of texts can lead to false assumptions, if my interpretation of the meaning deviates from the actual meaning and what the author meant to communicate. This is essential to consider when analyzing policy documents, as they are normative sources expressing intentions (Thune, 2000:12). The use of dimensions and an ideal type can lead to ignorance of important nuances, concepts and dimensions. My preconceptions and values affecting the analysis, discussion and conclusions represent a potential bias to the interpretation. Furthermore texts are retrieved from diverse settings, with some involving higher education and others concerning universities, and due to institutional diversity what is relevant for one university may not necessarily be relevant for another. In addition texts are retrieved from various countries with diverse systems of higher education. Many texts

concerns the UO, much theory is based on experiences from Anglo-American countries to the exclusion of experiences from other countries. All of this presents limitations in regard to transference and comparison.

1.3. Structure of the thesis

Chapter 2 briefly presents the historical development of universities. It also explores several rationales that serve to justify universities, elaborating on the economic and cultural rationale, as these are central concepts in this thesis.

Chapter 3 addresses the impacts from the informational/global economy and internationalization on higher education and universities, with focus on global and international institutions emphasis on trade liberalization and commodification of education. Higher education is used as the main unit of analysis in this chapter, based on the assumption that what concerns higher education also includes universities.

Chapter 4 analyzes the political and bureaucratic coordinating force and the coordinating force of the market in relation to the economic rationale, and examines their influence on Norwegian universities.

Chapter 5 is directed towards how the academic coordinating force advocating the cultural rationale can represent a counterbalance to emphasis put on the economic rationale by the coordinating force of the market and the political coordinating force. Internal struggles between academic and administrative staff will also be analyzed.

Chapter 6 is a discussion of the economic and the cultural rationale strengths and weaknesses in legitimizing universities, also discussed in relation to each other. In this chapter the cultural and economic counterparts are tried resolved.

Chapter 7 presents the conclusions.

2. JUSTIFICATION FOR UNIVERSITIES

What have traditionally been hallmarks of universities, and how do they sustain their legitimacy today? The characteristics of universities have varied from different places and times in history, and a brief look at the historical development of universities and their position in society can provide interesting insights on how they have been influenced by diverse stakeholders. After a historical glance a leap forward in time will be made, exploring the rationales that currently are important in providing legitimacy for universities. The cultural and the economic rationale will be amplified on behalf of the academic, social and political rationale, as they hold most relevance for this thesis.

2.1. Development of universities at a glance

The basic European university model, derived from Bologna and Paris at the end of the twelfth century has been modified and spread to academic institutions worldwide. The university in Bologna was created for laymen who wanted to study Roman law. At the Bologna university students had a lot of power from forming associations protecting themselves from external pressure, and it was the students rather than the professors who were in position to fight for academic freedom (Cobban, 1975:48-57). The student associations were powerful and commanded obedience from the professors, who were dependent on student fees and goodwill. A professor who succeeded was well rewarded by student fees, but students also had the power to fine a professor who started his lecture even one minute late (*ibid*, 61-66). The university in Paris was famous for its studies in logic and speculative theology, and like the university in Bologna attracted students of diverse origins. In the development of the university in Paris the Cathedral of Notre Dame was of critical importance, providing an institutional umbrella for the various disciplines. The new university studies were radically different from those of the already established Notre Dame schools. The Masters and students found that their interests were best taken care of by ecclesiastical surveillance and clerical status, even though they identified themselves more with Paris urban life than with the established ways of the church (*ibid*, 80). The Masters were dependent on the church to receive their license (*ibid*, 78). In Paris the bishop supported the autonomy of

the university, while the chancellor of Notre Dame did not (*ibid*, 83). At the end of the fifteenth century the university autonomy was dissolved and it came under royal dependence (*ibid*, 95). The French model that focused on autonomy and the professor, and not the Italian centered on the students became dominating, and was spread to the colonies by the European imperialist nations (Altbach, 1999:16).

The universities in the Middle Age can be perceived as cosmopolitan because they occupied the universal language of Latin. They were principally tied to cities instead of nations, and partly because of their lack of national boundaries the universities of Bologna and Paris attracted students from all over Europe. With the rise of Enlightenment the identity of the universities changed, as they became more linked to the nation-state. A consequence of nationalism and the Protestant Reformation in Europe was the replacement of Latin with national languages (Delanty, 2001:26-30, Altbach, 1999:16). Disagreement between intellectuals and professionals has a long history, and during the Enlightenment many intellectuals were forced to work outside of the university system, including great thinkers such as Descartes and Locke. In France especially the university became an institution for experts in the service of the state and utility, like magistrates and doctors. In Germany Kant wanted a strengthened position for intellectuals, and advocated academic freedom for philosophers as they were in the service of knowledge and truth (Delanty, 2001:31-32).

Humboldt established the university in Berlin in 1810 based on idealistic visions. Humboldt's university had close relation to the cultural rationale and emphasized the importance of institutional autonomy, that later have influenced many western universities (Delanty, 2001:33). In Europe universities have played a crucial role in nation building. King Fredric of the Danish-Norwegian Kingdom feared that a Norwegian university would strengthen Norwegian interests and identity and lead to a weakened community feeling with Denmark, so the establishment of a university was not permitted until 1811 (Alnæs, 1998:65). Unlike the universities of Europe, universities in the United States (US) have been more committed to the region, city and civic community than to the state (Delanty, 2001:34).

Universities have not always occupied prestigious positions. During the industrial revolution the role prominent English universities played was almost insignificant, and in France after the revolution universities were closed down for some time. The Nazi period had great

impacts on the universities in Germany and their scientific supremacy deteriorated in the years after World War II (Altbach, 1999:17). Despite of a declining significance of universities in these periods, they have had an enormous influence since academic certification determines access to most positions of importance, wealth and status. When and if these mechanisms break down it will significantly weaken universities (*ibid*, 22).

Throughout time universities have served divergent ideas and purposes. The church was powerful in influencing universities for centuries until recent times when the state has become a dominant force. Simultaneously the academic institutions have struggled to obtain and keep their autonomy, and institutional supremacy has varied. At the university in Bologna the student market was dominating, while at the university in Paris the academic stakeholders were most influential. A strong academic coordination of universities has been prevailing for centuries, but at present this tradition is challenged by a growth in the influence from market forces. In understanding the current institutional situation it can be helpful to explore rationales that justify universities.

2.2. Rationales that serve to legitimize universities

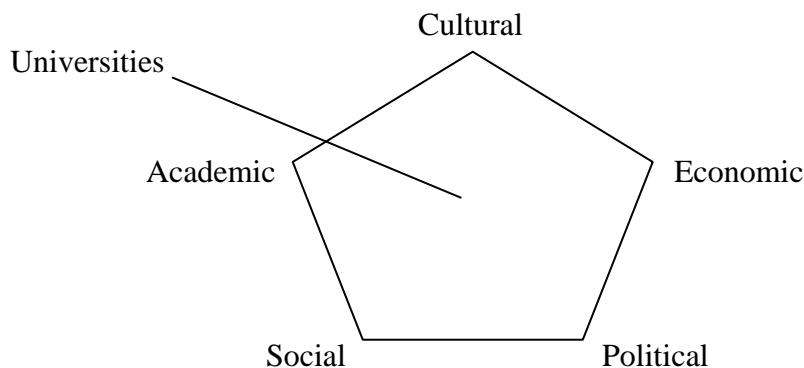


Figure 2.1. The interconnection between rationales that legitimize universities.

There are obvious difficulties in separating the various aspects of universities into different rationales, as they overlap to some extent. A strict separation may seem arbitrary and ignore

nuances, but can be helpful in analyzing and understanding the complex phenomenon universities constitute. Justifications for universities can be cultural, social, academic, political and/or economic, and the various rationales legitimize different aspects of universities (Fig. 2.1).² Legislation is significant in maintaining or distorting the legitimacy of universities, and affects what rationales that are emphasized.³ Without intervention from legislation the rationale that holds the strongest appeal to the most powerful stakeholders will be dominant.

2.2.1. Cultural rationale

How does the cultural justification of universities, differ from an academic, social, political or economical justification? Important features of the cultural rationale are institutional autonomy and academic freedom, the transformation of the university into a research-university, and research and education's connection to the "bildung-process". The cultural rationale serves to legitimize universities as cultural institutions. The debate on the idea of the university began in Germany in Berlin in 1810 when Humboldt instituted what has become the established perception of a university. He saw a need for the university to combine teaching with research, and for the first time research became an integral function of the university. He advocated the idea of academic freedom, and was strongly opposing the subordination of universities to the state because a "university is more than the mere training ground of civil servants [it] has a spiritual role to play in the cultivation of the character of the nation" (Delanty, 2001:33). The University had to strive for an ideal, not simply be an instrument for state policy. At the same time it was important that the state guaranteed autonomy for the university, and in return for this the university would offer a moral and spiritual basis for the state (*ibid*, 33). The university was supposed to uphold the idea of the nation and as repayment the state would protect the action of the university, meaning that both the state and the university attempted to realize the idea of national culture (Readings, 1996:69). The autonomy struggle for universities has been relevant since the Middle Age, and

² It is possible to argue that even more rationales are or have been relevant in giving legitimacy to universities. For instance, historically in Europe and currently in other culture a religious rationale is likely to have played a crucial part in the justification of universities, but the publications used as sources in this thesis mention only the ones listed above.

³ A new law for universities and university colleges in Norway is currently under construction. The object clause in the current and the future law will be analyzed and discussed in chapter 4 and 6.

the tension between the cultural and political justification for universities has a long tradition. Universities that are relatively autonomous with academic freedom to criticize and attack state practice can cause tension that tempts the state to reduce the university autonomy.

In Germany the idea of culture was imperative. It was residing between nature and reason, allowing morality without destroying nature. Culture became the object of scientific-philosophic studies, and in the beginning of the 19th century philosophy was even considered superior to natural sciences (Gustavsson, 1998:123, Readings, 1996:63). The concentration on culture also led to a focus on the process of development, “bildung”. The term “bildung” does not have an equivalent in the English language, and different people have had dissimilar ideas about the concept (Gundem, 1998:335). “Bildung” has been understood as the critical power of reason, the ennoblement of character, the development of a moral character and as self-cultivation (Delanty, 2001:32, Readings, 1996:55, 63-66). The “bildung-pedagogy” is concerned with knowledge acquisition as a process rather than as a product, and reflective processes should be encouraged as opposed to mechanical content acquisition (Readings, 1996:67).

2.2.2. Social rationale

Gumport emphasizes social legitimacy for universities (2000:67). As a social institution universities should preserve a broad range of constantly expanding social functions, such as maintaining, reproducing and adapting values ⁴ held by the wider society (*ibid*, 73-76). The importance she ascribes to universities in maintaining societal values has similarities with the cultural rationale’s focus on helping the state sustaining the idea of the nation, but there is at least one important distinction. Gumport represents an American tradition with a stronger commitment to the civic community than to the state, and one can therefore expect American universities to express values held by civic community where European universities would

⁴ A society often holds contradictory values, one example being the tension between some people wanting an individualistic and competitive society based on the survival of the fittest, while other people advocate a collectivistic and cooperative society based on solidarity. Research has shown that attitudes are changing in Norway about what kind of society Norwegians see themselves as part of. Compared to the North American’s, the British and even the Eastern Europeans Norwegians are more oriented towards equality, but currently they accept and find differences between rich and poor more natural than they used to do. Increasing differences between people make us treat each other differently, resulting in less solidarity (Guhnfeldt, 2004).

communicate values held by the state. The social rationale might therefore in some respects be perceived as an American counterpart to the European cultural rationale, where the former has closer ties to the region and the public, and the latter to the state. Despite of this difference the US public universities have also been responsible for cultivating citizenship, preserving cultural heritage and political loyalties, as well as fostering other legitimate pursuits for the nation-state (*ibid*, 71-76). The rationales are to some extent overlapping, and aspects that Gumport identifies as part of the social rationale are important in both the cultural and the political rationale as well.⁵ It is not unproblematic to separate the values and interests of the state, the university and the public in neither the European nor the American tradition. The state is supposed to represent the public opinion and values in a democratic society, but if the values and attitudes in the civic community are diverse this gets more complicated.⁶

2.2.3. Academic rationale

Academic, self-managed universities have a long tradition. Universities as academic institutions involve academic freedom, autonomous institutions and independent collegial management. They are key institutions for a collective “Bildungs-project”, pursuing objective knowledge and encouraging critical rationality. As part of a democratic society they must be attentive to societal changes to maintain their legitimacy. Dominating international reform ideologies are currently challenging the academic rationale (Olsen, 2000:1-12).⁷ Again the aspects of the rationales seem to be intertwined, as important features of the academic rationale are concurrent to those of the cultural rationale. By highlighting institutional autonomy and academic freedom the academic rationale is similar to both the social and the cultural rationale. However the academic rationale appears to be less connected to the political rationale in comparison to the cultural and social rational, but understands universities as interconnected to their surroundings.

⁵ cf. 2.2.4.

⁶ The likeliness that societal values are concurrent to those of the state is larger in more homogenous societies than the US.

⁷ cf. 2.2.5.

2.2.4. Political rationale

“Universities have taken on a political function in society, serving as centers of political thought, political action and political training” (Altbach, 1999:15). From the founding of the modern university in 1810, universities received substantial resources from the state and provided research aimed at national development and industrialization. Universities held a key role in defining the ideology of the new German nation (*ibid*, 17). The political rationale has for centuries had an important role in legitimizing higher education.

A mandate to preserve political loyalties, cultivate citizenship and operate on behalf of the nation-state was described by Gumpert as part of the social justification for universities, and in some ways the social rationale overlap the political rationale. The political rationale is interacting with the cultural rationale, as university autonomy was granted to the university in return for obligations to the state. Universities as cultural institutions have ties to the nation-state and the political rationale, but they should differ from political institutions. Universities should have freedom to disagree with the state, with the capacity for creativity and innovation.

It can be problematical to separate the rationales, as they involve several similar aspects that appear to have been categorized differently. The cultural and the academic rationale support a number of the same values, and the cultural rationale seems dependent on political justification for survival. Institutional autonomy and academic freedom have depended on universities to secure a spiritual and moral foundation for the state, and to maintain the idea of the nation-state. The social rationale included many of the same elements as the other rationales, but has been defined in the US. Important differences between the rationales have been discerned, despite of the many similarities and connections. Academics in many western societies claim that the position these rationales have had in legitimizing universities are currently being challenged or transformed by an expansive economic rationale.

2.2.5. Economic rationale

The economic rationale is based on an idea of universities as useful institutions. They can be seen as means to obtain goals, and their activities are driven by logic based on economy. The economic rationale gives primacy to revenue rather than culture, to applied research as opposed to free research and to vocational training in the place of “bildung”. The purpose of knowledge and universities is perceived instrumentally, adaptation to the market is essential and efficiency imperative. Across time and nations the perception of universities’ purpose and their knowledge production has varied, and it is possible to identify at least three theoretical positions representing divergent perceptions. These theoretical positions are idealism, functionalism and rationalism (Bleikellie *et al.*, 2000:39-45). The French have traditionally emphasized the utilitarian aspect of knowledge, while Germans have focused on the cultural dimension. A century ago functionalism started to thrive in the US, stressing practical and useful knowledge as opposed to knowledge as an end in itself (Delanty, 2001:39). Functionalism and rationalism understand knowledge production and universities as instruments related to external economic interests, while idealism rather focuses on the inherent dimension of universities (Tjeldvoll, 2004:19). Rationalism has been accepted in France, functionalism in America and idealism in Germany and other continental European countries, such as Norway (Fig. 2.2). Idealists have been advocates of the cultural rationale in legitimizing universities and knowledge-production, while functionalists and rationalists have supported the economic rationale.

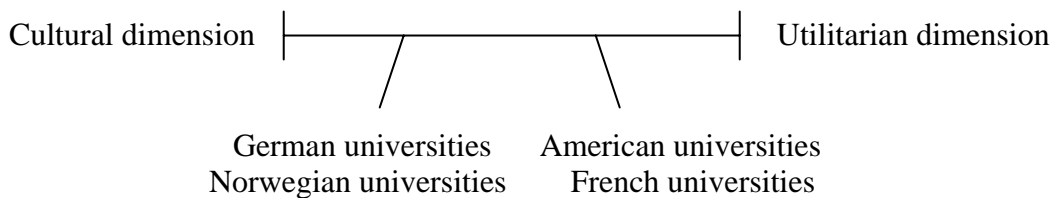


Figure 2.2. Opposing dimensions of the purpose of universities and their knowledge.

Many academics have lately commented on the economic rationale and what they perceive to be its growing dominance in most western countries, and some of these assertions can render useful insight about the current situation for universities. In the US, Gumpert fears that higher

education is turning into an industry and advocates the traditional social rationale. She argues that public universities and colleges adapting to an industrial mentality view their institution as part of the economic sector based upon economic rationality. They rely on production and corporate metaphors where market imperatives and competitiveness are crucial, with students and corporations as customers. Important tasks involve producing and selling goods and services, training the workforce, advancing economic development and performing research (Gumport, 2000:67-73).

In Canada universities are no longer stringently attached to the nation-state, with loyalty to the idea of a national culture. The new situation has resulted in trivialization of knowledge, with universities to an increasing degree transformed into “transnational bureaucratic corporation[s]” (Readings, 1996:3, 40). In Australia a logic based on economy is overtaking a logic based on educational or social good (Welch, 2002:440). They are experiencing increased pressure on efficiency (*ibid*, 462). Universities increasingly have to rely upon part-time academic personnel, reduced salaries and reduced public funding to attain international success, and academic work is intensified and knowledge commercialized (*ibid*, 470). It is clear that the academic staff working in environments supposedly exposed to an instrumental awareness of knowledge production and universities are dissatisfied with the grave emphasis on the economic rationale. Their descriptions indicate that the cultural, academic, social and political rationale rather than the economic rationale has been dominating in their institutions.

