Public Policy Thinking and the
Challenges in Canadian Higher Education

Notes for a Keynote Address to the
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Introduction

It is an honour to be invited to give the keynote address to the 45th Annual Conference of the Canadian Society for the Study of Higher Education. I have entitled my address "Public Policy Thinking and the Challenges in Canadian Higher Education."

What, you might ask, is public policy thinking?

When I Googled "public policy thinking" I was gratified to find that there are relatively few prominent web pages where those three words are used in sequence, so I am free to devise my own definition. The conference program describes my topic as follows:

> "Viewed from the academy, higher education challenges include shrinking discretionary budgets, growing class sizes, accumulating deferred maintenance, changing student expectations, increasing pressure to research, and burgeoning reporting requirements. But viewed from outside the academy, the challenges go much farther. In his address, Professor Clark will suggest how Canadian citizens and their governments should view the public policy challenges in higher education today."

I want to use the term "public policy thinking" to help identify differences in perspectives from outside and inside the academy, that is to say the differences between the challenges viewed by informed citizens and their governments on the one hand, and the challenges viewed by those engaged in higher education on the other.

Clark Kerr, one of higher education's legendary public policy thinkers captured the sentiment when he contrasted the challenges of designing the University of California System with the challenges of responding to the daily demands he faced as a university president,

where he said the main job was "to provide sex for the students, football tickets for the alumni and parking for the faculty."

Permit me to indulge with two more Clark Kerr quotes. In 1963 he convinced the Regents to lift the ban on Communist speakers on campus and said: "The University is not engaged in making ideas safe for students. It is engaged in making students safe for ideas." But this stance did not endear him to all the powers that were to be. My very favourite Kerr quote just after he was dismissed in 1967 as President of the University of California System by appointees of the newly elected Governor, Ronald Reagan. Kerr said "I left the presidency just as I had entered it – fired with enthusiasm."

When I enthusiastically accepted your invitation to make this address I privately set myself the challenge of delivering it in the manner that I imagined Clark Kerr would have done – without PowerPoint and without a bibliography. However, I have not completely withdrawn from the world of technology or from the academic standards you would expect of an address to a learned society. In the pdf version of these remarks, a draft of which is available at [www.ian-clark.ca,](www.ian-clark.ca) the text includes close to 100 hotlinks to online sources.

The Atlas of Public Policy and Management

I am also using this talk to profile a web resource on policy thinking that a number of colleagues and I have been building over the last seven years. It is called the Atlas of Public Policy and Management – a public database of the courses, topics and concepts taught in the world's leading public policy and public administration schools, as well as policy and management advice provided by international government organizations such as the OECD.

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For the last three years the project has been financed by an SSHRC Insight Grant to study [Best Practices in Public Management](#). My co-investigator is [Leslie Pal](#), Chancellor's Professor at Carleton University, and we have been assisted by very able students at our respective public policy schools, and by [Ben Eisen](#), MPP 2009, an outstanding graduate from the first class of Toronto's Master of Public Policy program.

Defining public policy thinking

With the help of the Atlas of Public Policy and Management, let me propose the following operational definition of public policy thinking:

Public policy thinking is how students are taught to think by the professors who teach in public policy and public administration schools.

Now I will to go out on a limb and make two claims. The first is that it is not only professors and students in policy schools who bring public policy thinking to bear on sectors such as higher education; so do most of the influential advisors in and around governments. My second claim is that if public policy thinking is applied to Canadian higher education today, and account is taken of the best evidence and research available, a fairly clear picture emerges of five policy challenges.

To the extent these claims have merit, the higher education challenges I will present today should therefore represent more than just one person's view. I believe that they reflect what the majority of people trained in public policy have already concluded or would conclude if presented with the available evidence.

I will describe these challenges in the last 14 minutes of my talk. They lie in the familiar areas of: 1) cost control, 2) quality, 3) economic impact, 4; accessibility, and 5) equality *vs* efficiency. However, you will see that the challenges I identify through public policy thinking differ in important ways from the conventional wisdom in much of the academy.

