

The State, the University, and Capital: their Relations through Fukuyama's Lens

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Introduction

In his most recent book, *Political Order and Political Decay: From the Industrial Revolution to the Globalisation of Democracy*, Francis Fukuyama (2014) argues that a well-ordered society requires a strong state, the rule of law, and democratic accountability. It is also a strong state that must come first, while states that democratize before acquire the capacity to rule effectively, are likely to fail. In this short essay, I attempt to translate Fukuyama's thesis into the domain of higher education, that is, using it as a lens to revisit the relations among the state, the university, and capital—which dictates the market. It is a revisit because Burton Clark has provided an influential model for governance and authority relations analysis in higher education. Then, how does Fukuyama's argument relate to Clark's (1983) "triangle of coordination?" Above all, I see higher education as an open system that is in close contact with and responding to pressures from an external environment. In a demand-response equation of environment-university relationships, the university may be seen as easily moving into a stage of disequilibrium and demands on the university often outrun its capacity to respond.

Clark's Triangle of Coordination and Its Limitation

In a broad sense, Clark's "triangle of coordination" is a model that attempts to illustrate how order can emerge from complex higher education systems that encompass many different goals, beliefs, and forms of authority. Incorporating the state, the market, and the

academic oligarchy as the primary forces that dominate coordination of higher education systems, the triangle offers a dynamic model through which order in higher education systems can be properly analyzed, and how academic activities are concerted through interactions between the forces can be well understood. Despite its merits, Clark's "triangle of coordination" seems to show some degree of "decay" towards transformation that encompasses significant changes in the higher education sector and the society at large. First and foremost, though this model desires for an equilateral pattern among the three forces, they work in reality in resemblance to three elastic bands that join in at one end and tug towards different directions. Some thus argue that, in this model, those three forces are mutually exclusive from one another, that is, a kind of "zero-sum effect" of these three modes of coordination (Maggio 2011). In real world, however, a system might be oriented strongly and simultaneously towards two forces, which in Clark's model are supposed to be alternatives. Indeed, recent years have witnessed simultaneous moves towards more reliance on market and greater government direction in many jurisdictions, which is inconsistent with Clark's model. Even importantly, the model appears to be problematically static to address significant changes in the role of the state in contemporary phenomena such as privatization and globalization. In particular, this model serves to direct a great deal of increased attention to the role of the market in higher education, as the state demonstrate a tendency to rely on more market-like mechanisms for the coordination of higher education systems (Bok 2003; Dill 2003; Kirp 2003), which is itself an indication of convergence of two modes. Furthermore, forces of globalization apply uniform pressures across all higher education systems and the way in which systemic behaviors increasingly converge towards common responses.

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Fukuyama's Argument for Raising the Role of the State

Clark's triangle is not a normative model, even though followers of his thesis generally hold that higher education should be free of state control (Johnstone 1999; Larabee 1997; Pusser 2008). In particular, they argue that much of higher education systems should be generated by unordered market-like interactions and not by the planned solutions of bureaucrats and politicians. Clark has then identified some aspects as effective factors of the entrepreneurial university. The entrepreneurial university is characterized by increasing market-like behavior and governance, and develops towards resembling a shopping mall (Clark 1998a, 1998b). The thrust of such thoughts appears to have helped diffuse academic capitalism ubiquitously, whereby faculty employ market-like behaviors in order to compete for resources from external resource providers. The lack of sufficient government support is gradually turning university research from an independent, focused and curiosity-driven activity to a commercially motivated effort with short-term benefits in mind. This market behavior can be seen as governing a wholesale restructuring of higher education, including substantive organizational change, changes in internal resource allocations, changes in the division of academic labor with regard to research and teaching, the establishment of new organizational forms, and the organization of new administrative structures as well as the reconfiguration of old structures (Maggio 2011). Here, the question is whether or not the entrepreneurial university (despite of its claimed responsiveness, efficiency, and innovativeness) is in the optimal interest of the society—even of all parts of the university or of all universities.