Several Norwegian academics describe experiences resembling those from the Anglo-American context, and this is interesting as the justification for universities in Norway traditionally has been of idealistic nature and not pragmatic as in the US. Vetlesen claims that a policy based on management by objectives and adaptation to the market several decades ago replaced the classical “bildung-philosophy” that stressed institutional autonomy in higher education and research (2003:88). Karlsen supports his argument, stressing how the steering of higher education in the 1990’s came to be driven largely by market capitalism as a result of increased economic globalization (2002:11). Olsen argues that academia is transforming as a result of policy-making that is influenced mainly by international reform waves. These reforms reduce universities to service enterprises and society to a market place, focusing on external supervision and evaluation. Market-enterprise-customer-management metaphors are predominant, and only the fittest will survive. Education institutions are expected to exercise

quick adjustment in the face of instant profit demands (2000:1-12). In the 1990's the rationale most emphasized has been the economic, but the cultural rationale is still standing strong, entailing academic independence and university autonomy (Gornitzka *et al.*, 2003:29).

The pragmatic perception of universities presented by the economic rationale seems to become increasingly dominant in justifying universities today, also in countries that traditionally have regarded alternative rationales as most important in legitimizing universities (Fig. 2.3). Universities are in danger of becoming service enterprises based upon economic rationality and instrumentality. This tendency of replacing social, cultural and national matters with matters of economy and efficiency seems to be international in character.

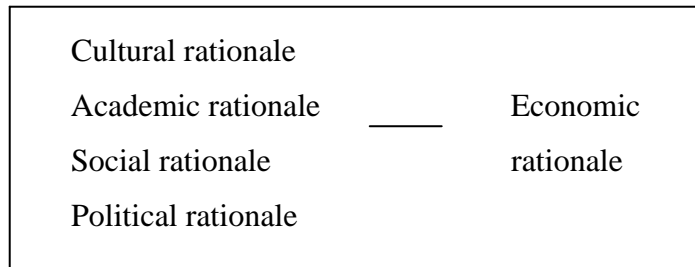


Figure 2.3. The economic rationale forms a contrast to the other rationales

2.3. Is economic legitimacy representing a new phenomenon?

An intriguing concern is the novelty of this phenomenon. Already in Germany, 1918, Weber wrote about the disappearance of the old-style professor schooled in the neo-humanist tradition and the rise of the instrumentally rationalized enterprise. The way the teacher sold his knowledge and methods Weber compared to the Green grocer selling his mother cabbage (Delanty, 2001:40). This indicates that the economic rationale was present at least a century ago in the cultural rationales cradle - Germany. In fact Weber's apprehension in the beginning of the twentieth-century resembles the uneasiness several intellectuals express today in relation to the increasing commercialization of universities. The economic rationale has changed its character and the economization of universities is no longer restricted to a national level, due to globalization. Universities are regarded as important in generating

competitive advantages for national economies, with a current focus on international activities.

2.4. Summary

This chapter has looked at the legitimacy of universities by examining historical and current tendencies. Throughout history there have been many different universities, partly resulting from various stakeholders that have been more or less successful in controlling the institutional purpose and development. Several rationales that justify university activities have been elaborated, all of which contribute significantly to the legitimacy of universities. There are both similarities and differences in the majority of the rationales, although the economic rationale forms a contrast. External stakeholders, to the dissatisfaction of many academics, promote the economic rationale. Moreover the economic rationale is supported by globalization that contributes to change its character and increase its influence. The next chapter will focus on what effects global and international actors have on the development of universities.

3. THE GLOBAL ECONOMIZATION

How do an international institution such as the EU and a global institution such as the WTO impact on the development of Norwegian universities? ⁸ This chapter will concentrate on how globalization and internationalization currently affect higher education. ⁹ Castells has completed a thorough analysis of phenomena's such as the network society and the new informational/global economy that currently shape the world. His examination can be helpful in identifying powers that have to be considered in university policy and practice. In addition, the growing influence from institutional policy at a global and an international level will have implications for universities. On an international level the EU in relation to the Bologna declaration will be emphasized, while at a global level the WTO and GATS will be analyzed. GATS is a relatively new global agreement of current interest that has implications for higher education. The influence from additional global institutions will also be mentioned, but the scope of this chapter does not allow an in-depth analysis of these complex institutions.

3.1. Informational societies gathered in the network society

Over the last few decades the world has changed radically, originating in the historical coincidence of three processes in the late 1960's. One was the informational technology revolution, a second the economic crisis and restructuring of both capitalism and statism, ¹⁰ and the third the flourishing of cultural social movements, such as environmentalism and feminism (Castells, 1998: 367). The collapse of statism left the world with one main global system of economy, capitalism (*ibid*, 369). The interaction of these processes brought about the network society and a new informational/global economy (*ibid*, 367).

⁸ This chapter focuses on higher education, based on the assumption that what concerns higher education also relate to universities.

⁹ Globalization and internationalization are elastic concepts and hard to define. Globalization is often used to describe an economic phenomenon. It has clear connotations of global and system wide transformation. In relation to higher education it can be distinguished by the commercialization of international programs and activities. Academic capitalism that involves commodification of higher education is central to the commercialization process. By contrast internationalization may be more regional in character, and characterized by mutual cultural relations. Important connections exist between the two, as internationalization now is happening increasingly within an overall context of globalization of higher education (Gornitzka *et al.*, 2003:20, Welch, 2002:440).

¹⁰ Statism was the economic system of the Soviet Union.

What does the network society involve? The information technology revolution can be a departure point in understanding the network society. “What characterizes the current technological revolution is not the centrality of knowledge and information, but the application of such knowledge and information to knowledge generation and information processing/communication devices, in a cumulative feedback loop between innovation and the use of innovation” (Castells, 1996:32).¹¹ This indicates that the continuous development of knowledge and information in relation to the use of knowledge and information are crucial, and further that a close relationship between the producers and the users of the new technology can determine the development of an informational society (*ibid*, 17).¹²

The essential processes in informational societies, such as knowledge generation and economic productivity, are transformed and connected by global networks of wealth, power and symbols. This global network of informational societies is the network society. (1996:17). Castells refers to it as a new paradigm organized around information technology (*ibid*, 5, 41). Specific generalizations, prototypes, models, examples, metaphysical convictions and norms characterize a paradigm. When these fail to be useful and efficient in generating knowledge, they are rejected, and through a revolution, the entire old perspective is rethought leading to a new paradigm (Kjørup, 1997:140-42). An industrial technology paradigm based on physical workers is being replaced by the new information technology paradigm centered on knowledge workers.

3.2. The new informational/global economy

The new informational/global economy is informational and global, as productivity and competition is occurring in a global network. It is informational due to the relevance of

¹¹ Castells distinguishes between knowledge and information. Knowledge can be “a set of organized statements of facts or ideas, presenting a reasoned judgment or an experimental result, which is transmitted to others through some communication medium in some systematic form” (Castells, 1996:17). In contrast information is perceived as “data that have been organized and communicated” (Castells, 1996:17).

¹² Castells also differentiates between information society and informational society. The first term can be used about most societies at all times, because information always has been relevant. The latter term indicates a specific form of social organization, based on new technological conditions created over the last decades, in which the fundamental sources of productivity and power are knowledge generation, information processing and transmission (1996:21).

generating, processing and applying knowledge-based information, and global as it is structured on a global scale (Castells, 1996:66). A global economy can be differentiated from a world economy, which has existed in the West since the 16th century. The global economy is far more flexible with the capacity to process capital twenty-four hours a day in globally integrated financial markets (*ibid*, 92). The global economy also differs from a planetary economy. It affects the whole planet, but its actual operations and structures concern only sections of economic structures, countries, and regions (*ibid*, 102).

The current key quality of labor is education (Castells, 1998:376). In this new economy people are subjected to a division between generic and programmable labor. Education is vital in becoming and remaining a part of the programmable labor. Through education it is possible to acquire and refine the necessary skills for a given task, and accessing the sources for learning these skills. Educated people can reprogram themselves toward ever changing tasks and processes, generic labor is on the other hand assigned a given task, without reprogramming capability. “Machines and generic labor cohabit the same subservient circuits of the production system” (Castells, 1998:372). The network society and informational/global economy are not accessible for everyone, as participation is only possible for those who have access and ability to master the new technology. It is the dominant segments in the national economies that make up the nodes in the network society.

3.2.1. The post-Keynesian era

The new capitalism of the informational/global economy has more flexible means, but it is more restricted in its goals than Keynesianism was (1998:369 Castells). The Keynesian model of capitalist growth was largely abandoned following the world crisis in the early 1970's. After the crisis governments and firms made a point of restructuring their management systems (*ibid*, 19). The shift between economic systems can be seen as a difference between the Keynesian Welfare National State (KWNS), a system that was dominating after World War II, and the Schumpeterian Workfare Post-National Regime (SWPN) that is the preferred structure of organization today. One consequence of this shift has been a reduced welfare state (Jessop, 1999:350).

The KWNS aimed at securing full employment within a largely domestic economy. Economic and social rights were provided for the citizens of the nation-state (Jessop, 1999:350). The SWPN emphasizes competitiveness as opposed to full employment, welfare that benefits businesses first and individuals second, and citizens that are expected to serve as partners in the innovative, knowledge driven and flexible economy. The nation-state functions as a control unit for power relocation. Private institutions, foreign as well as domestic, have an increased importance in preparing conditions for economic growth and social cohesion (1999:355-56). These regimes are ideal-types, but can be helpful in understanding the situation in many societies today. The process of change involves deregulation, privatization and the dismantling of the social contract between capital and labor.

3.2.2. Global competition

Castells understands the nation-state to have a decisive role in the change processes. A simplistic version of the globalization thesis ignores the persistence of the national state and its government in influencing the new economy (1996:97). He thinks a continuous strong nation-state to be the reason why considerable historical variation can be found amongst countries that have been transformed by powers of the global capitalism and information technology (1996:13). The nation-state's ability to master technology has shaped their destinies through time, with particular references to 15th century China losing out in the technological race. A similar fate befell Soviet Union in the 1970's and led to the end of statism. The nation-state has the means to either accelerate or put a break on the process of technological development (*ibid*, 5-11).

Today's political institutions are more oriented towards maximizing the competitiveness of their economies than earlier (Castells, 1996:81). The competitiveness of a nation is closely interconnected with a superior productivity performance by the economy. "The relative position of national economies vis-à-vis other countries [is a] major legitimizing force for governments" (Castells, 1996:87). Simultaneously the growing interdependence of economies is complicating the maintenance of genuine national economic policies (*ibid*, 87). If nation-states want to increase their wealth and power, they must enter the arena of global competition in the informational/global economy. It is necessary to be involved in developing

strategies of positive intervention in areas such as technological and educational policies contributing to the country's informational production factors (*ibid*, 90). The birth of the WTO and other global and international actors indicates that the interpenetration of markets will continue (*ibid*, 99). Furthermore the structure of the world market is organized around three major economic regions, Europe, North America and Asian Pacific, presenting us with an asymmetrically interdependent world (*ibid*, 145).

3.2.3. Reflections on the current situation

These are complex and interesting changes that influence most contemporary institutions. A global network of informational societies makes the world interconnected. The network society is affected by a new informational/global economy, greatly favoring people with the appropriate means and skills acquired through education. National economies are influenced by the structure of the new economy, but nation-states also take part in shaping this new structure. The informational/global economy is characterized by deregulation, privatization, competitiveness and a retrenchment of the welfare state for individuals. The production and application of knowledge-based information is imperative in the global competition. Governments find themselves legitimized in countries that achieve success in the global competition. How can important actors in the network society and the informational/economy, such as the WTO and the EU affect the situation for Norwegian higher education?

3.3. The EU and the Bologna declaration

Norwegian higher education is influenced by various global organizations, such as the WTO of which it is a member, and by international actors such as the EU. They are both subjects and drivers of the globalization process (Dale and Robertson, 2002:11). Over the last decades regionalization has been intensified.¹³ The EU as a region is a deliberate creation of national governments with focus on stability and economic growth. One emphasis in the new

¹³ Regionalization can on one hand address the interlinking of several nation-states in what might be called a limited internationalization, but on the other hand it can refer to a process in which regions within a nation-state connect (Gornitzka *et al.*, 2003:10). Here regionalization refers to a limited internationalization.

regionalization has been on positioning the region to strengthen its participation in the global economy (Dale and Robertson, 2002:15). When a region attempts to strengthen its position by different strategies, this will affect surrounding countries. “Euro conformity” is the phenomena we experience when countries wanting to join the Union are aligning to European standards. The EU also has the capacity to influence countries that do not seek to become members (*ibid*, 17).

The Bologna declaration aims to strengthen the connection between European higher education by enhancing common values and a common culture for European citizens, and bolstering stable, peaceful and democratic societies (KUF, 1999). This stability has been important since the idea of a community of European nations grew out of desire to maintain peace after World War II (Dale and Robertson, 2002:24).¹⁴ The Bologna declaration is not exclusive for EU members, and Norway has signed the declaration and is obliged to fulfill objectives agreed upon in Bologna. At present Norway, who is not a member of the EU, is leading the implementation of objectives set in Bologna for higher education (UFD, 2003). That Norway seeks to adapt to European standards in higher education can illustrate the extra regional influence of the EU.¹⁵

3.3.1. The Quality Reform and international competition

The Bologna declaration combines cultural aspects, such as the intention of enhancing a common culture and values for European citizens, with economic aspects. Parts of the objectives set in the Bologna declaration were implemented through a massive reform of Norwegian higher education in 2001, called the Quality Reform. A European structure with Bachelor and Master, and a new system of credits and a grading scale equivalent to those of the European Credit Transfer System (ECTS) was adopted to make Norwegian higher education more compatible with that of other European nations. This is intended at enhancing

¹⁴ The development of the EU as an arena for higher education is in rapid progress, and an ambitious part of this development is joint degrees between institutions of higher education in different European countries. Joint degrees are seen as increasingly important means to increase the quality, mobility, employability and cooperation in higher education (Draft of the UO's strategy document for the period 2005-2009:23-24).

¹⁵ At the time when Norwegian policy makers decided to sign the Bologna declaration it has been claimed that the Norwegian higher education system was ready for a renewal, so national as well as international and global pressure was important in aligning to European standards (Gornitzka, 2004:11).

academic and professional mobility, transparency and increase employability of higher education graduates. Ultimately it will facilitate Norwegian education's attractiveness and competitiveness (KUF, 1999). In Prague 2001, European education ministers met to look at the progress made since the Bologna declaration was signed. Most imperative to the Norwegian Ministry of Education and Research (UFD) was the necessity of cooperation in making the European educational institutions more competitive and attractive (UFD, 2001). The UFD's intention to strengthen Norway's position in international competition seems clear. The ministry's emphasis on increased competing abilities gives credibility to Castells theory on how a strengthened national position in international competition carries legitimizing power for governments.

3.3.2. A knowledge-based economy

Highly developed economies are trying to generate competitive advantages through the expansion of knowledge-driven economies (Robertson *et al.*, 2002:478). This appears to be the case in the EU. In Lisbon March 2000 the European Commission agreed that the EU should become the most competitive and dynamic knowledge-based economy in the world capable of sustaining economic growth.¹⁶ Education encompasses a central role in reaching this goal, and by 2010 Europe shall be the world leader in terms of the quality of its education and training systems. Norway and other countries in the European Free Trade Association (EFTA) hope to retain a close proximity between their policies and those set in Lisbon (KUF, 2000). This can serve as another example of the extra regional influence of the EU. Some perceive the EU to have a one-sided instrumental comprehension of education as a means in competition and economic growth, and the idea of education as a "bildungs-process" is almost totally absent (Karlsen, 2002:226). The cultural rationale is likely to be marginalized by the economic focus on higher education within the EU.

In Canada and the US formal education through institutions has expanded over the past few generations, but simultaneously there has been an expansion in the underutilization of the

¹⁶ In February 2005 the EU commission no longer prioritize this goal. The president of the commission, Barroso, changed the strategy to avoid failure, as the pace of reform in the large EU countries has not been as progressive as expected to date (Hellstrøm, 2005).

knowledge and skills of the labor force. “We might already live in a learning society, but not yet in a knowledge-based economy” (Livingstone, 2003:2). He found that educational attainments have increased much quicker than the educational requirements to perform existing jobs (*ibid*, 12). These findings can be of importance to the EU, and could be replicated as a part of the strategy to become a leading dynamic knowledge-based economy within 2010. It is significant for policy makers both in the EU and Norway to recognize a possible underemployment of people’s skills as an obstacle in becoming a prominent knowledge-based economy. This cannot be mended solely through increasing the efficiency of higher education. In this respect it is pleasing to note that in a comparative study Norwegian higher education scored high on relevance between education and work life. Four years after graduation nearly 80 percent of the Norwegian candidates answered that they to a large extent employed attained knowledge and skills in their current jobs. This can indicate that, unlike in the US and Canada, educational attainments are employed to a large degree (NOU 2003:241).

The EU is clearly a force that affects Norwegian higher education, and both the EU and Norway have a focus on higher education as a means in international competition. One emphasis in the new regionalization has been to strengthen participation in the global economy. Norway is affected by EU’s extra regional influence, and becoming a part of the Bologna process can enhance the impact of this influence. Coordination is supposed to increase common values and a common culture for European citizens, contributing to stable and democratic societies. UFD hopes that the coordination can facilitate Norwegian education’s attractiveness and competitiveness, but there is also the possibility that it will contribute to a deterritorialization of Norwegian educational policy. Education within the EU is becoming a means to the goal of becoming the most competitive and dynamic knowledge-based economy in the world. The Norwegian ministry of education has an explicit intention of following this strategy, keeping close ties with its counterparts. To reach the goal of becoming a knowledge-based economy it will be just as important to employ people’s actual skills, as it is to improve the quality and effectiveness of higher education and training systems. The EU holds an instrumental view of higher education that also influences Norway. How does the WTO regard the purpose of higher education?