Outline

I will proceed as follows. First, I will describe the architecture of public policy thinking as set out on the Atlas. Then I will describe how we have developed a detailed set of topics and readings based on syllabi from professors who teach higher education policy in public policy schools and how these could be used for an MPP or MPA course on higher education policy. Then I highlight a number of reports in the daily blogs from Academica and Alex Usher that underline the current context. And finally I will describe five challenges in Canadian higher education and assert that most readers who bring a public policy perspective to the material on the syllabi and the blogs would reach similar conclusions.

For the first step, let me briefly describe how the Atlas of Public Policy and Management documents the architecture of the public policy way of thinking.

On the Atlas we describe how our project has examined the competency standards for Master's level degrees in public administration and public policy published by the United Nations and by the Network of Schools of Public Policy, Affairs and Administration (NASPAA) and how we have used them in conjunction with the course listings and syllabi from 115 programs around the world to create 7 MPP/MPA Core Competencies, and how we have

identified 16 core [subjects](#), 120 core [topics](#) and about 700 core [concepts](#) that MPA and MPP students are expected to master to earn their degrees.

We can think of this core MPP/MPA curriculum as the essence of public policy thinking.

Let me give you a sense of this core architecture, which is typically provided in required courses in the first year of an MPP or MPA program. I will illustrate with topics from four of the core subjects.

- In their coursework in the core subject of [Economic Analysis](#), students are expected to attain a Master's-level understanding of topics such as [Consumer Theory](#); [Public Goods and Commons Problems](#); [Externalities](#); [Market Failure and Optimal Intervention](#); and [Game Theory](#).
- In their coursework in the core subject we call [Democratic Institutions and Policy Process](#), students are expected to master topics such as [The Political Context of Policy Making](#); [Federalism](#); [Public and Para-Public Institutions](#); [Media, Framing and Agenda Setting](#); and [Actors, Interests and Lobbying](#).
- In their coursework in the core subject we call [Policy and Management Analysis](#), students are expected to acquire a Master's-level understanding of topics such as [Rules vs. Discretion](#); [Policy Design and Instrument Choice](#); [Organizational Behaviour](#); [Implementing Through Markets](#); and [Implementing with Partners](#).
- In their coursework in the core subject we call [Socioeconomic and Political Context](#), students become familiar with topics such as [Income Inequality](#); [Education, Labour Markets and Low-Skilled Workers](#); [Indigenous Peoples](#); and [The Immigrant Society](#).

You can see that all these topics have direct relevance to most sectors of public policy, including higher education.

Curricular content on higher education policy

Within these core topics the students have had to learn how to apply several hundred concepts, many of which are crucial to higher education policy. To give you a flavour, here is a

sample from those that begin with P: [Pareto Efficient Allocations](); [Path Dependency]();
[Performance Measurement](); [Performance Reporting](); [Policy Window](); [Political Culture]();
[Principal-Agent Problem](); and [Productivity in the Public Sector]().

Students who successfully complete their required courses will have learned the essence of public policy thinking. And it has been my experience working in and with the Governments of Canada and Ontario, as well as the International Monetary Fund and several think tanks, that this way of thinking is shared by most officials in senior advisory positions within the public service and think tanks and by many staffers in political offices.

In addition to the required core, MPP and MPA programs typically offer elective courses in specific policy sectors so students can learn how public policy thinking is applied in particular sectors and what the major policy challenges are.

In our Atlas project we have mapped the entire field of public policy and management by dividing the public policy universe into 16 policy sectors. For example, [health]() is one policy sector and [education]() is another. Higher education policy forms part of the latter.

Although only a small fraction of the 115 MPP/MPA programs in our global sample offer courses in higher education policy, we have found three excellent courses where the schools have made the syllabi available online.

The first is called "[Tackling the Toughest Challenges in Modern American Higher Education]()" and was taught at the Harvard Kennedy School in 2013-14 by Richard Light, Carl H. Pforzheimer, Jr. Professor of Teaching and Learning at the Harvard Graduate School of Education.