Abundant literature has taken on this theme. Here, I would briefly touch upon it from the angle of the relationship between the society and capital. Ever since market is in place, capital has gradually been dictating the relationship among the state, the society and the market. The capital tends to drive the market towards ruthless chase of its maximum interest. This has arguably caused the state's policies and actions that serve to offset the market forces. Now with a much greater free-

dom brought along by globalization or the emergence of a global market, capital finds it much easier to get rid of the state's regulations and restraints, and those democratic arrangements in a particular society. Thus, bit by bit democratic politics loses its regulatory authority and independence upon an increasingly capital-driven market. Putting it in another way, liberal democracy is now less and less capable of controlling the voracity of capital in the market. Rather, it has become dependent on and even "controlled" by capital in an era where the apparatus of politics turns out to be quite costly. The university is not immune to such changes and has become ever vulnerable to uphold excellence and equity together. A salient example is the robust growth of for-profit universities. Between 1995 and 2010, the number of for-profit universities soared from 343 to 1,313 in the US. They even leverage public resources to boost their own growth. While enrolling 13 percent of American college students, they took one quarter of the total of federal student loans (Mettler 2014). This tendency continued until most recently when Obama administration started tightening regulations upon for-profit universities from 2011.

Precisely in this context, Fukuyama's argument is relevant. He asserts that democracy has somehow exacerbated existing failings of social governance, rather than correcting for them, because it erodes the capacity of government to exert its authority, by subjecting it to too many conflicting demands, including those of market capital. For its part, the university is better conceptualized as being nested—together with the market—within the state (Pusser 2008), rather than existing as discrete and mutually exclusive modes of coordination. In this formulation, the state is simultaneously an actor as well as an instrument of contest, acknowledging the legitimacy of market and the interests of academic estates as they pursue their own goals. This formulation understandably becomes dysfunctional when the state is weak. Typically, a democratic but weak state is characterized by the "Washington Consensus" type behaviors (Rodrik 2006), which are associated with neoliberal policies in general and easily drawn into the broad debate over the expanding role of a free market that in turn ushers in constraints upon the state. As a result,

governments often make responses to social crises with no due diligence. In Clark's triangle, it is argued that key academics are often able to transfer local power to regional and national levels, to expand the academic interest. This is possible through their holding privileged positions, both in access to central offices and in terms of being a key constituency of concern to select political and bureaucratic officials. Yet, this may hardly be effective with a weak state.

Taking Fukuyama's Thesis to Real World Higher Education

Now I attempt to apply Fukuyama's thesis to changes in the role of the state with respect to evolving relationship between the state and the university. At the heart of Fukuyama's argument is a tension (or vector) between the positive and negative sides of democracy. The present democratic discontents in the Western societies (e.g., the politics of complaint happening in the US and to a lesser extent in the UK over the past generation) serve precisely to weaken the state's administrative competency and create a kind of "vetocracy" (whereby too many conflicting demands lead to that no single entity can acquire enough power to make decisions and take effective actions). Arguably, the political disturbance of this nature serves to exacerbate the "organized anarchy" in the university, an enduring dilemma of university management in many Western systems, which precisely characterizes competing interests, objectives, and outcomes in the institutional setting. This is more likely to be true when entrepreneurial universities suffer from "demand overload," whereby "universities are caught in a cross-fire of expectations" (Clark 1998b, p. 6). Indeed, a kind of scholastic inflation in a knowledge era has made universities (particularly the public ones) hard to maintain its status quo (Eastman and Lang 2001), but drawn into constant changes that are often beyond their own control and thus require clear steering.

To provide a contrast, Fukuyama asserts that the East Asian tradition (whereby a strong central government preceded democracy) could enable the state to survive the empowerment of the people and maintain

the capacity to rule effectively. Thus China is often cited as exemplifying a strong government, and, in spite of political drawbacks, can arguably "impose the politically difficult but critically important policies needed to move a society forward" (Friedman 2009). Indeed, China takes advantage of a strong state when simultaneously pushing for higher education enrollment growth, constituting new governance structures and seeking to build world-class universities in the past two decades. Driven by the state will, Chinese higher education enrollment grew at an annual rate of 17 percent between 1998 and 2010. During the peak years of expansion, China's fiscal appropriations for higher education increased annually at 17.4 percent between 1998 and 2006. Now in the post-expansion era, in order to address equity issues resulting from the expansion and differentiation processes, the Chinese state made it explicit in a major strategic planning blueprint that the government sector (including the local governments) must take a principal responsibility for advancing education equity, while other societal sectors need to put forth effort as well (State Council of China 2010, Chapter 1, Clause 2). Most recently, for the sake of improving efficiency and relevance of higher education, Chinese government is planning to convert around 600 local universities into a new type of institutional fabric on Chinese soil, that is, universities of applied sciences, aiming to create a binary higher education system that extends to the university level—from the current unitary and stratified one where all institutions are governed and measured according to one single set of criteria (Zha and Wang 2014). These policies and moves (in particular when taking into account their scale and effectiveness) can hardly be imagined in any other systems.