3.4. The WTO and GATS

The WTO was established in 1995 and includes more than 140 membership states. The purpose of the WTO is to raise the general standard of living, the employment rate and wage level on a world basis. Another important aspect is to contribute to an optimal use of the world resources to secure a sustainable development. The growing importance of international trade with services is acknowledged in GATS, and its purpose is to establish a global frame of principles and rules for trade in services, and to increase the level of liberalization by removing possible barriers for trade (Ryssdalsutvalget, 2003:48). The agreement includes all services, with exemption of services provided under government authority. To avoid submission of an area to GATS, such as education, the state must finance and administer the education system completely and the system must not have commercial purposes (Robertson *et al.*, 2002:483).¹⁷ The principle of irreversibility stands strong in GATS, and withdrawal from any commitment is extremely difficult (*ibid*, 480-81). If a country deregulates one service sector, such as education, it cannot withdraw this sector from the agreement without compensating with the input of another equivalent sector, such as health (Lindtner, 2003). This shows why a withdrawal from commitments made to GATS is complicated, and why governments should show caution before entering sectors. The agreement can weaken the power of national governments and strengthen the power of the market and the WTO. Norway is fully obliged to GATS in the area of higher education, meaning that Norway has to let all private providers of education from other membership states get access to the Norwegian education market, regardless of whether they have submitted their education area to GATS. In the binding list Norway has taken some precautions by restricting the subsidizing of institutions to be limited to juridical persons established in Norway. Precautions have also been taken to ensure that student funding may be limited to Norwegian citizens (Ryssdalsutvalget, 2003:48-49). At present the Norwegian government demand total liberalization in several areas in the GATS negotiations, amongst them education (Attac,

¹⁷ GATS is based on two basic principles. The principle of most-favored nation, states that any GATS member country giving most-favored nation treatment to another country as a trade partner, has to grant the same treatment to all GATS members. The other principle, about national treatment, requires that foreign companies present in a national market must be treated at least as favorable as the national companies, and enjoy the same benefits (Robertson *et al.*, 2002:480-81).

2004). This makes Norway a progressive member of GATS pressuring other countries to liberalize their systems.¹⁸

3.4.1 Education as a commodity

With the KWNS system education was largely funded by the state, with governments decommodifying services and raising taxes to finance them. This led to citizens paying for a service via taxes, and the decommodified service was not tradable. The service of education represents a growing expenditure as research costs and the number of people entering higher education is steadily growing, resulting in increased pressure on education to show liability to the rules of the market and free trade, and become commodified (Robertson *et al.*, 2002:478). Numbers from Education International stated that by year 2000 the public spending on education had topped 1 trillion US Dollars (*ibid*, 485). Looking at these numbers it seems clear why education has become increasingly central in the process of capital accumulation in the informational/global economy. The initiative in the WTO to apply GATS on higher education originates in the US and Australia (Gornitzka *et al.*, 2003:29). Some perceive the birth of the WTO and GATS as an attempt to rearticulate the nature and form of education and its governance and make education systems more open to a global accumulation strategy promoted by powerful national states and capital (Robertson *et al.*, 2002:479). Earlier under the KWNS system education was understood as an investment to improve labor productivity and economic growth (Robertson *et al.*, 2002:493). This understanding of education's role in contributing to the economic development seems to be changing. Through GATS education is being commodified and becomes a goal in the process of capital accumulation rather than being a means to ensure the strategic and social functions of education in national systems (Robertson *et al.*, 2002:493). The instrumental view of higher education as a means to global capital accumulation supported by GATS, contributes to strengthen the role of the economic rationale in justifying higher education.

¹⁸ Norway as a neo-liberal state will be analyzed in chapter 4.

3.4.2. Whose Trade Organization?

When a service such as education is being subjected to the rules of the market and free trade, the question about who is controlling the WTO and regulating the market is imperative. In the WTO negotiations some countries are favored more than others, with agendas being the result of political struggles. In principle all states enjoy an equal vote, but in reality the decision-making process takes place through consensus at informal meetings. The US, the EU, Japan and Canada dominate these meetings. They benefit from significant influence over decisions made in the WTO, largely because they can afford to staff a permanent presence in the WTO headquarters in Geneva, and they all have significant market shares in the services area (Robertson *et al.*, 2002:482). It can be argued that a particular nation-state would try to preserve a pattern of asymmetries in trade to work in their favor. So when a country, such as the US, through the operations of the WTO forces open capital markets around the world, it is done to provide the national finance institutions with specific advantages (Harvey, 2003:32). Since certain states and private actors are favored and have more influence than others in the WTO negotiations, the WTO cannot be the means to resolve inequality, despite its purpose to raise the general standard of living on a world basis.

Some members of the WTO have resisted lifting restrictions on foreign investment and market access, especially developing countries that may lack competitive advantages in these areas. The EU has also until recently sought to slow the pace of GATS implementations, while economies such as the US, Canada, Australia and New Zealand, and representatives from the private sector have tried to develop GATS further to benefit from its enormous export potential (Robertson *et al.*, 2002:481-82). Concerning the US in particular, large companies have a unique opportunity to influence the structure of national policy through heavily funded presidential elections. In the GATS negotiations it is also apparent that the US wants higher education to be perceived mainly as a national affair and a societal good, with providers of the private market constituting only a supplement (Ryssdalsutvalget, 2003:48). In addition it is of interest to note that the US is the recipient of the most complaints from other countries about breaking rules agreed upon in the WTO. This indicates that the US, who may be the most influential member in encouraging a progressive liberalization through the WTO, does not seem very troubled by violating the rules (Robertson, 2002:491).

3.4.3. The WTO and democracy

When a nation-state becomes a part of the informational/global economy many decisions are removed from national debate. Some of these decisions involve higher education, and are crucial because of education's critical role in wealth and power distribution among individuals and in competition among the nation-states (Welch, 2002:437). Global institutions govern the informational/global economy, and as more power is shifted upwards people become more distant from decision making involving important matters (Castells, 1998:388). In the WTO free trade and economical liberalization is superior to democracy, human rights, health and environment, and as more power is transferred from chosen governments to global actors the criticism towards the WTO concerning undemocratic practice increases (Karlsen, 2002:204). Education is being commoditized by the GATS agreement without any real discussion about the desirability, and this weakens moral and democratic values and strengthens global bureaucracy and economic management (*ibid*, 207). In Norway "The Power and Democracy committee" has concluded that GATS will put restraints on elected politicians freedom of action, nationally and internationally in years to come (Lindtner, 2003). When the distance between the public and the treatment of important education policy questions is increased, democracy is downplayed. When added power is given to global institutions the opinion of the average person is likely to diminish, while the interests of multinational companies have a greater impact in shaping the purpose of higher education.

If the WTO gives more power to representatives from the private sector and less to the public, one can expect it to emphasize the economic aspect in higher education to an even larger degree than the EU. For a long time higher education has had an important role in contributing to national economic development, educating skilled workers and making valuable discoveries through research aimed at national development. This view on the purpose of higher education is changing, as members of both the EU and the WTO are urged to think about higher education as an instrument or commodity in global competition. Increased emphasis on the economic rationale in higher education is accentuated by globalization, as education is being commodified on a global scale as a means in the informational/global economy. This reinforces an instrumental understanding of knowledge and disintegrates an understanding of knowledge as valuable in itself, strengthening the position of the economic rationale. Do other global institutions hold the same instrumental view on higher education?

3.5. Global institutions emphasizing the market

In 1993 the United Nations Educational, Scientific and Cultural Organization (UNESCO) had already released a report providing an economic description of the function of universities in terms of cost and benefit (Readings, 1996:31). The following year the World Bank's (WB) higher education paper advised universities to alter their management towards more autonomous governance, rather than being controlled by central governments. It urged governments to implement more indirect policies in managing higher education (Currie and Newson, 1998:143). Governments are increasingly facing a World Bank, an International Monetary Fund (IMF) and an Organization for Economic Development (OECD) that all promote a move towards deregulation and privatization. This encourages transformation from a public policy based on social benefits to one based on economic goods. As a response to this "(...) governments have moved to corporatize public sector organizations to make them function more like private businesses" (Currie and Newson, 1998:149). This shows that several global institutions share the view of the WTO and the EU about higher education and knowledge production as competitive means in the informational/global economy.

3.6. Summary

Commodification of higher education on a global scale seems to be supported by international and global institutions. An instrumental or pragmatic understanding of the function of education is prevailing in the EU, where education is perceived as a means to achieve favorable economic and political goals in the global competition. This understanding is affecting the Norwegian justification for higher education, partly through the Bologna declaration in which the EU is a powerful actor. A cultural aspect with a focus on knowledge as important in itself seems to be less important. The cultural element that is emphasized in creating a European dimension can be perceived instrumentally, as a means in making higher education more transparent and attractive in global competition. An instrumental view on higher education also applies for GATS, reducing it to just another area submitted to free trade rendering decent money for national economies. The economic rationale has powerful ambassadors, as members of both the EU and the WTO are urged to think about higher education as a commodity in the informational/global economy. GATS has the potential to

weaken and restrain the power of national governments and strengthen the power of the market, therefore it is important to be aware of the unequal say that different member states have in decision-making on rules for trade with services. Investigating to what extent a small country such as Norway influences rules agreed upon in GATS could provide interesting research, but cannot be covered by the scope of this thesis.

Processes such as deregulation, privatization and competitiveness are characteristic of the informational/global economy, and the role of the welfare state seems to be fading. In the global network of informational societies it is the dominant groups that are able to influence the progress, and education is of crucial importance since it can determine whether a person falls into the category of programmable or generic labor - powerful or powerless. Production of knowledge and information is seen as crucial for success in global competition, giving legitimacy to governments and reinforcing the economic justification of higher education. The development of higher education as a commodity will be the topic for next chapter.

4. THE ECONOMIC JUSTIFICATION FOR UNIVERSITIES RELATED TO POLITICAL AND MARKET COORDINATION

Global and international institutions that see higher education as a means to profit in competition have an effect on universities. Academics claim that universities are being transformed into industries (Miyoshi, 1998, Gumport, 2000), service enterprises (Olsen, 2000), entrepreneurial universities (Currie and Newson, 1998) or corporate enterprises (Bleikelie *et al.*, 2000). These terms underline the growing economic justification of universities, and due to this it is important to disclose possible limitations to the economic rationale as the dominant rationale in legitimizing universities.

In this chapter the attention will be centered on two of the three university coordinating forces and their influence on the development of Norwegian universities. Firstly the chapter will focus on the political and bureaucratic coordinating force, and secondly the coordinating force of the market will be elaborated, both in relation to the economic rationale. The academic professional coordination and the cultural rationale will be discussed in chapter five.

4.1. Coordinating forces in higher education

The political, the market and the academic professional coordinating force are critical in the development of universities as cultural or economical institutions (Clark, 1984:115-20, Berdahl *et al.*, 1999:10, Bleikelie *et al.*, 2000:20).¹⁹ The coordinating forces, influenced by international and global outlooks, will to different extents encourage the cultural and economic legitimacy of universities (Fig. 4.1). A model can illustrate the main features of the current situation for universities in Norway. It shows the three coordinating forces on a national level, and the reciprocal influence between the coordinating forces and international and global structures. Academia and the market are understood to be in subordinate positions to the state, as the state has the mandate to pass laws concerning both. It seems reasonable to question if the market, supported by the informational/global economy, will supersede the

¹⁹ Students, customers and civil society may be underestimated in Clarks model. The model also shows little awareness of economic markets and global actors (Rinne, 1999:161).

state as the dominant power in the network society.²⁰ We have seen that GATS appears to have the potential to weaken and restrain the power of national governments and strengthen the power of the market and the WTO.

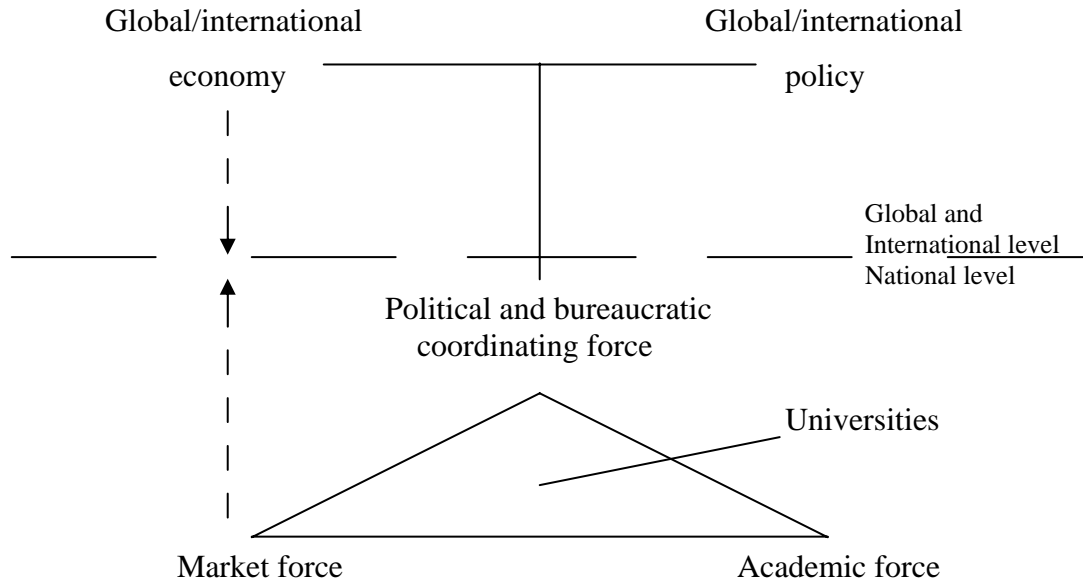


Figure 4.1. Stakeholders that effect the development of Norwegian universities.

4.2. Political coordination in Norway and neo-liberalism

How does the political coordinating force exert influence on Norwegian universities? The political and bureaucratic coordinating force, affected by public interests, has the potential to consider the need for academic creativity and flexibility and aims to create a fair formal system (Berdahl *et al.*, 1999:9-10). Since at least after the Second World War Norway has been a social democracy, but based on values and interest that has proliferated over the last fifteen years it may be more accurate to claim that at present Norway is a neo-liberal state (Hermansen, 2004:306). Neo-liberalists see competition as a goal in itself, while social democrats understand competition as a means to obtain goals valued by society (*ibid*, 316). Neo-liberalists want to expand the individual freedom of choice on behalf of state power, and consider the individual to be a rational actor and the market as a steering mechanism. Neo-liberal values are based on people as consumers that have the right to realize their needs based

²⁰ The main actors in the market will be limited to corporations and students.

on individual interests and values. This weakens social democratic collective values and the understanding of people as citizens with a responsibility for the community. Important goals in neo-liberal ideology are deregulation, liberalization, competition and privatization (Hermansen, 2004:308-14, Larsen, 1997:115-20). These goals are concurrent to those stressed by the EU, GATS and other global institutions. Government policies can often be the result of both social democratic planning and influence from market mechanisms (Currie and Tjeldvoll, 2001:71).

The current conservative-liberal government has appointed a liberal minister of education. She has previously been the deputy-managing director of the Confederation of Norwegian Business and Industry (NHO). NHO wants education to be an instrument for business and industry (Karlsen, 2002:189). Both the identity of the Minister of Education and the identity of UFD can be of consequence for university development. In the UFD academic traditions stand relatively strong (Tjeldvoll, 2002:24). This indicates that in Norway the political and bureaucratic coordinating force is made up by both advocates of the economic rationale and by people promoting the cultural rationale. Currently some of the most important potential changes in higher education are introduced by a proposal made by the Ryssdals-committee, which was appointed by the UFD to evaluate and revise the current law for public higher education.

4.2.1. The Ryssdals-committee

The Ryssdals-committee's mandate involved investigating possibilities for a joint law involving both the public and private higher education institutions. The standpoint of the committee's majority was that institutions of private and public higher education should become equals, while the minority of the committee was of the opinion that private institutions should continue to be perceived only as a supplement to public institutions (NOU 2003:23). A joint law can be a crucial step on the way to juxtaposing public and private institutions, and supporting neo-liberalistic goals, such as deregulation, liberalization and privatization of the public sector.

In 1994 a WB paper advised universities to alter their management towards a more autonomous governance,²¹ and precedes the proposal presented by the Ryssdals-committee nearly ten years later, where the majority suggested that institutions of higher education should be transformed into institutions subjected to freehold (NOU 2003:16).²² Academics and their strong unions have disputed the passing of this proposal. The autonomy implied by the subjection of institutions to freehold, as proposed by the Ryssdals-committee, differs from the autonomy suggested by Humboldt in the beginning of the 19th century. Humboldt advocated the idea of academic freedom and wanted the state to guarantee autonomy for the university, but was strongly against the subordination of the university to the state as it should be more than an instrument for state policy. The Ryssdals-committee's proposal can disrupt the state guaranteed autonomy for universities forcing them to become dependent on the market, as the autonomy they propose is structural and financial rather than academic. The control of the universities can merely be transferred from the political bureaucratic coordinating force to the coordinating force of the market.

The WB higher education paper that advised universities to alter their management towards more autonomous governance, and the Ryssdals-committee's suggestion to subject institutions of higher education to freehold are similar. These strategies concur with the neo-liberal strategy where the use of contracts is preferred to direct political steering. To make these strategies work the state will have to organize its units into enterprises to spur market dynamics and maintain a differentiation of roles. Separated from the responsibilities of the state, public organizations will have the same independent responsibility for survival as private organizations, both competing over governmental contracts. To make the market efficient the state has to draw a clear line between its roles as a rule-maker and as an actor in the market. Publicly owned institutions unable to compete will be dismantled, and bankruptcy is a threat to both private and public institutions. (Hermansen, 2004:312-13). Competition is from a neo-liberal perspective understood to enhance the quality of education (Larsen, 1997:120). Castells argues that increased deregulation and privatization leaves countries vulnerable to the impulses of market forces and to the instability of financial flows (Castells, 1996:89). Institutions on a smaller scale may also be vulnerable to such instability.

²¹ cf. 3.6.

²² The Ministry of Education did not find sufficient advantages in favor of the suggested extensive reorganization of higher education (Ot.prp. nr.79, 2003-2004:66).

When the 1988 Education Act minimized the difference between universities and polytechnics in the UK, current boards were replaced with boards dominated by business leaders (Slaughter, 1998:60). The majority of the Ryssdals-committee has proposed that in Norway higher education boards should have a majority of external representatives. If put into practice this may pave the way for boards dominated by people who are driven by economic motives, with important education policy questions being considered mainly by non-academics. Liberal values seem to have motivated the majority of the Ryssdals-committee, and their proposal is likely to spur the economic justification for universities.²³

When the British government decided to allow the polytechnics to rename themselves as universities, the purpose was not for ideological reasons or with concern for what content was taught in the universities or polytechnics, but to break down market expansion barriers (Readings, 1996:38). In Norway there has traditionally been four universities, and many state university colleges. In 2002 the UFD made it possible for state university colleges to upgrade their status, and as of January 1st 2005 the State University College in Stavanger was upgraded to the University of Stavanger, becoming the first new university in more than 30 years (Forskning.no, 2004). On state level the major motivation behind this shift is likely to be of a pragmatic and economic nature, making Norwegian higher education more attractive and competitive internationally.

