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Dr. Clark -

This paper was presented at the June meeting of the Canadian Society for the Study of Higher Education. It is something you may find interesting too, both with respect to our undergrad program and the financial crisis. Page 10 is the critical conclusion.

Ed Rennie

Do you want this kept
in file, Dr. Clark?

yes - no -

(Pl. keep - I do so a
good speech!)

Remarks by John H. Panabaker

The Canadian Society for the Study of Higher Education
and the Association for Canadian Studies
McMaster University, June 1, 1987

Government Incentives and Business Connections: Faustian Pacts?

According to my dictionary, faustian can be defined in three ways:

- (a) sacrificing spiritual values for material gains;
- (b) insatiable striving for knowledge or mastery;
- (c) constantly troubled or tormented by spiritual dissatisfaction or spiritual striving, like the legendary mediaeval philosopher who grew dissatisfied with the limited nature of human knowledge and sold his soul to the devil in exchange for worldly experience and power.

This afternoon, I presume that we are being asked to picture the universities as Faust, tempted to depart from the path of probity and intellectual purity by Mephistopheles and his lesser devils, taking the form of governments and private corporations.

Comforting though it may be, I'm not sure that this is an apt metaphor. It was Faust's all-consuming desire for youth, wisdom and power that gave Mephistopheles his opening. The sin was already latent in Faust. The pact was the outcome of Faust's obsession, not its cause.

If the universities want to portray themselves as innocents, they should take the role of Marguerite, seduced by the wiles of corporate

and governmental Fausts who have already sold their souls to the devils of this world. But somehow I find unconvincing the picture of the universities as Marguerite, betrayed into sin, but ultimately redeemed to the accompaniment of heavenly trumpets and angelic choirs.

Indeed, I might even suggest that the implications of our theme could easily be reversed. Corporations and governments, playing Faust, are being tempted by the lure of scientific and technological breakthroughs, job creation and economic development promised by universities, playing Mephistopheles.

There is a serious point in all this. How one regards "*government incentives and business connections*" as elements in the ongoing life of Canada's universities depends, in large measure, on whether one sees human society in terms of some sort of achievable perfectibility, or as inherently imperfect, where choices among varying degrees of good and evil must constantly be made. I see all three actors in our drama -- universities, corporations and governments -- as imperfect human institutions, subject to the frailties, conflicts and confusion which afflict all such institutions. My approach is based on that perception.

If Canadian universities believe that there is any significant likelihood of a return to the "golden age" of the 1960's when almost unlimited public funds were available for building the national university system, they are mistaken -- nay, deluded! That era was unique. It was the

product of a number of non-recurring factors: the baby boom; the creation of a large middle class which expected new educational opportunities for itself and its children; the temporary postwar economic dominance of North America; the relatively light initial burden of new social programs; and a simplistic attitude in government which equated education with short-term economic growth.

Moreover, that was a period when the traditional programs offered by the universities could readily provide what graduates and society required. The universities had little difficulty in educating people for the established professions, for staffing the educational system and burgeoning government bureaucracies, and for positions in large hierarchical corporations.

That world is gone. I do not believe that it will return. If I am right, the title of this panel is wildly inappropriate. Our question might better be phrased: *How long a spoon do we need in order to sup in safety with the devil ?*

Recently, I addressed another academic body where I outlined the contents of the Corporate-Higher Education Forum's report on corporate support for universities. That report -- entitled *From Patrons to Partners* -- describes the kind of relationships between corporations and universities which the Forum's task force believes will be essential in the emerging environment. The report argues that well-planned partnerships represent the only feasible means for

Canadian universities to obtain the additional amount of corporate support they will need to maintain academic quality and research excellence.

My remarks on that occasion prompted a comment from the Chair expressing the hope that universities, having escaped from domination by the church, were not about to submit to domination by business corporations.

No one wants to see that outcome -- least of all the members of the Forum's task force. But clinging to the hope that society will fund universities freely on a scale sufficient to enable universities to do all the things they consider important is not helpful. It won't happen. Society supports universities for reasons much more complex than simple commitment to the intellectual enterprise. Moreover, society holds rapidly evolving views about the role the universities should play.