Signs of the moves characterizing the State's will can be observed in democratic societies in the West as well, which indicates their adaptability and necessity in various contexts. To provide an example, the Australian government established a new perpetual Higher Education Endowment Fund (HEEF) with an initial investment of \$5 billion from the 2006-2007 surplus. The HEEF is structured so that it can receive philanthropic donations from the private sector and, on request, man-

age individual institutions' endowments. The HEEF income is distributed annually to individual universities for capital works and research facilities. After 2009, the HEEF is merged into Australia's Education Investment Fund (EIF) (Commonwealth of Australia 2009). The HEEF/EIF essentially creates a state endowment program for the aggregate of Australian universities. As such, it enjoys the double advantages of state credibility and market flexibility. In a sense, the Australian move sets a new direction of reinforcing state forces in university operation in a democratic context. In the US, the newly unveiled America's College Promise proposal promises greater access and social mobility through a government initiative to make two years of community college tuition free. Although its success remains to be seen, it reflects the assumption that the state needs to assume an aggressive role to address equity in access to higher education—this time via boosting community colleges.

Conclusion

As an academic entity, the university is often in a weak position to mediate the demands of market and social needs. If the state can be utilitarian, the market is even doomed so. Whereas research independence has turned the university into a powerful knowledge center over the time, short-term product formats in research may inhibit intellectual creativity (Organisation for Economic Cooperation and Development 2008), and result in the loss of all the things we turn to the university for, "breadth of knowledge, far time horizon and independence of voice" (Conlon 2000, p. 150). Globalization has enabled neoliberalism/academic capitalism and market forces to increasingly take hold of higher education everywhere, and growing commercialization of knowledge has gradually become "the norm" to the detriment of future research. Against such tides, liberal democracy appears to be facing the challenges of too many conflicting interests and pressures. Likewise, autonomous universities may be passive institutions—they may live for the past or get lost in face of conflicting demands, rather than rigorously look to the future. For its part, the state needs to stand up and play the role

of "gatekeeper" arbitrating market, social, and academic interests. The Chinese and Australian experiences, among others, show that the state acts as a powerful and an effective agent for initiating extraordinary changes in higher education. Here the central question is to what extent the state is going to truly protect and develop the interest of academic estate. The answer to this question relies a great deal on whether the state chooses to lean more towards the academic estate or the market. Arguably a strong state is less likely to be compromised by market forces, and more capable of advancing its own vigorous higher education agenda.

Clark's development of the triangle was a reflection of his dissatisfaction with existing means of understanding how authority contributes to order in higher education systems. His triangle, however, does not allow for multiple forces to act in unison, such as the academic estate with the market, which is often the case nowadays. The model also assumes each of these modes of coordination to be at least partially mutually exclusive from one another, which some argue as the "zero-sum flaw" of the model. In fact, rather than being mutually exclusive, the state, the market, and academic estate increasingly operate as interdependent instruments and actors of governance. The state could certainly choose to join with the market and drive higher education further towards market priorities—as it is argued that the market often works through the government to make changes to the university. Or, the state could become an enabling agent to propel the university to make a fuller contribution to society. To sum up, a strong state may arguably be the key agent to coordinate, reconcile and ensure the four basic (and often competing) values in higher education, that is, social justice, competence, liberty, and loyalty, which are also claimed by Clark (2008). In this sense, Fukuyama's formulation could serve as a supplementary model to Clark's original triangle. Nevertheless, the complexity must be cautioned when drawing conclusions about the application of Fukuyama's model to comparative higher education, because of the difficulty of measuring "democratization" and "the capacity to rule effectively" as well as the efficiency of higher education reforms.

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