4.2.2. A legal foundation for Norwegian public higher education

In Norway the political coordinating force emphasizes universities economic legitimacy. The law regarding universities and state university colleges regulates the coordination of higher education, containing instructions that will influence the economic and cultural justifications for universities. The object clause concerns the purpose of the activity in higher education, and it states that institutions of higher education have to cooperate and ensure that their

²³ A report from the church-, education- and research committee submitted February 11th, 2005 supports a cultural rationale emphasizing academic freedom and independent institutions in opposition to the Ryssdals-committees more liberal view (Innst. O. nr. 48 – 2004-2005:8-9). When the new law was passed on February 28th, 2005 views opposing the liberal position of the majority of the Ryssdals-committees was taken into account.

research and education are complementary (Law on Universities and University Colleges, 2002, § 2-1). This statement of law contradicts the neo-liberal focus on competition. The law promotes a cooperative situation where institutions can complement each other in contributing to common goals, like different organs in the societal body.²⁴ This can save resources for society and make it possible for institutions to focus on broad societal goals. However the seemingly omnipresent focus on competition today might hinder the cooperation that has been an important goal in Norwegian higher education policy for many years. Moreover the object clause states that external forces are not able to give instructions in regard to the content in research and education. (Law on Universities and University Colleges, 2002, § 2-3). This furthers the legacy from the University of Berlin of a state guaranteed autonomy for universities. Currently the autonomy has to be protected from becoming an instrument for the market as well as for state policy.

The object clause supports also the economic rationale, in affirming that the institutions are responsible for communicating their purposes, research results and methods to both public and private institutions, and that the institutions have to cooperate with private as well as public organizations (Law on Universities and University Colleges 2002, §2-4, §2-5). The proposal for a new law on universities and state university colleges requires in addition that universities cooperate with institutions of higher education in other countries, and it states that institutions for higher education shall actively seek to obtain external resources (Ot.prp. nr. 79, 2003-2004:93). Institutions having to communicate their purposes and results can facilitate economic growth and give knowledge a pragmatic function. In the proposal for a new law on universities and state university colleges the economic aspect of attracting external resources is clearly emphasized, making higher education more dependent on the market. The law focuses on cooperation as opposed to competition, but in reality universities are experiencing an intensified situation of competition that probably will make cooperation difficult. New competitors have emerged at both the domestic and the global market. Providers of virtual education programs, distant education, franchised higher education institutions and business universities are some of the challengers of public higher education (Trondal *et al.*, 2001:11). Estimates indicate that by 2010 proliferating corporate universities

²⁴ The Hernes Commission launched Network Norway as one of their proposals in 1988 (Bleikeli *et al.*, 2000:75). It was supposed to make institutions of higher education cooperate in a more systematic way, and remove institutional obstacles to cooperation and contribute to efficient use of resources (*ibid*, 291). Its practical effects have been limited (*ibid*, 79).

will outnumber established universities in the US (Duke, 2002:80). This might counteract the intention for institutions of public higher education to cooperate with both private and public institutions at home and abroad.

4.2.3. New Internationalization

Enhanced internationalization was one important consideration the Ryssdals-committee had to keep in mind while working on their proposal (NOU 2003:23). Students have traveled since the Middle Age, but recently the number of international students traveling has increased enormously, in accordance with a growing student population in general. The character of internationalization has changed under the influence of global forces, and in “traditional internationalization” the exchange and cooperation was mainly left to the individual researcher, student, university or state. It was to a large extent based on the cultural rationale where cultural exchange and personal growth was important. On the contrary the emergence of a “new internationalization” is turning higher education into a competing industry based on economic justifications. The focus is on trade liberalization and removal of trade barriers through GATS, and competition across borders is more important than cooperation (Trondal *et al.*, 2001:8-9, Gornitzka *et al.*, 2003:95).

Considerable changes have occurred in the proportion of students enrolling at institutions in various parts of the world. In the UK there has been almost a fourfold growth in international enrollments, and in Australia the growth has been tenfold over the past two decades making it an ardent newcomer in the market of higher education export. Australian universities can be quite aggressive in marketing their educational services, as exchange students represent an important source of revenue that can compensate for the decline in funding level for higher education over the last fifteen years (Welch, 2002:443-44). Many institutions outside the Anglo-American sphere have engaged in internationalization efforts without profit as primary motivation. Norwegian universities may actually lose rather than gain money on internationalization activities, wanting to ensure international quality standards in higher education and research (Gornitzka *et al.*, 2003:100-1). Large English speaking countries such as the US, Australia and the UK have explicit policies about higher education as an export trade service. In Norway a Government White Paper states that a liberalized international

education sector run by the market force conflicts with Norwegian educational policy objectives (St.meld. no. 27, 2000-2001:17). However, Norway is fully obliged to GATS in the area of higher education and the agreement has to be respected when rules for higher education are created (NOU 2003:25-26). The fact that Norway is fully obliged to GATS, an agreement about trade liberalization, contradicts the Government White Paper stating that a liberal international higher education system based on the market as a steering mechanism will conflict with objectives for Norwegian educational policy (St.meld. no. 27, 2000-2001:17). Norway is facing a “new internationalization” with a focus on trade liberalization.

Norway imports more education than it exports, and the minister of education assumes that the growth in educational trade will continue. She wants to take an active approach to the expansion, minimizing the threats and maximizing the benefits of globalization in education, preventing an unregulated market and low-quality education (Clemet, 2003). To what extent GATS will affect higher education globally is yet to be seen, but many countries have established national accreditation systems to protect and regulate foreign providers access to the domestic market of higher education (NOU 2003:237). The Norwegian Agency for Quality Assurance in Education (NOKUT) was established in 2002 as a part of the Quality Reform. Its role is to supervise and develop the quality of higher education in Norway through evaluation, accreditation and recognition of institutions (NOKUT, 2002). At the Norwegian national policy level it is important to regulate the market, maximizing the benefits of globalization in education and maintaining the governments decisive role in the process of change. At the institutional level a vision of international quality in education and research is an important motivation for internationalization. This stimulates the increased focus on internationalization in Norway, a country that does not profit on export of higher education.

Research and education of high international quality can contribute to reaching the goal set forth in the Bologna-declaration of strengthening the attractiveness and competitiveness of higher education in Norway. In realizing this goal it is necessary to have sufficient resources. On one hand, resources from public funds that support international research in Norway have increased by 61% from 1992-98 (NOU 2000:14). On the other hand Sweden spent 3.78 percent of its GDP on research and development (R&D) in 1999, and Finland spent 3.22 percent of its GDP on R&D. In comparison Norway only spent 1.65 percent of its GDP on

R&D (NOU 2003:25:213). In 2005 the Norwegian government wants to reduce the budget for scientific equipment by 80 percent (Valvik, 2004a). At the UO a forthcoming budget cut of 134 million kroner will affect prioritization at the UO (Nickelsen, 2004). Employees at the Institute for Mathematics and the Institute for Physics at the UO claim that cuts in the budget are sabotaging the Quality Reform (Toft, 2004). It has also been argued that UFD calculate money for research as an item of expenditure rather than an investment in the future, as the national budget shows that it is not possible to reach the declared political objectives for Norwegian research (Brandtzæg, 2004).²⁵ It indicates a gap between political rhetoric and practice when universities are experiencing budget cuts and Sweden spends more than twice the amount of its GDP on R&D compared to Norway. When the governmental funding is not sufficient, institutions become dependent on market forces and have to move towards academic capitalism.

4.3. The market as a coordinating force for universities

How is the coordinating force of the market affecting the development of universities? More than twenty years ago the market force had increased its importance as a coordinating force of higher education (Clark 1984:117). The market force has the potential to facilitate institutional responsiveness, but can disturb higher education's integrity as the source of knowledge and truth (Berdahl *et al.*, 1999:10). One aspect of the new informational/global economy is that almost half of the world's 100 largest economies are companies rather than states, and three hundred multinational corporations are in charge of 25 percent of the world's assets (Hertz, 2001:43). Eisner, head of Disney, earned \$576 million, or roughly the GDP of the Seychelles (*ibid*, 46). Resourceful actors in the network society are the most prominent participants in the market today, and most likely to influence universities if they become liberalized. This represents a danger of undermining the influence from national governments and their strategies for universities (Welch, 2002:436). The transnational financier George Soros, representing the thirty-seventh most profitable company in the United States reported an income of \$1.1 billion in 1993, surpassing the gross domestic product of more than forty

²⁵ A recent Government White Paper states that the government in the future has made it an objective to spend 3 percent of the GDP on R&D, and that 1 percent of this will come from public resources (St.meld. no. 20, 2004-2005:10).

nations (Readings, 1996:44-45). Despite of profiting from the new informational/global economy, Soros fears that the neo-liberal capitalism and the spread of market values into all areas of life are endangering our democratic society. He also claims that capitalism is the greatest enemy of the open society (Currie, 1998:19).

4.4.1. Corporative influence

Partnerships between businesses and universities can be looked upon as an opportunity important to a continuous successful economy, but there are many difficult issues concerning partnerships, such as uneven distribution of wealth, profit maximization, downsizing and corporate greed (Miyoshi, 1998:265). In contrast to public institutions that are driven by various motives, corporations are driven by commercial motives, and only when ethics and business coincide and corporations can benefit from their actions they will act moral in the pursuit of profit (Hertz, 2001:243-50).

The transformation of universities reduces their public and critical role (Miyoshi, 1998:263). A few examples where partnerships with corporations have corrupted higher education and research can be illustrative. When Reebok made a sponsorship deal with the University of Wisconsin, it contained a clause prohibiting university employees to criticize the company (Klein, 2001:96). Another case took place at the University of Toronto, where Dr. Olivieri found that the medications she was doing research on had malign effects on patients. She was bound to a contract with the pharmaceutical company Apotex, but chose to go public with the research results despite of a clause prohibiting this. The university's administration fired her, as opposed to defending the inviolability of academic research conducted in public interest (*ibid*, 99-100). At the University of Nebraska a chemical was cleared from being a potential carcinogen, a dubious finding after it was discovered that the research had been partly sponsored by an industry group who produced the chemical (Hertz, 2001:184). If the impartiality of scientific research can increasingly be questioned due to potentially divided loyalties, it can undermine the legitimacy of universities and their research. It can be difficult for market driven universities to preserve their integrity if public resources to a large degree are used in projects partly sponsored by corporate interests, and knowledge is made less available as it is being turned into intellectual property. Participation in the market may

weaken the tacit contract between academic personnel and society since the bottom line becomes equally important to client welfare. This increases the likelihood of universities being treated more like any other organization in the future (Delanty, 2001:123-24).

4.4.2. Academic capitalism and the service-enterprise

To discover what consequences commercialization might have for Norwegian universities, it can be useful to look to other countries that have preceded us in this process and learn from their experiences. Governments and corporations are increasingly turning to universities for discoveries that can become intellectual property, and they are seen as a part of economic policy rather than social policy (Slaughter, 1998:57-58). Australia is one of the most progressive countries in transforming universities in to service-enterprises, as their governmental funding level for higher education is only about 70 percent compared to Canada and the UK (Welch, 2002: 458). To do more with less is the message to the institutions from the government in the face of a decline in resources, wages, library resources and research money. What Australia spends on R&D barely totals more than that spent by IBM (*ibid*, 462-63). A minister of education claimed "To survive and prosper in a rapidly changing world, universities must embrace the marketplace and become customer-focused, business enterprises" (Welch, 2002:464). In ten years there has been a shift in the staff-student ratio from 1:12.3 to 1:16.7, and non-competitive salaries may be a push factor for brain drain to other countries (*ibid*, 51-52) The growing rate of international students, that is supposed to benefit the economic situation in universities may demand programs designed to suite their needs, which requires additional academic resources (*ibid*, 456). Programs designed for exchange students will be in high demand, especially in countries where English is not the major language. Cuts in funds and modest resources for R&D is also a reality in Norway.

Slaughter found that Australia, Canada, the UK and the US are moving towards academic capitalism in their national policies, involving a closer connection between universities and the market to secure external funds (1998:46). She found research policy to be shaped by leaders of large corporations, heads of universities and political leaders in the UK, and in the US in the 1980's and 90's professors were discouraged from pursuing pure research and encouraged to engage in more practical matters (*ibid*, 63-64). Willingness to consider market

forces in research and education are expected from leaders of higher education, and commercial activities such as patenting and licensing are on the rise (Gumport, 2000:73).

If the content and purpose of learning are subjected to the market forces it can lead to technical questions about efficiency becoming the only meaningful questions in education (Biesta, 2004:74-75). The economic focus threatens to overwhelm prospects for more creative and democratic pedagogies in universities (Welch, 2002:464). To achieve global success the institutions will have to rely increasingly upon a part-time academic workforce that experience cuts in their salary. This along with reduced public funding for research will have implications for the quality and legitimacy of universities (*ibid*, 470).

In Norwegian higher education policy one goal is to improve the institutional skills and motivation for readjustment, in response to student demands and demands for skilled work force to business and industry (St.meld. no. 27, 2000-2001:63). On an institutional level continuous readjustment, flexibility and change may be damaging for the motivation of the employees. Intellectuals in Norway claim that continuous demands of restructuring, adaptation and readjustment in work life today may cause mental suffering such as burnout, action paralysis, anxiety and depression. Lack of safety in the work place is the greatest cause for people to suffer from burnout in Norway (Valvik, 2004b). Willingness to embrace efficiency and flexibility may help universities endure in the competition and continue to make money, but it has the potential to damage institutions as intellectual enterprises, cause mental suffering and contribute to the deterioration of knowledge as an end in itself.

4.4.3. Students as members of a community or as individualistic consumers?

With the entry of the market model in universities students have been reduced to consumers of products, academics to producers and universities to corporations (Readings, 1996:22). When students are encouraged “to think of themselves as consumers rather than as members of a community”, it changes their mentality (Readings, 1996:11). Consumer choice is normally based on self-interests, while the choice of citizens is based on public interest that benefits the community (Sagoff, 1988:8). Individuals are not mobilized as citizens working for the sake of the educational community, but rather as consumers inhibiting the fundamental

freedom from the market (Vetlesen and Henriksen, 2003:86). The market can be interpreted as democratic, giving people the freedom of choice, but there are huge inequalities in resources and therefore in the possibility of choice. In embracing consumer-direct action there is the risk of replacing representative democracy with a non-representative alternative (Hertz, 2001:197). Education perceived as a private commodity for the individual degree holder may jeopardize the vision of education as a public good serving the interests of citizens and the society as a whole (Currie and Newson, 1998:148). Individuals that are resource deficient will be excluded from market-driven universities.

In the 1970's the US government changed the rules so that funding was allocated to students as aid rather than to institutions, turning students into consumers of higher education (Slaughter 1998:62). The conception of students as consumers may reduce the potential richness of the teaching and learning relationship and the emphasis on a community between inquirers, teachers and students. When the emphasis is placed on economic transaction, the teaching situation may change into a pragmatic, impersonal relationship between the producer and consumer. Education becomes a commodity provided by the teacher or institution, consumed by the student. When the educational process is translated into an economical transaction, the mistake of assuming that the consumers know what they want is made. It does not take into consideration that a major reason for engaging in education is to discover what one actually need (Biesta, 2004:74-75).

Full fee-paying students, or consumers, will be more alert to the quality of the education they participate in, putting pressure on the producers. We have seen how difficult it was for the mediocre and poor professors to be solely dependent on their students at the University of Bologna in the initial years. Student's choices of curriculum will be based upon expected rewards, earnings and job availability, and programs that do not meet their expectations will be passed (Diebolt, 2004:8). If the universities main concern is attracting revenue, it can counteract quality and non-economic values in the production, use and communication of knowledge. Consumer revolt may be the new alternative to democratic deliberation in curriculum processes, as a revolt is what businesses fear the most (Hertz, 2001:163). Students as consumers, or market power can reduce not only academic power, but also state power. A university can increase its attractiveness by tailoring their programs to exchange students, with internationalization and competition reinforcing each other. When the number of

students studying abroad increases, their power will be strengthened on behalf of governmental power and the choices they make will have an increased effect (Economist, February 24th, 2005).

In Norwegian public higher education there has been a system introduced where resources are being distributed according to results, involving institutions receiving money consistent with the amount of study-points produced per student and the number of students graduating (St.meld. no. 27:63). This has brought a focus on marketing of universities towards potential consumers, as the number and quality of the students the institutions can attract equals increased resources. In one year there has been a 26 percent increase in the amount of commercial money spent by Norwegian institutions of higher education (*Editorial*, 2005). An interesting aspect to this development is that students and study-points come to represent a source of revenue for the institution, and students may no longer primarily be heirs of knowledge but instruments to accumulation. Students can simultaneously be instruments for profit and heirs of knowledge, but the former aspect is likely to be most emphasized. The elitist aspect of universities can be accentuated when institutions become dependent on attracting an adequate amount of students, especially efficient and profitable students. In a system where efficiency equals profit, chances are that the quality of the student's skills and knowledge will suffer, as the institutions hurry them through the system to obtain maximum funding.