Let me give you three examples of such expectations -- from a politician, from a business organization, and from a disinterested observer.

The politician first: Ontario's Premier David Peterson recently gave a major address in which he acknowledged that ". . . education has provided a ladder to new heights of economic opportunity and cultural fulfillment." But he went on to use words like "targeted", "performance expectations", "accountability", "planning", and "strategic decision-

making". He indicated that the results of the investment of government funds in higher education will have to be measured ". . . against the standards of an internationally competitive environment."

The business organization next: The Canadian Manufacturers Association has just published a study entitled "*Keeping Canada Competitive: The Importance of Post-Secondary Education*". That report argues for substantially increased funding for universities, but only within the framework of ". . . a forthright definition of purpose that emphasizes the role of higher education in building a competitive economy."

Such expectations are not confined to people who see the world from a business viewpoint. Let me quote from a lecture given by Lewis Perinbam of CIDA at the University of Madras in 1981. Perinbam said:

All over the world, universities are in crisis. Faced with reduced budgets, troubled by student and faculty unrest, and threatened by growing intervention by governments, many universities are in a state of paralysis or are living in fear of their future. The traditional role of the university and its relevance in today's society are in question.

Yet at no other time in history has the role of the university been more important than it is today. For, whatever its failings, it is one of the basic institutions of society. It is the anvil on which the ideas that shaped the modern world were forged -- the source of knowledge for generations of young people and the guardians of our cultural heritage. However, the university must abandon the still-lingering remnants of excessive traditionalism and adherence to

the status quo which characterized its past, for the days when universities could retreat into isolationism for their security and count on privilege for their sustenance are over. *Today's society does not tolerate the luxury of knowledge for its own sake; it requires knowledge to be applied to the service of humanity.* (Emphasis mine.)

These are examples of important, considered opinions. Do they represent the voice of Mephistopheles? Perhaps -- but they also represent reality. Significant sectors of Canadian society now recognize the importance of higher education as a key power source for economic and social development. That recognition has created important new expectations about what the universities can and should do for the society which supports them.

In these circumstances, the universities have two alternatives: (1) They can refuse to be "taken in" by the devilish promises of government and business, and turn inward, carrying on in traditional ways. (2) They can accept the reality that their basic environment has changed, and take steps to adapt to the demands of society, while striving to preserve their autonomy to the greatest extent possible, and to convince society of the continuing importance of basic research and broad liberal education.

In my view, the option of turning inward is not viable in the long term. If universities refuse to take into account the demands and priorities of society, they will be by-passed. Specialized research institutions can be created to undertake tasks which otherwise would have been

given to the universities. The universities can be allowed to drift into quiet backwaters. During my business career, I've seen this process occur repeatedly when companies and industries have attempted -- in vain -- to protect traditional structures in a radically changed environment.

Universities will only be able to re-establish their leadership role in society if they grapple realistically with what it means to be a university in the kind of inter-dependent social and economic structure toward which society is moving. In practice, this means that university boards and senates will be required to reconcile their internal priorities with the priorities of funding agencies, be they governments, granting councils or corporations, and this will be a painful and difficult process for all concerned.

I said that universities must not *turn inward*, but universities must indeed *look inward*, using their tremendous intellectual and analytical resources to understand the emerging demands that society is placing upon them. Those demands must be weighed against the shared values and priorities which a university represents. Out of this period of introspection should emerge a strategy in which the relationship between society's priorities (often expressed through funding decisions) and the university's internal priorities can be managed in order to achieve optimum benefits for all concerned.

Later this year, the National Forum on Post-Secondary Education will provide a focus for debate about the future of higher education in

Canada. The universities must not go to that meeting solely to defend their traditions and to react to pressures and demands from others. If they do, this National Forum will be a disaster, and universities' traditional values will be even more at risk. Consequently, the development of a strategy for responding to society's priorities forms an immediate and urgent task for every university administration and faculty in the country.

I acknowledge that university structures may be distorted by business support which is concentrated on particular disciplines. It is also true that universities may become vulnerable to serious damage if private business support is withdrawn. Such institutions may indeed be said to have entered into a "Faustian Pact" -- *but so have universities which have become utterly dependent on government funding*. In the latter case, the risk is not only that the state will attempt to dictate the priorities of the academic enterprise, but that the universities will become subject to unexpected and unpredictable shifts in political priorities and fortunes.