The second is called "Higher Education Policy" and was taught at the Johnson-Shoyama Graduate School on Public Policy in 2011-12 by Michael Atkinson, former Executive Director of the School and Provost of the University of Saskatchewan.

The third is called "Higher Education and Society" and was taught in 2014-15 at Carleton's School of Public Policy and Administration by Adjunct Research Professor Edward Jackson.

We have used these three syllabi to generate 12 normed topics in higher education policy. The topics are normed in the sense that each is designed to have a volume of content capable of being taught in one course-week of instruction – nominally 3 hours of in-class work and 7 hours of outside-class reading.

We have named the 12 topics as follows:

1. The History of Higher Education: Public Policy and the Division of Responsibilities

2. The Public Interest and the Private Interest in Higher Education

3. Selectivity, Sorting, and Inequality in Higher Education

4. Tuition, Accessibility and Financial Assistance: Architecture and Purpose

5. Helping All Students Succeed in Higher Education

6. The Structure of Higher Education as Public Policy

7. Higher Education's Impact on Economic Development: Human Capital, Innovation and Research

8. [Higher Education's Impact on Social Development: Social Capital and Disparities in Income and Opportunity](#)

9. [Cost Control and Compensation in Higher Education](#)

10. [Assessment and Accountability in Higher Education: Quality Measurement, Quality Improvement and Quality Assurance](#)

11. [Governments and University Governance: Academic Freedom and the Public Interest](#)

12. [Technology and the Changing Policy Environment for Higher Education](#)

Like other normed topics on the Atlas, each of these has (or soon will have), a topic description, links to core concepts relevant to the topic, learning outcomes, a reading list drawn from available course syllabi, and a series of assessment questions.

Current context of Canadian higher education policy

You can see that these normed topics provide a rather detailed outline for a 12-week MPP elective course on higher education policy. If I were tasked with delivering such a course this fall, I would want students to familiarize themselves with current issues in Canadian higher education.

Fortunately, there is an easy way to do this. I would just ask students to do what most of us in this room have done and sign up for both of Canada's daily blogs on higher education.

They are, of course, Academica's [Today's Top Ten](#) and Alex Usher's [One Thought to Start Your Day](#). I would ask the students to skim, before the first class, all the entries for this calendar year, and I would highlight some for careful reading.

From the Academica blog I would highlight the following: [MRU budget tackles budget shortfall with tuition increase, program amalgamation](#); [Australia cuts research funding to give small businesses a boost](#); [uManitoba trims $14.4 M to achieve balanced budget](#); [MacEwan raises tuition, application fees amid budget uncertainty](#); [MUN exploring its options to deal with budget shortfall](#); [CEGEPs reallocate resources in protest of government-imposed bureaucracy](#); [CAUT threatens to sanction NS institutions that invoke Bill 100](#); [uRegina approves balanced budget with tuition increase](#); [NL budget cuts funding, but maintains Canadian undergraduate tuition freeze](#); [QC Education Minister questions departure bonus for uBishop's Principal](#); [Algoma's balanced budget raises tuition, closes residence](#); [uWindsor increases tuition 2.95% despite student protests](#); [NS introduces university accountability legislation](#); [Survey finds employers feel PSE is not preparing graduates for required roles](#); [MHC suspends intake to 4 programs](#); [AB budget to reduce public spending on PSE](#); [College administrators predict revolutionary change in next decade](#); [Rock says that to foster innovation, Canada must invest in universities](#); [uMoncton releases deficit budget, plans to freeze wages](#); [Capilano faculty launch strike action](#); [ON NDP education critic seeks to prevent double pay for PSE executives](#); [More labour action on the horizon as institutions struggle with inadequate funding](#); [Unionization on campus a reaction to corporatization](#); and finally, [Staff, students at uCalgary concerned about deferred maintenance costs](#).