4.5. A likely development of Norwegian universities

One can differentiate between a market-based institution and a regulated institution. The market-based institution is a place centered round consumer needs. When the needs of the consumers are changing, the flexible institution responds to market demands and changes additionally. The regulated institution is based on goals- and results, and has been created to meet demands not primarily stemming from the market, and its goals are often ambiguous (Berg, 1999:39-41). The goals of universities are often unclear, vague and contradictive resulting from political compromises that have to be interpreted, while private institution or industry in contrast often will have clear production goals (Karlsen, 2002:136). Despite the fact that universities in Norway are still regulated by the state, mainly through subsidizing and

legislation, external pressure seems to encourage a transformation of universities into market-based institutions. Norwegian governmental education policy is influenced by global and international systems pushing towards academic capitalism. When the emphasis on profit and efficiency overshadows the importance of free research and “bildung”, the universities’ economic legitimacy is strengthened on behalf of the cultural legitimacy. If the purpose of universities becomes economic and dependent on the market, they cannot continue as regulated institutions based on goals-and results. They will gradually change into institutions that are based on meeting consumer needs, whether it is the needs of students, the government or private institutions. The model (Fig. 4.2) shows the likely direction of development for Norwegian universities.²⁶

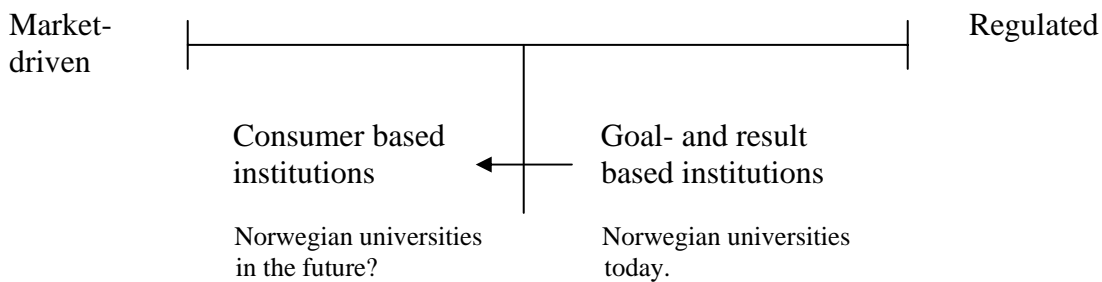


Figure 4.2. Possible direction for Norwegian universities in motion

4.6. Summary

Global and international actors are promoting liberal values, and the market force is increasing its influence on higher education worldwide. The political and bureaucratic coordinating force supports liberal values, requiring universities to establish closer relations with the market if they are to obtain sufficient funding. This benefits the economic legitimacy for universities at the expense of cultural legitimacy. Similar circumstances for universities in other countries have led to a decline in resources, downsizing, lower wages and an increased number of academics having to work part-time.

²⁶ The model is inspired by the cross model (Berg, 1999:44).

If profit is the universities' primary focus, and they become more commercialized there is the risk of other important concerns being neglected. Policy goals state that universities are supposed to be cooperative, however the current development seems to encourage competition. Enhanced competition will lead to more self-absorbed institutions, making it more difficult to reach complex goals that can benefit the society as a whole. In a competitive situation cultural values are fragile, academics are reduced to producers and students to consumers. A consumer-based education can be seen as undemocratic since the freedom of choice depends on access to resources, encouraging the individual to become more focused on the self and less on the community.

Universities have to be responsive to their surroundings so legitimacy is upheld, without risking being dictated by external stakeholders. It is important to preserve the identity and academic integrity of universities so they do not become instruments for political and market coordination. The commodification of universities is not approved of by many academics, and can jeopardize their public, creative and critical role. Academics fear that an expanded economic rationale supported on a global level will overshadow alternative or supplementing rationales, and aim for universities to be more than a part of the economic sector based on economic rationality. In the following chapter the coordinating force of academia and the cultural rationale's influence on universities will be analyzed.

5. ACADEMIC COORDINATION AND THE CULTURAL RATIONALE

Firstly the emphasis will be on the academic professional coordinating force that mainly involves academic personnel and an increasingly highly educated administration. Between these actors there are some differences, and the UO will serve as a case in showing internal struggles between administrative and academic staff. It can be valuable to gain an understanding of what effects they can have on the development of universities. After analyzing the academic professional coordination, focus will be directed towards the cultural rationale, with emphasis on values such as institutional autonomy, academic freedom and “bildung” or self-cultivation. How can the academic professional coordination and the cultural rationale represent a counterbalance to the coordinating force of the market and the political and bureaucratic coordinating force, and the emphasis they have on the economic rationale? The role of the academic professional coordinating force representing a counterbalance in advocating the cultural rationale is complex, as there are large variations between institutions and countries.

5.1. Academic professional coordination

The function of the academic professional coordination of higher education is to protect professional autonomy and preserve the control of academic work in the hands of those permanently involved, but if they are preoccupied with the protection of autonomy it may result in insensitivity to public interest (Berdahl *et al.*, 1999:9-10). Universities are dependent on the constantly changing environment they are a part of, and if universities are ignorant of their surroundings they might lose legitimacy and therefore power to define social reality. In Norwegian universities the academic professional and the political coordinating force have been the dominating coordinating forces. Some argues that the institutional autonomy and academic freedom have changed very little, as the influence from the market force has not been radically increased (Bleikellie *et al.*, 2000:23). In many other countries the situation is another with universities being dependent on the market.

Academics worldwide are faced with a breaking down of the cultural aspect of universities, as they try to resist the imposition of capitalism and market forces. A growing part of the

academic coordinating force consists of administration, and it has been claimed that professors are losing power to administrators (Readings, 1996:3).²⁷ The administrative personnel increased by 215% at universities in Norway from the late 1980's to the late 1990's (Karlsen, 2002:173). Their activities are no longer limited to administration and support for the academic personnel, as administration is developing in a way where it is more concerned with managing institutional activities, and many administrators are highly qualified with Masters degrees. The increasing status equality between academics and administrators is a potential cause of conflicts over authority and leadership (Bleikelie *et al.*, 2000:54). Administrators are seen by some academics as "(...) merely in the service of the managers of society and the economy, who exercise their supreme authority vested in the transnational corporate world" (Miyoshi. 1998:267). Research indicates that in Norwegian universities the administrators still see themselves as having the role of serving academic staff, and find themselves in a reactive rather than active position. However they are in a position of power since universities cannot function properly without their expertise (Gornitzka and Larsen, 2004:464-65). If the power of administration is enhanced and they mainly are concerned with management and economic aspects of the institution, this can further the emphasis on economic justification at the expense of cultural justification of universities.

Bourdieu is skeptical of intellectuals claiming to be authentic political critics of society. He states that they have their own agenda based on their cultural capital (Delanty, 2001:98).²⁸ He has disclosed fields of power within universities, locating three kinds of power struggles. One struggle is about scientific power that is based on research reputation, another concerns intellectual power based on the ability to influence public opinion and the last struggle is about academic power involving the control over academic resources. Academic power also works to create "symbolic boundaries in social space" and legitimate those who inhabit them, the academic personnel (*ibid*, 93-95). As administration is growing in size and influence it is possible to imagine the struggle over academic power between not only academic personnel, but also between academic and administrative staff.

²⁷ This is a simple dichotomy between academic and administrative staff. Academics are not a homogenous group, and administration can be broken down in many categories, such as technical and maintenance staff, clerical staff and professional administrative staff (Gornitzka and Larsen, 2004:456).

²⁸ Cultural capital can be understood as cognitive structures, such as titles, institutions and dispositions, that constitute the dominant cultural models in society (Delanty, 2001:90, Broady and Palme, 1989:199)

5.1.1. The UO and democratic deliberation

Power struggles and decision-making systems within universities will have an influence on academic coordination. At the UO a process leading towards a more democratic decision-making system begun in the 1960's, and in 1972 professorial autocracy was turned down in favor of elected boards. The majority of academics support the new system of democratic elections instead of the old system where positions were appointed (Currie and Tjeldvoll, 2001:25). It is advantageous that boards consist of people with diverse backgrounds, some with economic skills, since boards are responsible for the finances (*ibid*, 28). At present the democratic decision-making system appears to be in transition, with more power being centralized in the hands of the Rector, Deans and Heads of Departments (*ibid*, 51). The democratic decision-making process is time consuming, and it has become more legitimate for an exclusive group of people in leading positions to be responsible for decisions made on behalf of the remainder of the staff, saving them a lot of time spent in committees (*ibid*, 28, 39). Academic personnel that have been frustrated with all the time spent in unproductive and time-consuming meetings consider the change to be positive, as it allows them to focus on research and teaching. Others feel left out of the process, and experience a loss of influence and collegiality in the efficient but less democratic arrangement (*ibid*, 52).

One argument against democratic processes is that they are time-consuming. Norwegian institutions are comparatively above average in the use of democratic deliberation processes. Signals both nationally and internationally imply that democratic deliberation may be incompatible with an efficient future. International expert evaluations are critical about what they perceive to be excessive democratic elements in the management of universities in Norway (NOU 2003:25:208). In the US where a commercialization of universities has progressed a lot further than in Norway, it has been suggested that leaders should promote collective deliberation about responses and potential developments of higher education. Forums for purposeful discussion need to be established, as the current alternative to collective deliberations seems to be increased use of market discourse and managerial approaches in attempting to maintain legitimacy. This approach can fail and public higher education will end up displacing their traditions and lose their legitimacy (Gumport, 2000:87).

The Norwegian church-, education- and research committee states that the essence of knowledge is democratic, and therefore universities can be some of the most important contributors to active democracy. It is consequently of great importance that these institutions themselves are organized in a democratic manner, and this includes autonomy and independence from commercial interests (Innst. O. nr. 48 – 2004-2005:8). This means that one important part of the political coordination of universities in Norway supports democracy and aspects of the cultural rationale.

5.1.2. Internal power-struggles

Recently there was a debate in the largest newspaper in Norway, *Aftenposten*, revealing internal power struggles at the Faculty of Arts (FA) at the UO between academic and administrative personnel. They are experiencing a period of transition and restructuring, and differ in their view on the changes occurring. The debate started with an article written by a professor in philosophy relating to who should decide upon the future of the university. He wants steering models that respect the nature of academia, and warns that if the leadership level does not respect the opinions of the academic personnel, a lack of legitimacy may be the outcome (Vetlesen, 2004). Leadership depends on power and legality to influence change, but trust and legitimacy are equally important (Møller, 1996:24-25). The professor also expresses concern about the pressure of making a profit that is not appreciated by all academics (Vetlesen, 2004). This indicates that neo-liberal values and the economic rationale increasingly are becoming a part of Norwegian academic reality.

The Rector at the UO emphasizes that the restructuring process has been open, inclusive and democratic. However the university faces a challenge in improving participation in the process of change taking place at the UO (Underdal, 2004a). He is not satisfied with the democratic chosen representatives managing the university, because the elective participation is low. He claims that the administration and academic personnel agree that the university's main objective should not be maximizing profit. Professional integrity should be maintained, but signals from the market cannot be ignored. A restructuring process will not happen without mistakes being made, but the institution cannot refrain from an attempt at change (Underdal, 2004b). Low elective participation is an important objection towards the current

decision-making system at the UO, and it is essential to uncover what does not work and improve the democratic process.

The Heads of the FA respond by writing that they face critique for introverted professors that are unproductive, uncooperative and that only to a limited extent educate useful candidates for business and industry. In a European comparative perspective the consequences of low legitimacy can be brutal, and in Berlin the Humboldt-university is eliminating one fourth of their professors. The cuts have a dramatic effect for subjects and institutes that lose out in the competition over students, resources for research and public recognition. There is a need for leaders who can prioritize between disciplines on the basis of their meaning for research and society (Rognan *et al.*, 2004). How do the Heads of the FA perceive meaning? Is their view in line with the cultural rationale with knowledge as an end in itself, and as it is hard to know what knowledge that will be valuable for the future it can be important to protect even the smallest subject? Or is their perception based on an economic rationale, concerned with what can be advantageous and render profit in future competition? The latter appears to be the case since the philosophy professor opposing the heads was concerned about the increasing emphasis on revenue. On top of this the heads seem to have a utilitarian motive in stating that professors are unproductive and worry that the graduated students might not be useful for business and industry.

Furthermore the Heads of the FA state that the leaders should prioritize between subjects. It could provide interesting research to find out how such a role can affect their legitimacy, and what consequences a changed legitimacy entail. The struggle over academic power between academics, and between administrative and academic staff is likely to be strengthened if their fields of interest constantly have to be defended. The position taken by the heads can be understood to open up the possibility for the extinction of small subjects and disciplines considered by some to be useless. The disciplines that will be threatened depend on which coordinating force is dominant. If the academic coordinating force is prevailing the voices of academics are important and their respective disciplines stand strong, but if the main coordinating force is the market subjects and disciplines that are popular with students and corporations are supported.

One reaction to the reply from the Heads of the FA claims that the management at the faculty has given in to the market. They believe that politicians carry the main responsibility for this development since they talk about giving the universities more freedom as opposed to taking away their independency, seeing that liberation from the state equals freedom to become dependent on the market. It is an illusory freedom that may not last long before it leads to fee-paying students and privatization of institutions. They call for politicians able to mark the limits between problems solved and problems caused by the market. The university has a societal responsibility for values that not necessarily can be quantified, measured and sold, and should be a vital critical corrective to all trivialities, including market imperatives. It is important to maintain the ability to reflect on the practices of the society and the nation (Vetlesen and Rem, 2004).

Also students disagree about changes in decision-making processes taking place at the UO. Some claim that the changes strengthen the student position against powerful professors, while other students state that the academic personnel and students must gather to defend the university in the face of the current political development that makes the education system subject to the market. They feel that the professor's reactions are justified because central values such as the institutional autonomy and the independence of research are endangered (Nilsen, 2004).

5.1.3. An entrepreneurial future?

Research has been conducted amongst academic personnel at the UO to discover their reactions to approaching changes influenced by market forces, uncovering a fear of turning into an entrepreneurial university (Currie and Tjeldvoll, 2001:6-7). They perceived the market and the economic way of thinking as a threat to university obligations, such as the freedom to conduct basic research and the right to criticize established truths, and they worried that a larger focus on utility would overshadow the importance of knowledge inherent worth. Moreover they expressed a concern for society's long-term interests, the further development of critical education and for the university as a place for free thinking and philosophical reflection (*ibid*, 13-14, 115-19). Academics at the UO were also skeptical of accepting more

directives from stakeholders that fund the research, leading to a greater emphasis on short-term goals and losing the freedom to carry out curiosity-based research (*ibid*, 87).

The research conducted at the UO found that there was opposition against turning into a corporate business and privatizing universities. Academics at the UO mainly perceived changes towards entrepreneurialism as disadvantageous, despite decreasing governmental funding (Currie and Tjeldvoll, 2001:35, 38). Funding cuts can lead to the abolishment of disciplines or departments that are not performing so well, when development and making them more appealing can be a better long-term solution (*ibid*, 81). Cutting content is how the Heads at the FA are portraying the future. Despite of reduced funding the respondents were in favor of continued public funding of universities, keeping higher education free and continue tenure for academics (Currie and Tjeldvoll, 2001:116). The respondents seems to perceive the risk of being controlled by the market as more impending and intimidating than the risk of being controlled by the state. Not all theorists support the opinions of the academic personnel at the UO. They claim that being predominantly dependent on one stakeholder, such as the state, is a larger threat to autonomy and makes the institutions more vulnerable, than being dependent on several stakeholders and diversified funding (Clark, 1998:140-41, Sporn, 2001:129-30).

5.1.4. Tenure

In the next century as little as 20 percent of the population may be fully employed (Welch, 2000:457). In the US the amount of part-time university teachers has almost doubled in thirty years, and only 50 percent of the full-time academic personnel are faculty on tenure (Delanty, 2001:125). The UO has an ambition of lowering the number of tenures, and instead increase the number of temporary employees to reduce the expenses to salary (Draft of the UO's strategy document for the period 2005-2009:12, 35). The research conducted among academic personnel at the UO found that tenure was appreciated, and was seen as a way of reassuring society that the university will take care of its basic responsibilities, seeing that people are secure in their positions. In addition private life was made easier as "tenure makes it possible to have a family" (Currie and Tjeldvoll, 2001:22). When the state and public finance an institution they have the possibility for holistic thinking, affording tenure as an item of

expenditure and appreciate its byproducts, such as indirectly contributing to maintaining birthrates sustaining the population. Private investors are driven by the need for profit and cannot be expected to be that flexible or care about ensuring criticism.

Drawbacks in regard to tenure can be that it gives little flexibility, and jobs might become so secure that institutions are left also with “people who aren’t so productive” (Currie and Tjeldvoll, 2001:21). The concept of a flexible academic workforce based on short-term contracts is becoming a reality in many countries (*ibid*, 19). In the US and Australia many workers are without permanent jobs so it may not be perceived as unnatural if academics fall into the same situation. In Norway population in general has permanent jobs, and if the academic personnel did not have the same right it would be an expression of inequality (*ibid*, 20). Paying a salary to permanent staff is one of the factors that make it most difficult to reduce costs in an institution. Academics on tenure are aware of their secure position, as one professor stated “The reduction in funding is largely irrelevant for me. I have a letter from the King that I am a professor. So it means to get rid of me you have to go to court” (*ibid*, 75). This quotation shows that tenure not only has the potential to ensure that professors dare to challenge the constructed reality, but can also make it almost impossible for stakeholders and leaders to remove inefficient professors. The same arrangement that is designed to protect the freedom of speech can also protect the freedom to be uncooperative and unproductive.

5.1.5. Reflections on the academic coordinating force at the UO

There is a struggle within the academic coordinating force between academics, administration and students concerning power. Some individuals welcome the market influence while others reject it and would rather have continued influence from the political and bureaucratic coordinating force. The arguments show the importance of power to define the activities of the university, and it is interesting to see how different interest groups within academia are competing and supporting each other in the struggle to obtain academic power and legitimacy. There are disagreements regarding the purpose of universities and over which external stakeholders will be most beneficial to their progress. Collective deliberation at an institutional level, governmental level and public level between different interest groups can

contribute to consciousness about what purpose universities should have and what will be beneficial to society.

The academic coordinating force has the power to counteract impulses from the political and bureaucratic coordinating force, and the market. On the one hand academic personnel have opinions about instructions and recommendations that come from the external forces, and implementation of changes depend to a large extent on the support from the academic personnel. On the other hand academia is dependent on external sources, and is influenced by them through funding and legislation. The political and bureaucratic coordinating force currently holds a strong influence over the academic professional coordinating force in Norway, as they are responsible for most of their funding. However international and global influence, and signals from the political coordinating force implies a stronger influence from the market coordinating force in the future and the economic rationale, forcing institutions to consider entrepreneurialism.

5.2. Social construction of reality

The academic professional coordination's emphasis on the cultural rationale is important, as it counterbalance the stress on the economic rationale. Seen through philosophical lenses it is possible to say that the system-world currently interferes with the life-world. This means that aspects of the system-world, such as capitalistic economy is out of control and infiltrate areas in society that originally was structured in a different way. Human interaction and communication is taken over by money and power, making personality, society and culture subjects to demands that do not fit their distinctive character, and moral rationality is being replaced by economic rationality. Political, economic and administrative powers depend on normative support from areas outside themselves, from the life-world (Vetlesen and Henriksen, 2003:42-45).