The answer to this conundrum -- this quest for a long-handled spoon - - must lie in carefully planned, long-term, high-priority efforts on the part of universities to diversify their sources of financial support.

In Canada, government will remain the basic funding source for the foreseeable future. That dependency must be reduced, at least relatively. In the short term, the business community is the most promising source of supplementary funding, but the search for

corporate support must extend beyond traditional campaign formats and traditional lists of donors. Efforts to develop adequate corporate support require diversification in two senses: (1) a move beyond the largest two or three hundred national corporations to tap the potential resources of local and regional companies, as well as smaller national corporations which may have a special interest in the work going on at particular universities; and (2) creative thinking to identify areas where corporate priorities can mesh successfully with those of universities, and where partnerships with corporations can be made most productive.

In turn, a partnership approach to corporations can tap corporate financial resources other than donations budgets. A corporation experiencing competitive problems and reduced profitability will be more likely to curtail charitable contributions than research and development projects. In addition, successful partnerships require people from two very different cultures -- academic and business -- to work together on common problems, and so come to understand each other's viewpoints. That understanding itself should minimize possible "faustian" reactions.

Longer-term, the best political and economic counterweight to "devilish" tendencies on the part of either governments or corporations is the nurture of an active and sympathetic alumni. If the ultimate guarantee of universities' autonomy and academic freedom is financial independence in the form of large endowments, then alumni will be the major source of funds -- not corporations.

Corporations do not often respond to pleas for general endowments, although they may provide funds for specific purposes such as a professorial chair in a discipline they consider important.

Alumni financial support implies alumni commitment to the university -- and alumni commitment will be based on at least two preconditions: (1) the alumni will have had a worthwhile academic and social experience on campus; and (2) the alumni, in the years after they have left the campus, will continue to recognize the importance of their university experience to their subsequent success -- regardless of how "success" is measured. Thus, excellence in the quality of student life is a prerequisite to the development of the kind of alumni who will provide both financial and political support in years to come.

For a university which may have done little to attract alumni support in the past, creation of such alumni attitudes may well be a lengthy, costly, and possibly discouraging endeavour. It may not be completed for a whole generation. It may also require changing current priorities on campus, in ways which will be difficult to justify as short-term measures.

If I had my way, I would put up a sign in every faculty and administrative office on every campus in Canada. That sign would say: "University development is *your* responsibility." Development is not something peripheral and slightly disreputable which can be delegated to volunteers and the president. It is central to the success of the academic enterprise. Every time a graduate "shakes the dust

from his feet" and leaves a university frustrated by impersonal classes and impenetrable bureaucracies, the ultimate viability of that university has been diminished, both economically and politically.

What all this means is that universities can no longer retreat from the world around them into an "ivory tower". Rightly or wrongly, society has come to see universities as critically important to economic development, and expects to support universities more generously because of that perception. But that support will not make the universities' lives easier. They must still redefine their roles in relation to their own sense of purpose, and in relation to the needs and priorities of the larger society. That redefinition represents one of the greatest challenges Canadian universities have ever had to face.

Lewis Perinbam put the issue more eloquently:

The traditional notion that universities receive from, rather than give to, the community, must be reversed if universities are to be accepted as relevant to the modern world.

One final point, lest you still believe "Faustian Pacts" are a uniquely Canadian phenomenon. I would like to quote from a university's recent advertisement in *The Economist* :

The Directorship of the University Development Unit is a new post reflecting the University's intention to expand its fund-raising activities and to develop new strategies to increase its income from sources other than public funds.

The job calls for energy and initiative in finding new sources of funds and in establishing a framework within which fund-raising for the University can be carried out on a long-term and international basis. It also involves advising on and assisting with appeals for specific University purposes. . . . Of paramount importance will be enthusiasm, diplomacy, and aptitude for the job, coupled with a commitment to university education.

The post pays £28,042 per annum, in case you are interested. The advertiser was The University of Cambridge. Enough said?