This would give students an idea of the fiscal, political and labour-market context. Alex Usher's blogs would give them an idea of the underlying analytical issues. I would highlight: [Game-Changing Institutional Alliances](#) (on the implications of the announcement by Arizona State University to offer credit for EdX Massive Open Online Courses); [AHELO: Universities Behaving Badly](#); [Worst Set of Provincial Budgets This Century](#); [Budget Denialism](#); [Banning the Term "Underfunding"](#) (on how Canadian governments spend more than those of any other large OECD country on higher education); [The Alternative to the End of College](#); [Stop Saying Higher Education is a Public Good](#); [Performance-Based Funding (Parts 1-4)](#); [The Unbearable Mediocrity of Canadian Public Policy](#); [Universities and Economic Growth;](#).and [Classroom Economics (Parts 1-5)](#)

So, with that background on current context, and their first year's preparation in public policy thinking, what are the challenges that I believe students would draw from the readings in the Atlas's 12 normed topics on higher education policy?

First challenge: cost control

The first challenge is cost control. As the readings in Topic 9, [Cost Control and Compensation in Higher Education](#) illustrate, the challenge of cost control is endemic for provincial governments, particularly in the "broader public sector."

We have a classic case of the [Principal-Agent Problem](#), where the principal (the provincial government) needs the agents (hospitals or school boards or colleges or universities) to deliver the service but does not have direct control over the management levers. The challenge is compounded by the dynamics of collective bargaining in the public sector where

the services are often delivered by monopoly providers and the public can be held hostage in the event of service withdrawals. Sectors with these characteristics are vulnerable to what is disparagingly called Provider Capture.

Provincial governments have found that when they give the agents additional resources to improve the quality or quantity of service, a substantial proportion of the resources end up as compensation increases for the providers, with the allocation of the compensation increases within the sector strongly determined by the power of the respective occupational groups. As Alex Usher has documented, Canadian institutions of higher education receive a higher proportion of the nation's GDP than those in most other OECD countries and we professors are among the best compensated in the world. The costs in the Canadian higher education sector have been rising faster than general costs of living and faster than governments believe that taxpayers are willing to keep funding.

One might ask if these trends are subject to Herbert Stein's Law: "If something cannot go on forever, it will stop."

Second challenge: education quality

Unfortunately, Stein's Law may not bear on this trend for some time because its negative impact occurs primarily on a residual that is hard to measure and this residual does not have powerful advocates. The residual is the second challenge -- the quality of the education received by the majority of students.

The reasons why education quality is at risk will be obvious to people trained in public policy: within most institutions of higher education, advocates for improving teaching and learning are less powerful than the advocates for other goals such as growing the institution, augmenting compensation, or enhancing the research profile. The issues around quality measurement, quality improvement and quality assurance are addressed in Topic 10 and they make it clear what a formidable challenge this will be for both governments and higher education practitioners.

Third challenge: contributing to prosperity

The third challenge is how best to enhance the contribution of higher education to societal and individual prosperity. The readings in Topic 7 clarify the distinctions between innovation and research and reference the considerable evidence on higher education's contribution to economic growth through improving human capital, but we can see that there is much less evidence, or even persuasive theory, on the how university research contributes to economic growth in the jurisdiction that funds the research.

It seems reasonable to assume that higher education's economic contribution would differ by course of study and field of research. But there has been little attempt within universities to determine how to allocate pedagogical and research resources to best contribute to the prosperity of the student or the society at large. Derek Bok lamented 25 years ago in his book *Universities and the Future of America* that:

> "Again and again, universities have put a low priority on the very programs and initiatives that are needed most to increase productivity and competitiveness,

improve the quality of government, and overcome the problems of illiteracy, miseducation, and unemployment."

Have things changed much since then? As Alex Usher has noted in his blog post, [The Economic Growth Imperative](), a strong case can now be made that it is in the universities' best interest to examine more seriously how they can best support the goal of enhancing economic growth. From a public policy perspective, that goal is a perfectly legitimate one for all higher education institutions. We can't remind ourselves often enough that enhancing prosperity is by far the most important goal for higher education in the minds of most citizens and elected officials.

Fourth challenge: increasing access for marginal students

The fourth challenge is increasing access for marginal students. Contrary to the prevailing view in many quarters that universities already admit too many students who are insufficiently prepared and motivated, public policy analysis suggests otherwise. The readings in Topic 5, [Helping All Students Succeed in Higher Education](), offer persuasive evidence that there are substantial lifetime benefits to both the student and the society when marginal students are enrolled in two-year colleges and the net benefit is even greater for those who graduate from four-year universities.