Universities should not primarily be about economy, but about knowledge, research and education. "The University, both inside and outside the market economy, should function as a surplus that the economy cannot comprehend" (Readings, 1996:124). Universities can be key institutions for a collective "bildungs-project," based on the vision of a democratic society

(Olsen, 2000:12). Polytechnics, vocational schools and development enterprises are institutions that can satisfy immediate and shortsighted needs of working life, therefore universities should be allowed to revolve around other needs, such as thinking and intellectual play, even if this does not lead to increased funding (Rinne, 1999:166).

Alternatives to economic development and capital accumulation require a language to exist and prosper. “I think one of the main changes that I find which is perhaps the most frightening is that the very vocabulary and the very way of thinking that has been imposed through new budget reforms, through accountability, through result orientation, are very insidiously seeping into our own way of thinking” (Currie and Tjeldvoll, 2001:33). “Institutions are very much dependent upon language: what we cannot imagine and express in language has little chance of becoming a sociological reality” (Bellah *et al.*, 1992:15). If economic values are considered to be the most important, economic terminology will possibly over time supersede alternative terminology and values. Language reflects our thinking and is crucial in the social construction of reality, and we need a language that can work as a tool in contemplating various aspects of the social reality. Universities can play an important role in the preservation and development of such a language.

5.3. The cultural rationale and idealism

The cultural rationale is legitimizing values that are appreciated by many academics, claiming that the university is transforming from a cultural institution to a corporate enterprise in the knowledge industry (Bleikie *et al.*, 2000:56-57). When the definition and expectations of universities are changing, the role and place for the cultural rationale is likely to be affected. The cultural rationale is closely connected to German idealistic theory, encouraging universities to be autonomous research-institutions promoting scientific freedom and “bildung” (*ibid*, 40). According to idealists universities were initially autonomous cultural institutions revolving around production of knowledge for its own sake. Later they were subjected to escalating state control, and pressured to pursue knowledge for utilitarian purposes. According to the idealists this is a process of decay, while the functionalists have a more positive outlook on the situation for universities, perceiving the changes to be an expression of increasing popular control over universities that indicates progress and

democracy (*ibid*, 60-61). Some argue that idealism fails to deal analytically with the connection between the university as an actual institution in progress and the university as an idea (*ibid*, 41).

5.3.1. Central aspects in the cultural rationale

In regard to the cultural rationale, central aspects such as institutional autonomy, academic freedom, basic research and “bildung” will be elaborated. Nietzsche was one of the earliest critics of the Humboldt-project. He perceived it as an attempt of homogenization, where a designed intellectual culture conformed to rules from the authority. The institutional autonomy was not authentic, as the only change was that universities had to comply with the state instead of the church (Delanty, 2001:39). Since the early days of the university in Bologna the power to control university autonomy has alternated between students, the church and the state, and at present many fear the effect from escalating market power on institutional autonomy. Furthermore institutional autonomy has changed over the years, as universities in the past consisted of exclusive groups who received most of their funding from the state, while currently many actors take an interest in the activities of universities presenting them with new challenges and demands (Clark, 1998:146).

In Norway the institutional autonomy has traditionally been strong (Bleikelie *et al.*, 2000:139). The forthcoming law proposal for universities and university colleges may challenge this, if it provides the UFD freedom to choose the external leader of the institutional board (Ot.prp. nr 79, 2003-04:75).²⁹ Appointed external board leaders can mediate the responsiveness of universities to their surroundings, but they can also change focus from research and education to finance. Whether it is the academic coordinating force or the political and administrative coordinating force that hold the power to appoint the board leader makes an important difference for institutional autonomy. The board is the highest institutional authority, and if the government has the power to choose the board leader it will give the state more control over the institutions. At present institutional autonomy in Norway currently is challenged not only by the market, but also by the state.

²⁹ This suggestion was not accepted in the recommendation from the church-, education- and research committee to the Upper Chamber (Innst. O. nr. 48. 2004-2005:42).

It has been claimed that academic freedom is not ensured by institutional autonomy, and that restrictions on institutional autonomy not necessarily have to restrict academic freedom (Berdahl and McConnell 1999:71-72). Basic research presupposes both professional and institutional freedom, and has potential to bring society great gains. The Norwegian law concerning universities and university colleges states that the institutions have a national responsibility for basic research (Law on Universities and University Colleges, 2002, § 2-7). Basic research is only one amongst a number of competing activities taking place within a modern university, that is challenged by steadily growing external and internal demands, such as teaching and guiding a steadily growing student population (Bleikellie *et al.*, 2000:298).

Another central concept in the cultural rationale is “bildung”. In the eighteenth century Kant thought that “bildung” as the critical power of reason should justify universities and that universities should be populated by philosophers searching for knowledge and truth, instead of businessmen, such as doctors, in the service of the state and utility (Delanty, 2001:32). “Bildung” is a process of development, and in the modern university research and teaching have been central to the “bildung-process”. According to the idealists the exclusiveness of universities is based on the fact that it is the site where research and teaching are inseparable (Readings, 1996:64). Lately education of the whole person, “bildung” has largely been replaced by professional or vocational training, “ausbildung” (Delanty, 2001:24). This opposes the idea Kant once advocated, that utilitarian motives did not belong in universities. When vocational training has become more important than self-cultivation, or the development of character, it demonstrates one area in which the economic rationale has surpassed the cultural rationale in justifying universities. The ideal process of development, or “bildung”, can take place if universities provide space for the unconditional possibilities of the individual, and self-cultivation can be a self-expanding experience that exceeds anything previously set or expected. Creative freedom should be one of the university’s founding pillars, a task that may prove to be difficult if the only alternative for universities is to move from being instruments for state policy to instruments for the market.

Institutional autonomy, academic freedom, basic research and “bildung” are important parts of the cultural rationale. Many academics wish to sustain these values, in opposition to parts of the administration and external stakeholders that emphasize utility and profit. Traditionally idealists especially see it as important to maintain the cultural justification for universities,

while other more pragmatic oriented academics perceive the development towards utility and profit to be advantageous and natural. Legislation and funding has the capacity to challenge and protect cultural aspects.

5.3. Why does change have to occur?

Everything is impermanent, a fact stated at least 2500 years ago by Heraklit (Bertelsen, 1998:68). Earlier university knowledge was exclusively for the elites, but after 1960 mass-education became a reality (Bleieklie *et al.*, 2000:62). The progress of universities has followed the democratic development in society, allowing an influx of more social groups (*ibid*, 68). Mass-education has led to a new challenging situation for the academic personnel, with some claiming that several students should not attend universities (Currie and Tjedvoll, 2001:16). Genuine academic interest was once the main reason for attending universities, but now student's motivation is more instrumental (Tjedvoll 2002, 4-5). The university system worked smoother when the student population was more homogenous, and students were equipped with the right attitudes and the required cultural capital to become part of an elitist system.

5.3.1. Social reproduction

Universal higher education is not yet a reality, despite institutional knowledge no longer being exclusive for the elite class. Bourdieu represents a persistent and vocal critic of elitist universities, reminding society that placement is unequally distributed. He has famously tried to show the phenomenon of social reproduction between classes within a country, and claimed that higher education reproduce rather than reduce inequality (Delanty, 2001:89, Bourdieu and Passeron, 1990). He thinks that education is a device constructed by modern society, transmitting and reproducing the dominant culture's cultural capital. Depending on whether individuals are part of the working, middle or upper class they have unequal access to the dominant cultural capital, and these differences are furthered by the education system exacerbating inequality. Universities are primarily institutions of selection, and the expansion

of education has not led to greater social equality (Bourdieu and Passeron, 1990:5-6, Delanty, 2001:90-93).

Evidence that supports his findings can also be found in Norway. A Norwegian professor recently claimed that the recruitment to higher education in Norway is biased. The probability for choosing a study for an elitist profession at university is about thirty-five times as high among children of well-paid academic parents, as it is among children of parents with unskilled work. The bias in recruitment is larger in universities than university colleges, and these social differences have remained stable (Hansen, 2004). In UK universities the largest increase in student mass comes from a middle-class background, indicating participation is also affected by background. The working-class shows apprehension about the culture and exclusive practices at universities, and fear going into debt without obtaining secure employment after graduating (Leathwood, 2005).

The division between insiders and outsiders concerns populations and countries, as well as individuals (Castells, 1996: 369). The big gap in access to education in a world increasingly dependent on knowledge in development and competition can be a reason to welcome the changes imposed on universities by external stakeholders, although it is concerning if transformations are the result of uncontrolled market powers allowing for inequality to increase.

5.3.2. Diversified funding and responsive universities

The economy is increasingly knowledge-based, and universities can fuel the economy with new knowledge spurring competitive advantages (Tjeldvoll, 2002:11). There are clear signals from the political and bureaucratic coordinating force that they want universities to contribute to the development of a knowledge-based economy. Policies state that a passive attitude towards the development of new strategies, learning- and organizational forms can lead to disintegration of institutions, harming the Norwegian knowledge base and affects the economy, welfare and cultural development (NOU 2000:14:1). However the funding level for universities is decreasing in Norway as in other countries, fuelling the need to find alternative sources for funding. There are many internal and external initiatives that can be taken to

increase the institutional resources, such as evaluating and redistributing internal resource allocation, hiring more flexible academic personnel, or actively seeking external funding (Tjeldvoll, 1998:106). Resources help to develop successful universities, and those of high quality tend to attract the best researchers and students, providing the academic institutions with good results and attracting additional funding and improving their reputation (Shattock, 2000:101).

Universities and university colleges by law are obliged to cooperate with private and public organizations. This applies to all universities in Norway and can contribute to a prosperous economic future for the society. The practical implementation of this law depends on the academic personnel, and in this respect the academic coordinating force has extensive power. One goal in the UO's research policy is to be more attentive towards industry and business, a strategy that not necessarily is being translated into practice (Tjeldvoll 1998:106). A department chair expressed happiness that most of the changes that ought to happen at the UO had not yet affected their reality (*ibid*, 113). Potential customers in the Oslo region that wants to use the research capacity of the UO find it hard to communicate with and get information from the institution on its offers (Tjeldvoll 1998:99, 115-17). The UO does not show many signs of becoming entrepreneurial, but if the course of action is changing, potential stakeholders in immediate surroundings perceive UO to be a relevant provider of research-based services they will need in the future. The legitimacy and future autonomy of the UO might be threatened if proper attention is not given to its financial needs, and the academic staffs motivation to locate alternative sources for profit is not likely increase before they are negatively affected by the funding situation (1998:114).

In Norway public resources are still funding more than 90% of public higher education and the status of the public autonomous university is strong (Currie and Tjeldvoll, 2001:6, Tjeldvoll, 1998:120). With an extensive public funding level it seems reasonable that the institutions receiving the financial support should be responsive to signals from the public and their elected representatives, which according to the Heads in the FA is not always the case. Academic personnel can protected by tenure be inefficient and uncooperative, praising earlier days when fewer students allowed more time for research and the average student was in possession of a better academic morality. Universities in Norway have been blamed for being exclusive ivory towers too critical of society, with a lack in capacity to be of practical use

(Bleikellie *et al.*, 2000:95-96). To uphold their legitimacy universities in Norway should use part of their capacity to become more responsive to society.

5.4. Summary

This chapter has focused on academic professional coordination of universities and the cultural rationale. Power struggles are taking place both within and between the coordinating forces. The cultural rationale supported by the coordinating force of academia can represent a counterbalance to the growing economic justification for universities emphasized by the coordinating force of the market and the political coordinating force. However the academic professional coordinating force is suffering from tension between academic personnel and the increasingly more extensive and highly educated administrative personnel over the cultural and economic rationales position in legitimizing universities.

The academic freedom to present a critique of the society, state and market is unique and needs to be protected, but the academic personnel's role in maintaining this important mission can be questioned. Some claim that academics predominantly are concerned with protecting their own privileges, being largely unresponsive to the society and its interest groups. At the UO leaders are facing critique for introverted and unproductive professors. Academics attitude can be critical in regard to the universities' legitimacy and competing abilities on both a national and international level.

Universities as cultural institutions have always depended on students, the church, the state or other stakeholders to fund their activities, and their autonomy can therefore be questioned. Close dependency on one main stakeholder may threaten institutional autonomy, and in Norway the political coordinating force has strong influence through legislation and funding. The "bildungs-process" can be difficult if universities are instruments for state policy or for the market. In addition universities as cultural institutions are elitist, and seem unfit to deal with the big gap in access to education both between and within countries. In the next chapter the cultural rationale and the economic rationale will be discussed further.

6. THE ENDURANCE OF UNIVERSITIES

Which strong and weak points characterize the cultural and economic rationale in their justification of universities? Can the rationales be developed to create legitimacy and relevance for the development of a university that is neither commercial nor cultural? To answer these questions this chapter starts with examining strengths and weaknesses of the cultural rationale followed by an elaboration of the economic rationale's strong and weak sides in legitimizing universities. The recognition of features that can be advantageous and disadvantageous in legitimizing academic institutions is useful for universities when they have to rethink their strategies. Universities have to be based on rationales that are suited to justify their existence and activities in contemporary society. In the last part of this chapter a democratic development and justification of universities will be considered as an alternative to the commercial development that is presently occurring.

6.1. Strengths in the cultural justification for universities

How can the cultural rationale contribute to the legitimacy of universities? In the eighteenth century Kant thought that the university should be a place for pursuing truth, and not a site for production and communication of knowledge for utility reasons. Today when universities are under pressure to become more useful, it is imperative to protect independent research and academic freedom with potential to create and discover knowledge valuable for the future. At present "bildung" is considered to be less functional than vocational training, leading to questions about its justification. Vocational training is practical but "bildung" has capacity to add valuable dimensions for the individual and society that it is difficult to predetermine, and it encourages reflective processes as opposed to mechanical content acquisition. Creative freedom in universities is imperative to their legitimacy.

The object clause in the law for universities and university colleges states that external forces are not able to give instructions in regard to the content in research and education. (Law on Universities and University Colleges, 2002: §2-3). This protects the content from becoming subjected to market forces. Academic freedom is furthered and elaborated in the new law that comes into effect in august 2005 (Law on Universities and University Colleges, 2005: §1-5).

Legislation protecting academic freedom and institutional autonomy continues a tradition from the University of Berlin of a state guaranteed autonomy for the university. Legislation can contribute in preserving important traditional cultural values appreciated by the public and its chosen representatives.

It is important to promote central cultural and academic values in the face of current political developments that make universities subject to the market with their activities revolving solely round matters of economic value. Tenure can be one way of securing academic freedom from outside pressure and reassuring society that the university will take care of its basic responsibilities. Universities should be autonomous and not reduced to instruments for external forces, with students being more than consumers and academics more than producers. Professional freedom for academic personnel is an important premise for independence and legitimacy of research. Independent research can bring society great gains, and knowledge cannot simply be measured by its short-term or economic consequences. As independent research presupposes professional and institutional freedom universities should not become dependent on the market and economic interests.³⁰

6.2. Why is the cultural rationale not sufficient?

Universities have been affected by the democratic progress in society and opened up for more social groups, but the access is unequally distributed, and evidence indicates that universities reproduce inequality. They are furthering the dominant culture's capital leading to a selection between people with the right and the wrong cultural capital. According to some academics mass-education has led to an opening in university access for students that should not have attended. The fact that universities as cultural institutions seem to run smoother as elitist systems based on a student population with the right cultural capital and attitude, indicates that the cultural rationale is insufficient in legitimizing universities in current times.

³⁰ Central Norwegian politicians are sharing this view (Innst. O. nr. 48 – 2004-2005:8-9).

6.2.1. Universities and the state

When universities are liberating themselves from the state it has been claimed that they come in to a position of strength and are able to serve social goals more adequately than previously (Delanty, 2001:113). The political coordinating force can support values held by the academic professional coordinating force, but the close connection between political and academic stakeholders in the coordination of Norwegian universities can be problematic.³¹ Seeing that the universities in Norway receive most of their funding from the political coordinating force they are under strong influence and their autonomy can be questioned. Some theorists claim that this dependency makes the institutions more vulnerable and threatens their autonomy, and they believe that institutional autonomy is better ensured through funding from several sources (Clark, 1998:140-41). Regardless of this the academic personnel at the UO perceive the risk of being controlled by the market as more imminent and intimidating than the risk of being controlled by the state. Moreover a strong tie between universities and the state can lead to questions about what values the “bildung-process” or the development of personality is based on, and how much it is influenced by political ideas. The development of personality should not be subject to indoctrination, neither from the state nor the market.

6.2.2. Ivory towers

Universities in Norway have sometimes been declared as exclusive ivory towers lacking practical functions and having an excessively critical opinion of society. Preserving control of academic work in the hands of the academic staff can result in insensitivity to public interest and signals from the market. Administrators are unconvinced about the motives of the academics, and the Heads at the FA at the UO perceived many professors to be unproductive and uncooperative. Some students claim that the academic staff is too powerful, and that changes in decision-making processes will strengthen democracy and the students' position.³² Even fellow academics such as Bourdieu argued that intellectuals have their own agenda, being skeptical of their role as authentic political critics of society. Negative light can be shed

³¹ The recommendation to the Upper Chamber from the church-, education- and research committee can serve as an example. They support cultural and academic values such as academic freedom and institutional autonomy (Innst. O. nr. 48 – 2004-2005:8-9).

³² cf. 5.1.2.

on the academic personnel and universities if the academic professional coordination force is too protective of professional autonomy and integrity. Furthermore universities benefiting from an extensive level of public funding should be attentive to the needs and demands of society, but still come across as authorities that do not respond to all external demands.

Universities are experiencing cuts in their funding level from the state and seem forced to look for alternative funding to what the government can offer. International signals indicate that the coordinating force of the market is gaining strength in regard to universities, and they are pushed to become entrepreneurial. Academics in many countries share an apprehension about the market and private investors gaining power and presenting a threat to institutional autonomy. Their uneasiness can in addition reflect a worry regarding the extra workload increased efficiency brings about and towards change in general. However, universities must realize the need to change to prevent development from occurring without their contribution of important knowledge and premises. If their legitimacy diminishes, funding can be re-allocated to other knowledge institutions that are more cooperative, leaving universities to deteriorate.

When changes occur in universities it is important that academic personnel are active in promoting cultural and academic values. If they are not shaping the processes taking place others will, such as administrators or external board members, leading to changes that are guided by economic values (Clark, 1998:4-5). Universities and academics can lose their function and legitimacy in society if they are unwilling to change and preoccupied with securing privileges, giving cultural and academic values no arena to thrive.

6.3. Strengths in the economic justification for universities

Universities cannot persist if they isolate and distance themselves from their surroundings in the name of institutional autonomy and academic freedom. The activities of the universities have to be of some relevance for society, partly developed through communication. The increased influence from the coordinating force of the market might pull the academics out of their ivory towers and facilitate institutional responsiveness to their surroundings. Since universities constitute an important part of society, they should be in tune with its needs and

demands, without giving up their relative autonomy. Their need for autonomy should not compromise their legitimacy.

Universities are becoming important to governments in relation to global competition. Through research and attracting resources from abroad universities can contribute to national economy and a prosperous national economy facilitates the legitimacy of the government (Castells, 1996:87). Education policies are central in obtaining this objective (*ibid*, 90). The government hopes that universities can facilitate the expansion of the knowledge-driven economy.

Having adequate resources is necessary in realizing high quality research and education. A recent Government White paper states that the government will increase the resources for research, but currently universities are experiencing budgets cuts, indicating a gap between political rhetoric and practice (St.meld. no. 20 – 2004-2005:10). The economic rationale that includes a utility perspective on knowledge is likely to increase in importance if universities must switch to multiple sources for funding and move towards academic capitalism.

6.3.1. Diversified funding

The new law that comes into effect in August 2005 states that institutions actively have to look for external resources (Law on Universities and University Colleges, 2005: §1-3). This indicates that the government perceives it as necessary for universities in the future to have a diversified funding base, making universities more dependent on the market. Universities are obliged to follow legislation and when aspects of the economic rationale are emphasized they have to find a means to accomplish these objectives. The increasing need for universities to find alternative sources for funding is likely to bring demands for usefulness and efficiency. In justifying their existence the institutions have to respond to these demands, demonstrating their overall relevance and benefit to society. The opportunistic and innovative universities have a better chance of succeeding in the long run (Shattock, 2000:99-103). A development where universities have to seek knowledge for utilitarian purposes can be perceived as an expression of increasing popular control over universities that indicates progress and democracy (Bleikelie *et al.*, 2000:61).

In entrepreneurial universities a diversified funding base is crucial. Institutions based on diversified funding can be regarded as autonomous and have greater freedom since they do not depend only on a single base of support, and this decreases their vulnerability (Clark, 1998:140-41). A diversified funding base that consists of different forms of income decreases the vulnerability of institutions. Universities that are dependent on one source of revenue are less able to adapt proactively to diverse environmental demands (Sporn, 2001:129-30). If the future prospect for universities is one with declining governmental funding, universities have no choice but to find alternative sources of income. In some cases universities do not even want funding from the state, for example is Oxford considering to liberate itself from government funds and thereby escape demands to accept students from poorer backgrounds. This will allow them to continue uninterrupted as an elite institution (Ward, 2004). Diversified funding can make it easier to stand up to governments and say no when demands are made that contradicts the university's mission. In some countries the government has gone from being perceived as a patron to be seen as an enemy (Pechar, 2003:127). Dependence on a disliked government might inhibit academic work, and a diversified funding base that allows greater distance to the state can be advantageous.

6.4. Why is the economic rationale not a sufficient alternative?

The increased influence of the market as a coordinating force for universities can facilitate institutional responsiveness, but unfortunately it can also disturb the integrity of universities as sources of truth and knowledge. When universities no longer have to respond to one powerful stakeholder, the state, they have to respond to other actors that invest in their services. In the informational/global economy a number of multinational companies are in charge of more resources than some states are. If these few but powerful actors get the predominant say for what knowledge is produced and communicated by universities, it will turn knowledge into intellectual property and can represent a democratic threat that challenge the integrity of universities.

Governments and corporations are turning to universities for discoveries that can become intellectual property. When universities increasingly are seen as a part of economic policy

rather than as a part of social policy it changes their role in society (Slaughter, 1998:57-58). A strong corporate influence has the capacity to make commercial values overshadow other equally important values, and affect the public, creative and critical role of universities. We have seen how partnerships with corporations can disturb the impartiality of scientific research.³³ Universities must avoid becoming instruments for global corporate capitalism. Several Norwegian politicians are against a commercial development, as they believe that the public should have access to knowledge and research results. In preserving democratic knowledge the universities and their autonomy is imperative (Innst. O. nr. 48 – 2004-2005:9). Universities have a societal responsibility for values that not necessarily can be quantified, and for constructing and maintaining a language used to communicate these values. They should function as a critical corrective to all trivialities, including market imperatives, and stimulate the ability to reflect on societal practices. Driven by market principles it can be difficult to be in a position to criticize the development, and the society needs institutions that contribute to more reliable knowledge than that of the mass media.

Universities always have been dependent on external sources for legitimacy and survival, and total autonomy is a utopia, as “we cannot emancipate ourselves from our dependency on others” (Readings, 1996:190). This applies to institutions as well as individuals, making autonomy relative. Clark and others with an entrepreneurial approach to the transformation of universities write that having more than one stakeholder makes the institution more autonomous. Their premise seems to be that relative autonomy is secured through the liberation from one stakeholder, but such liberation may lead to the dependence on many stakeholders and democratic control is sacrificed. When other stakeholders increase their power and influence in universities the influence and control of the state decreases. Since the state in democratic societies is comprised of representatives that have been democratically chosen by the public, the public influence on universities is declining simultaneously with the influence from the state. The autonomy pursued by entrepreneurial universities involves that powerful private investors and wealthy individuals, at the expense of the broader public, can increase their influence on universities’ destiny and society’s future. An autonomous university understood in this way becomes a less democratic university.

³³ cf. 4.4.1.

Data implies on one hand that after the Second World War education has become an important factor for economic growth in developed countries. On the other hand researchers do not know how knowledge development and economic growth are related, or if knowledge is a driving force behind economic growth (Diebolt, 2004:5-6). Moreover research indicates that educational requirements in work-life do not correspond to the educational attainments, and this constitutes an obstacle in becoming a knowledge-based economy. Maybe it turns out that the great emphasis on economic legitimacy for universities is not completely justified?

6.4.1. Commodification and competition

When the public no longer pays for universities through taxes, the institutional services become commodified and individuals have to pay for the service they receive. How universities can serve the individual needs of students, business and industry will then become more important than how they strategically and socially can serve society as a whole. An instrumental view of universities and knowledge is conflicting with the cultural rationale that emphasizes knowledge as an end in itself, but is in accordance with the economic rationale that stresses the utility of knowledge. The focus on trade liberalization and competition across borders may come to overshadow other important purposes of universities.

The law on universities and university colleges instructs universities in Norway to cooperate with private and public organizations, and ensure that their research and education are complementary (Law on Universities and University Colleges, 2002, §2-1, §2-5). At present there is an increasing amount of education providers competing over students and resources, and this is likely to complicate cooperation and complementary activities. It poses a dilemma for the institutions when external conditions contradict each other like that of the legislation and the policy on funding. The former encourage cooperation while the latter encourage competition. In the future competition can eliminate valuable qualities in universities and society, such as solidarity.

The commodification of universities transforms actors from students to customers. Students come to perceive themselves as consumers with the right to realize their needs based on individual interests and values, weakening their understanding of themselves as citizens with

a responsibility for the community. This socialization pattern is likely to have consequences also for their life outside university, if the emphasis on the individual supersedes the importance of community.

In Norway a system has been introduced, where students producing many study-points equals high revenue. In a system where students become instruments to accumulation and efficiency equals profit there is a possibility that the quality of the student's skills and knowledge will suffer. Universities become dependent on enrolling many students, and the universities that manage to attract high quality and efficient students will prosper, while those institutions less successful will become victims of the Matthew-effect. A system that divides students structurally into separate groups of winners and losers distributed in high-quality or low-quality institutions will facilitate differences between people.

6.4.2. Entrepreneurial universities in Norway

Universities increasingly based on the economic rationale must focus on customers needs in order to obtain external funding. Becoming entrepreneurial institutions can present massive challenges to some departments, such as departments of humanities and departments of social science (Clark, 1988:7, 141-42). The Norwegian Research Council (NFR) is one of UO's most important external sources for research funds (Draft of UO's strategy document for the period 2005-2009:9). The latest numbers reported from NFR reveals that only 3 out of 73 research projects in humanities were granted research funds (Solbakk, 2005). This reveals difficulties in the offensive competition over research resources, and it indicates hardship for faculties such as the FA.

For departments such as science and technology that are innovative and suited to commercialization it will be easier to adapt to entrepreneurialism (Clark, 1998:7, 141-42). Clark has conducted research on entrepreneurial universities in Europe, but the conditions can differ between countries such as Sweden and Finland, where he has results from, and Norway. For disciplines that are suited to entrepreneurialism it can be a challenge that the industry in Norway does not invest in research activities to the same extent as many other European countries do. In Norway there is a lot of primary industry based on resources such as oil and

fish. Compared to Sweden and Finland big bio-and technology industries are largely absent. In contrast to universities in neighboring countries, universities in Norway do not have the same possibility of finding partners they can cooperate with and that are willing to fund their research. To ensure that Norwegian universities are able to compete internationally the politicians have to compensate for the non-existent industry and business by increasing the state funding (Solbakk, 2005). We have also seen that Norway invests less of their GDP in research compared to Sweden and Finland.³⁴ This implies that it can be more difficult for Norwegian universities to become entrepreneurial.

It is quite possible that many universities will benefit from focusing more on entrepreneurialism, but it can render disadvantages as well as advantages. Entrepreneurial and competitive institutions will in the future be dependent on efficient researchers, who may be in temporary positions, and it is not unlikely that their work will be provision-based. They know that their discipline, institute or faculty can suffer from impoverishment if they fail to meet the demands from management and stakeholders. This environment cannot be ultimate for motivation, creativity, and vigorous growth. Academics may produce the required material, but what is produced could lack quality and ingenuity if efficiency becomes the prevailing norm. Constant readjustment, flexibility and change can cause burnout, action paralysis, anxiety and depression amongst the employees, with implications for the quality of research and education in universities.

6.5. Developing the rationales

Both rationales have strengths and weaknesses. Universities have to be active in developing new strategies to avoid degeneration. There are strong arguments for why society and universities should defend institutional autonomy, basic research and knowledge for the public. At the same time the cultural rationale has drawbacks such as social reproduction, powerful and unresponsive academic staff, and the strong ties between the universities and the state can put institutional autonomy at stake. The economic rationale can with its growing importance in justification of universities counteract some of these tendencies and make universities become more open, attentive, innovative and possibly more democratic. But the

³⁴ cf. 4.2.4.

economic rationale also has shortcomings, with one of the most serious being a disturbance of the university integrity as credible institutions if a few strong, undemocratic stakeholders come to dominate them. The chance of that happening is significant in a network society with many powerful individuals and multinational corporations. Academic capitalism leads to less public knowledge, and competition might jeopardize the opportunities for cooperation between institutions. An unbalanced focus on the economic rationale and efficiency can disturb the quality in research and education. Universities need to find alternative sources for funding is increasing, and this is likely to bring demands for usefulness and efficiency. Additional external stakeholders will require more responsiveness from the institutions. It seems appropriate to expect that universities should produce relevant knowledge in order to improve the general population's living conditions and generate advantages in global competition, in addition to preserving academic values. Universities should find alternatives to a development based on uninhibited economic growth, a task that may prove to be difficult for universities to realize if they are transformed into corporations.

The position of the economic and the cultural rationale are dependent on what various external and internal stakeholders perceive to be the purpose of universities and how strong they are in affecting the institutions. The cultural rationale came into being at a time when society and the role of universities were different than they are today, and at present the economic rationale seems to supersede the cultural rationale. The economic rationale is expanding, from involving professors who charge fees for sharing their knowledge, to becoming a part of the informational/global economy. This appears to provide the economic rationale with enhanced legitimacy and greater power to challenge the cultural rationale.

An offensive instead of defensive approach in their struggle to preserve the cultural rationale can be crucial for academics. It is not sufficient to deny and suppress the enhanced presence of the economic rationale or continue work unaffectedly. A denial of the state of affairs threatens the legitimacy of universities. Neither is it satisfactory to attack the economic rationale and the market forces. The challenge is to find ways to develop the cultural rationale for continued and increased relevance, as it needs to be readjusted to fit the new situation. The economic rationale must be counterbalanced, and to attain a balance in the legitimacy of universities the cultural rationale has to be a worthy contestant. Academics have to be active

in creating, communicating and justifying the continued relevance of the universities cultural aspects.

6.5.1. Democracy, plurality and communication

What can be important to consider in the further development of the universities? If the commercialization of universities continues, it can become difficult for them to preserve their integrity. The development can lead to public resources being used in projects partly sponsored by corporate interests, with the result that knowledge is defined as intellectual property and becomes unavailable to the public (Delanty, 2001:123-24). The future university legitimacy can therefore benefit from a democratic development supported by a democratic rationale along with the constructive aspects of the cultural and the economic rationale. “The university (...) is in a unique position to be an outspoken advocate for revitalizing democracy and for pursuing social justice in the face of changes that threaten both” (Newson, 1998:310). The new role for universities can emerge from their potential role in the democratization of knowledge, as knowledge is becoming more democratic because an increasing number of actors are participating in its construction (Delanty, 2001:6). More democratic universities have to provide opportunities for users not only from industry and business, but also from other domains in society to participate in creation of knowledge (*ibid*, 113).

Communication is central in the democratization of knowledge. Universities can increase their role in communication of knowledge to compensate for a decline in their exclusive role as producers of knowledge. By including as many voices as possible in the construction of knowledge, reflexive communication can arise and universities will become sites for plurality where all voices can be heard (Delanty, 2001:153-54).³⁵ The academic personnel can regard themselves as reflective practitioners rather than as experts, and work in interaction with external stakeholders, resulting in an expansion of both parties cognitive capacity (Schön, 2000). In a more communicative university continuous interaction between social actors within and outside the institution can contribute to reflexive knowledge, better solutions, and more relevant research. In addition Castells argued that a close relationship between the

³⁵ Delanty’s concept of reflexivity involves processes of articulation and social construction that are not under control of a single social actor, but take place through interaction between actors (2001:154).

producers and the users of the new technology could determine the development of an informational society.³⁶

Another important aspect of the new role for universities can be to expand society's cognitive capacities, as a trivialization of knowledge is occurring especially through mass media (*ibid*, 7). To maintain the cognitive capacities of society, universities should endeavor to be the most proficient institution in transmitting information from producer to user (Delanty, 2001:119). The important challenge for universities is to be sites for public debate and dispute, and to link knowledge with human interests. In counteracting the decline of the public sphere universities can focus on opening up sites of communication in society, becoming key actors that enhance democratization of knowledge simultaneously as they increase their relevance and importance (*ibid*, 7-9). The academic professional coordinating force can start to work for a re-humanizing of their institutions into "humanversities". They should strive to maintain higher order thinking as the core activity in universities, and reverse the economic rationalist policies that are currently becoming part of universities (Duke, 2002:153). An alternative to the market model of the corporate university should be made possible, with universities benefiting from strengthening their democratic element. Universities can become "demoversities", meaning institutions that emphasize both human and democratic values.

"On the one hand, internal changes reducing the power of scientists in favor of students, administrative/technical staff and external groups are claimed to be important measures in creating a more democratic university. On the other hand, reducing the influence and power of the scientists means reducing the capacity for independent critique of the political, administrative, and corporate power holders in society. This may reduce democracy in society at large" (Tjeldvoll, 1998:120).

In relatively autonomous institutions that are protected from strong commercial powers, the cultural rationale can support democracy by providing critical voices through academic freedom. The role of academic personnel in maintaining democracy is crucial and of the utmost importance. However their importance in reflecting, producing and communicating independent research and critique presupposes that they are active and responsive in regard to

³⁶ cf. 3.1.

their surroundings, and not unproductive and uncooperative protected by tenure. The economic rationale can aid democracy through dismantling some of the power held by academic personnel and divide it between other stakeholders, resulting in academic personnel that are more responsive and communicative. This indicates that a balance between the economic and the cultural rationale can be most beneficial to democracy.

6.5.2. Universities for the empowerment of people

Why is it important to have a stronger emphasis on democratic justification of universities? The word democracy stems from “the *kratos* of the *demos*, the power of the people” (Castoriadis, 1997:340). The autonomy of a democratic society assumes autonomous individuals. People are sovereign in a democracy and it holds the potential for free creation in society, as well as offering people the opportunity to create meaningful lives for themselves (*ibid*, 340-42). Democracy presents individuals with a chance to express their opinion with possibility of affecting the course of action. A democratic progression can represent the required balance to potentially unfair economic-global development. The network society and the informational/global economy do not provide an advantage to everyone, as economic rationality and the market tend to favor the strong minority. At present education divides people between programmable labor and generic labor, and when individuals pay for education instead of the state it will benefit individuals with the proper resources, allowing only them access to become a part of the programmable labor force. This can lead to a situation where gifted people with limited fiscal capacity may find it difficult to attend universities. These developments will be self-reinforcing and represent a democratic problem. Social reproduction seems to be a problem with both the economic and the cultural rationale, giving reason to develop a democratic rationale. It is important that education is accessible to individuals, as it will determine their share in society’s wealth (Castells 1998:385). Moreover it is beneficial for societies and its actors to encourage as many individuals as possible to take part in higher education, as social actors that are empowered by knowledge will contribute to societal development (Delanty, 2001:21).

If universities aid the creation of more democratic knowledge by involving the participation of people from all domains in society, they can contribute to the expansion of society’s cognitive capacity. They can play an important role in increasing democratic awareness and

the skill and knowledge that enables people to influence their surroundings. It is important to empower people in a time that has been claimed to be “the most conformist phase in modern history” (Catoriadis, 1997:346). People declare the freedom of the individual, while in fact everyone is strongly influenced by television and “unlimited expansion of production and consumption. The individualistic form is filled by the dominant social imaginary” (Catoriadis, 1997:346-47). This signifies a need for people’s awareness to be heightened.