To quote Bok from his 2006 book, *Our Underachieving Colleges*,

"The college that takes students with modest entering abilities and improves their abilities substantially contributes more than the school that takes very bright students and helps them develop only modestly."

Fifth challenge: increase differentiation without increasing inequality

The final challenge is the perennial differentiation dilemma: how to secure the efficiency and effectiveness gains from differentiation without contributing to social inequality.

If Canadian higher education is to remain competitive at the highest levels of research and brainpower, we will likely need a greater degree of differentiation in our higher education systems. The argument for making more efficient use of resources by concentrating them where they will have the greatest impact was well described last week by University of Toronto president Meric Gertler in an address entitled "[Foundations for Canada's Prosperity]." Gertler argues that for Canada to prosper in the global economy it needs globally competitive cities and globally competitive cities need better funded research universities:

> "First and foremost, we need to rethink our approach to innovation policy, acknowledging that those activities with the greatest innovative capacity are not evenly spread across the national landscape, but are instead concentrated in a relatively small number of our urban regions. Public investments designed to stimulate innovation ought to be similarly concentrated, rather than allocated in a diffuse and overly dispersed way."

But concentrating resources raises the question of how to avoid worsening the growing inequality in society. Many have [argued] that in the United States the extreme selectivity that characterizes the elite universities contributes to growing social and economic inequality.

Topics 2 and 3 provide some of the relevant concepts and underlying dynamics that would support this worry. Higher education is not a pure [Public Good] as some advocates for lower tuition and higher government contributions suggest. Neither is it a pure [Private Good].

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Policy analysts will recognize higher education as a [Merit Good](#), where the net private benefit is not fully recognized at the point of consumption and its consumption does generate an external benefit to others – so there is a strong rationale for a degree of public financial support.

But as soon as selectivity becomes an issue, higher education also becomes a [Veblen Good](#) (named after Thorstein Veblen who wrote about status seeking at the end of the nineteenth century), and a [Positional Good](#). Once the belief is established that attending a selective institution has a [Job Market Signaling](#) effect that makes graduates more attractive to future employers (and perhaps future spouses), it encourages students and parents to expend more and more effort and treasure to increase the probability of admission. And successful alumni are often generous donors. This has led to a situation in the United States where prestigious private universities are getting richer and richer while most of the rest are getting poorer and poorer. The recent Inside Higher Ed article entitled [Widening Wealth Gap](#) provides the latest figures and reminds us that the majority of Americans do not attend elite universities.

The situation in Canada is far less dramatic because essentially all universities are public, essentially all receive substantial operating funds from government, and essentially all are of reasonable quality. Nevertheless, most institutions compete fiercely for position in any perceived status hierarchy.

The system design issues in addressing the equality-efficiency dilemmas are covered in Topic 6, [The Structure of Higher Education as Public Policy](#), and Topic 4, [Tuition, Accessibility and Financial Assistance: Architecture and Purpose](#). The readings in these topics suggest that this is going to become an ever more difficult challenge.

So, there you have my five challenges for Canadian higher education from a public policy perspective:

- controlling costs;
- protecting quality;
- contributing more meaningfully to prosperity;
- enrolling marginal students; and
- securing the efficiency gains from differentiation without contributing to growing inequality.

Conclusion

Let me end with the admonition that we repeat over and over in our public policy and administration programs. Analyzing a policy problem is important, but it is only the first step. You then have to work with all the interested parties to develop a reasonably shared understanding of the problem and of the most viable solution. And that still leaves the hardest part – implementation.

Canadian higher education faces big and complex challenges. Governments and educators have a shared interest in finding solutions. Today I have tried to suggest how the perspectives of governments and their policy advisors can differ, on the same set of facts, from the perspectives of educators.

I hope that a better understanding of why the perspectives differ can help us get sooner to a shared understanding of the problems and to the development of implementable solutions.

Thank you.