6.5.3. “Demoversities” – an institutional reality

How can democratic universities become a reality? The university culture is imperative if universities are to succeed in changing from elitist institutions to democratic institutions. A culture that is receptive to change is important in transformation, however it takes time to change structures and especially culture. “What faculty and students do is what the institution becomes” (Clark, 1998:145). Culture represents the shared assumptions and accumulated learning of a group and is therefore difficult to change (Schein, 1999:29). An institution should be developed from within instead of being reformed from the outside. It is easier to achieve transformation if the culture is supported and change can happen collectively. If a transformation is mainly structural it tends to underestimate cultural assumptions and working relations, and overestimate the possibility of changing current practices. The important aspect is therefore not re-structuring but re-culturing (Hargreaves, 1994:260-67). The greatest challenge for the idea of democratic universities is to be embraced by the academic and administrative staff. If such an idea is adapted it will develop differently in regards to the institutional reality it becomes a part of.

Who can the academic personnel cooperate with in developing democratic universities? To avoid commercialization universities should decrease rather than increase their reliance on corporations as stakeholders. Universities can collaborate with different interest groups and the community in attempting to keep knowledge free and public rather than contributing to a privatization of the world’s knowledge. Universities should be genuinely engaged in serving the broader needs of society and finding ways to make knowledge available to less-resourced individuals, communities and institutions. Universities should resist adaptation and try to influence the forces of change, meaning that their focus should not solely be on economic

growth and the available resources should be used to find creative responses to globalization (Newson, 1998:308-9).

The academic staff has to share their power as it can contribute to democracy, and one place to start can be with cooperation and mutuality between academic and administrative staff. How can the administrative staff contribute to the development of "demoversities"? The academic and the administrative staff have to cooperate in order to change the current trend aimed at efficiency and accountability, as collective action is an advantage to succeed. Administrative staff has formal and informal networks at several levels within and between universities that can be used in creation and exchange of knowledge (Gornitzka and Larsen, 2004:463-64). Communication between staff and the external environment is important, as well as among the staff themselves. It would be beneficial for administrative staff to spend time outside of the institution promoting the purpose of the university, and in addition both staff and students can work as ambassadors for the university (Duke, 2002:76-77). If individuals, the media and even corporations find the mission of these democratic niche universities constructive and valuable they may contribute in creating a positive reputation capable of yielding resources. If the idea of "demoversities" spread it can be further facilitated by creating networks between institutions, and consortiums can be established to pursue mutual interests and objectives.

The academic and administrative personnel can ally themselves with local communities, interest organizations, grassroots movements and individuals to defeat the current development where the system-world is replacing the life-world. There are millions of people currently involved in movements with a common concern about corporate interests downplaying public interest (Hertz, 2001:251). A critical mass can attend and support "demoversities", playing a crucial role in altering globalization into a force that works at the level of the people, creating a fairer world.

6.5.4. "Demoversities" – a political reality

Through communication with the public, the academic and administrative personnel can indirectly influence the goodwill of the political and bureaucratic coordinating force. An

alliance between the public and institutional staff can promote the democratic project, and a public debate on the purpose of universities can revitalize democratic and cultural values as vital alternatives to all-consuming economic values. If the democratic public want to inhibit academic capitalism and keep knowledge free, this is likely to be reflected through funding and legislation. Norway is a prosperous country and the choice about what universities the society needs and wants can still be posed, as the state can afford to fund public institutions. That political and bureaucratic coordinating force are willing to prioritize resources for R&D without directly relying on business and industry to contribute first is a precondition for the existence of universities legitimized by a democratic rationale and free, public knowledge.

University staff can also communicate directly with stakeholders in the political and bureaucratic coordinating force, and through cooperation they can develop “demoversities”. Central political forces in Norway support democratic development believing that education in Norway is a public responsibility, and stress the importance of higher education being accessible and available for everyone (Innst. O. nr. 48 – 2004-2005:6). They further state that autonomous research institutions are one of the founding pillars in an active democracy (Innst. O. nr. 48 – 2004-2005:8). A new law that comes into effect in August 2005 for universities and university colleges states that institutions of public higher education are not able to charge student fees without special permission granted from the UFD (Law on Universities and University Colleges, 2005: § 7-1). Introducing low entrance fees as part of the legislation is essential if democratic universities are to become a reality. Laws and rules are increasingly made on a global and international level in the network society, but laws passed on a national level can better secure democratic and academic values, as it is easier for voices representing the people and the interests of universities to reach the decision makers. This means that global and international policy along with economy influence national higher education, complicating the creation and existence of “demoversities”.

If the idea of democratic universities is pursued, is it still possible to compete internationally with entrepreneurial and elite universities? This is an explicit objective in Norwegian educational policy, but currently there are some drawbacks in international competition, such as the language, price level and climate. A good international reputation can be facilitated by independent research of good quality and is a competitive advantage that tends to attract resources (Tjeldvoll 2002:23). “Demoversities” can be sites for independent research of high

quality, as they are based on a democratic rationale that includes free research and knowledge. It is possible that the creative and academic freedom related to “demoversities” rather than the academic capitalism that is part of corporate universities is more appealing to many skilled academics. Universities based on the democratic rationale can be an alternative for researchers who are more occupied with freedom than remuneration. Based on independent research of good quality knowledge can be produced for the public, resulting in international acknowledgement allowing “demoversities” to compete over high quality researchers and resources, without becoming commercialized.

The realization of “demoversities” depends on sufficient funding from the state, which can be secured through legislation. Legislation can also safeguard the democratic rationale, protecting knowledge from becoming subjected to academic capitalism. Furthermore it can shield the quality and content of education from the instability of the market mechanisms, such as fee-paying students with ever changing demands and corporations operating with hidden agendas.

6.6. Delimitations to the democratic rationale

There are good reasons for supporting the democratic rationale, but it also has potential drawbacks. One can be the simple fact that it may be difficult for academic staff to share power with other stakeholders and give up their advantages. They also have to find constructive ways to deal with an ever more diverse student population. In addition a larger focus on democracy, communication and cooperation may get in the way of free research, by consuming too much time and resources. Moreover it presents a shortcoming if institutional democratization diminishes the status of university degrees and universities, since the position and importance of universities in society is connected to academic certification that determines access to positions of importance, wealth and status. If universities are open to everyone this mechanism breaks down and can significantly weaken the status of universities. It is essential to find ways to develop democratic universities that do not result in the trivialization of knowledge.

Transforming universities into democratic institutions will be radical, because traditional legitimacy and status of universities have been based on them functioning as fundamentally undemocratic elitist institutions. The shortcomings in the democratic rationale indicate that “demoversities” might benefit from combining strengths from more than one rationale in maintaining their legitimacy. To manage and overcome obstacles of the democratic rationale presents a challenge to the development of more democratic universities, but solutions may be found through cooperation and reflexive communication between internal and external stakeholders. It requires the institutional freedom and academic creativity that universities have always struggled to maintain, which is currently challenged by the expanded economic rationality.

6.7. Summary

The cultural rationale has historically been imperative in justifying universities. In relation to contemporary development the economic rationale has increased its importance to an extent where it is perceived by some to supersede alternative rationales in legitimizing universities. This leads to values such as institutional autonomy, academic freedom and independent research being at stake. Creativity and critique are not automatically secured through a cultural rationale advocated by powerful academic staff, since this can result in inefficiency and a lack of willingness to cooperate with external stakeholders. None of the rationales alone seem sufficient in legitimizing the purpose of universities, and they both lack some capacity in dealing with a continued democratic societal development.

The progress of a strong economic rationale and academic capitalism can be perceived as inevitable, but it is possible to imagine alternative courses of events that can be realized if one assumes that people are the creators behind societal structures. One alternative development to commercialization of universities has been accounted for, that does not involve the restoration of universities as elitist cultural institutions. Cooperation and the sharing of power between academics and administrators will benefit the democratic development of universities, but they have to overcome their disagreements on universities as either cultural or commercial institutions. Communication and collaboration with politicians, communities, interest organizations and individuals can enhance the creative potential and are prerequisites

for the creation of “demoversities”. Universities based on the democratic rationale can contribute to the individual actor’s wealth and self-worth, and through empowerment social actors can contribute to societal development. The “demoversity” is a place for plurality, knowledge creation and communication that has the potential to develop individual awareness, society’s cognitive capacity and contribute to a sustainable development for the future.

7. CONCLUSIONS

The main purpose in this thesis has been to investigate to what extent the global commercialization of higher education influences Norwegian universities as cultural institutions. This query has been addressed through four research questions, to which three conclusions are presented in this chapter.

7.1. Economic and cultural justification of universities

The first conclusion relates to the economic and cultural rationale and their role in legitimizing universities. Five different rationales that justify the purpose of universities have been analyzed with emphasis on the cultural and economic rationale. The cultural rationale has a long tradition in giving legitimacy to universities, and includes aspects such as institutional autonomy, academic freedom, independent research, knowledge with inherent worth and “bildung”. The economic justification of universities focuses on the instrumental relationship between institutions and their stakeholders, as well as on useful knowledge production. Current tendencies are enhancing the economic legitimacy of universities, as knowledge has become imperative in global competition and states are giving up full funding for universities making them dependent on the market. This shift is bringing about increasing demands for efficiency and useful knowledge, requiring institutions to become more responsive and demonstrate that they are relevant and beneficial to society.

The significance of the economic rationale in legitimizing universities has escalated over the last decades. Its expansion falls together with an increased student population and intensified technological development that facilitates the network society and the informational/global economy. The economic rationale appears not only to have increased in importance; it has also been transformed by new structures such as the informational/global economy. The economic legitimacy is reinforced when the economy increasingly becomes global and universities are believed to produce knowledge that can render competitive advantages for national economies. The instrumental understanding of knowledge is likely to supersede the appreciation of knowledge as an end in itself. In addition to their role in creating useful knowledge and educating programmable labor that can contribute to economic growth, the

institutions themselves can be commodified and their services traded internationally benefiting national economies. The development is not all one-sided, but it looks as if the economic rationale is supplanting the cultural rationale in giving legitimacy to universities.

7.2. Stakeholders relations to commercial and cultural institutional development

The second conclusion concerns the relation between the rationales and stakeholders that affect the development of universities in either a commercial or a cultural direction.

Stakeholders on a global and international level promote the economic rationale, as do the political coordinating force and the coordinating force of the market. Furthermore prevailing structures that influence actors on a global, international and national level promotes the economic rationale. One of these structures is the SWPN regime, an economic system that emphasizes competitiveness as opposed to full employment, with welfare benefiting businesses first and individuals second. Under the KWNS system universities were largely funded by the state with citizens paying for the decommodified, non-tradable services via taxes. Today the economic aspect is an imperative part of universities and their knowledge production is becoming increasingly tradable. Both the EU and the WTO members are urged to think about universities as commodities in the informational/global economy. Moreover, several other global organizations encourage an instrumental understanding of universities, rendering the economic rationale with powerful ambassadors. It is a cause for concern that rules for trade with education through GATS are decided upon in the WTO, as member states have unequal votes in decision-making processes. In addition GATS has the potential to weaken and restrain the power of national governments and strengthen the power of the market and the WTO. In the network society and the informational/global economy it is the dominant actors that are able to participate in and influence progress.

Norwegian universities are still strongly influenced by the political and bureaucratic coordinating force, as this is their main source of funding. Important actors in the political coordinating force promote neo-liberal values and contribute to strengthen the economic rationale. The lack of funding from the government pushes universities to search for alternative resources, turning them into commercial institutions that are more dependent on the market. In other countries similar circumstances have led to a decline in resources,

downsizing, lower wages and more academics required to work part-time; a development that seems to contradict national aims to encourage high quality research and education. In a more competitive situation where the economic rationale is prevailing intellectuals can easily be reduced to producers and students to consumers, with their worth valued by their potential economic contribution. Cross-institutional cooperation that benefits society becomes complicated if universities are commercialized, primarily concerned about creating revenue. The commodification of universities directed by the market force, consisting of students or powerful corporations, may jeopardize their public, creative and critical role.

The academic professional coordinating force can represent a counterbalance to the coordinating force of the market and the political coordinating force by emphasizing the cultural rationale. Academic freedom to be creative and to present critique of the society, state and the market is unique and needs to be protected, as does disciplines that are not suited to commercialization. However it is important to be aware that the academic preoccupation with protecting professional autonomy and other privileges can come to dominate over responsiveness to the needs of the public. It is crucial for universities to maintain their legitimacy by being responsive to their surroundings and following societal developments, as it is impossible for them to be completely autonomous. The increased market influence forces universities to be more receptive, but they should not constantly have to adjust according to different external demands, as universities must be more than an instrument for the state or the market.

Many academics do not approve of the commercialization of universities fearing that the expanded economic rationale supported on a global level will overshadow alternative or supplementing rationales. They want their institutions to be more than just another part of the economic sector based on economic rationality. It can be argued that unlimited economic growth is not necessarily the ultimate way to human progress, in fact it is probable that human existence is threatened by increased reliance on simplistic market mechanisms and logics. If universities take the commercial pathway they may be limited to produce knowledge that is regarded to be useful in contemporary society, and only commit to research that yields revenue. Alternatively if universities can resist adaptation to the market they will be capable of finding creative responses to alter the unilateral economic development, and if succeeding the institutional legitimacy and autonomy will be strengthened. When the academic

coordinating force promotes the cultural rationale they want strong independent universities where academic freedom and research is protected. The state can assist universities in their resistance towards market adaptation and in the protection of important cultural values through sufficient funding and legislation.

The cultural rationale has traditionally had a strong position in giving legitimacy to universities, but it may have been most suited to legitimize universities as cultural institutions inhabited by the cultural elite. With the development of society universities have had to adapt and become more open and responsive to increased external demand. Interestingly in this process the economic rationale has gained momentum and universities are becoming increasingly commercialized, missing the chance to progress as cultural, democratic institutions. This process is likely to result in elitist universities based on the economic rationale, inhabited by the economic elite. A development towards consumer-based education where access to universities is closely tied to affluence cannot be understood as progress in Norway, where equality traditionally has been a highly appreciated quality.

7.3. Cultural and economic counterparts resolved

The academic resistance towards the commercialization of universities can be characterized by defensive strategies embracing universities as cultural institutions, as opposed to offensive and creative strategies allowing for rethinking of universities and their legitimacy. In Norway the question about what universities the society needs and wants can be posed, as the state is affluent and universities not yet privatized. The final conclusion concerns how universities can defend their legitimacy without being a cultural or a commercial institution.

Neither the economic nor the cultural rationale are sufficiently preserving democratic aspects, although they both can contribute to democracy. This is why this thesis is arguing that a democratic rationale is needed to legitimize current universities. Universities have been fundamentally undemocratic elitist institutions supported by the cultural rationale, and the elitist aspect will not necessarily change with an increased economic legitimacy of universities, as they both contribute to the reproduction of social inequalities. In maintaining institutional legitimacy it is important for universities to be responsive and keep up with

changes in society, as they have been criticized for being too critical and of little practical use. They should continue to be critical to the market, the state, international and global institutions, but in addition they should enhance their amount of self-criticism. Universities should stress creativity, generate constructive alternatives to a unilateral commercial development, and preserve and expand a language that allows for culture and democracy. Creative responses to the increasing economic rationality should be a shared responsibility between internal and external stakeholders, developed through reflexive communication that includes diverse voices contributing to the development of society's cognitive capacities.

Cooperation between internal stakeholders, and between internal and external stakeholders is important for development of universities based on the democratic rationale. The administrative staff has to put less emphasis on the economic rationale, while the academic personnel has to rethink the cultural rationale. Moreover the democratic development of universities depends on active cooperation and communication between the institutions and individuals, interest organization and the state, both to develop knowledge and to receive financial support. Corporate influence through cooperation can be valuable, insofar as the impartiality of scientific research is respected and the cooperation does not lead to academic capitalism.

Universities as elitist institutions may ease the work of academic personnel, and benefit those who are certified for high status positions in society, but not the majority of people. For individuals it is important to get access to education as this determines what part they get in the sharing of society's wealth, and it is beneficial for societies and its actors to make as many individuals as possible take part in education, since social actors that are empowered by knowledge will contribute to societal development. If the democratic rationale becomes vital for university legitimacy, it can contribute to a fairer distribution of education that is in line with human rights. The democratic legitimacy will be based on and supported by the same individuals that it is empowering, creating a mutual reinforcing circle of legitimacy between universities and individuals.

The state representing the public and the democracy should be the main funding source of university activities. Basic institutional funding has to be increased to secure an appropriate level of research rather than being decreased and left as a shared responsibility between the

market and universities. When the state pays the study-fees and is responsible for the majority of research funding, everyone have an equal financial possibility to attend universities, and privatization of knowledge and the deterioration of society' cognitive capacities can be counteracted. For "demoversities" to become a reality it is imperative that aspects of the democratic rationale are guaranteed through legislation. A democratic development of universities represents a constructive alternative to a commercial development and is likely to be only one of many, if time and effort is spent in universities to rethink the rationales aiming at the revitalization of non-economic legitimacy.

7.4. Propositions for further research

Continuing to monitor the direction universities are steered in by stakeholders are both interesting and of great relevance for universities and society. It would be beneficial to gain a more thorough understanding of the dynamics between different stakeholders. Will the market become the dominant stakeholder in relation to universities, after centuries with close ties between the state and universities? Further it might yield useful insights for universities as well as the government to investigate to what extent Norway can influence rules for trade with higher education agreed upon in GATS.

The struggle over power to define the purpose of universities has for the time being culminated in the resignation of a talented and popular professor at the UO. He finds the current focus on management strategies untenable, as all the planning hampers creative impulses, trust, happiness and enthusiasm, obstructing rather than ensuring research (Bjørkvold, 2005). The UO seems to be under increasing pressure to commercialize their activities, and renewed research about attitudes toward transformation will be significant to help gain an understanding about the current situation and predicting the future. New knowledge can be gained by research that compares findings from the UO with results from other Norwegian universities, and with findings from universities in other countries.

In research on the current development of universities attention can be directed towards university strategies at an institutional level and compare this to occurrences in practice at an individual level. How does academic and administrative staff perceive the increased

commercialization to influence quality in universities, and how do they understand quality? What is done to prepare the institutional culture for commercialization? How would academic and administrative staff consider a more democratic role for universities in the production and communication of knowledge? What alternative and constructive strategies with the potential to restore and preserve university legitimacy are actively regarded by academics? These are some important questions to be posed in determining the development of the purpose and legitimacy of universities. Research should be conducted at micro-, meso-, ekso- and macro-level in order to obtain holistic understanding of the situation.