

Autonomy and control: Danish university reform in the context of modern governance

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ABSTRACT

In 2003 the Danish government reformed universities to 'set them free' from the state. Yet ministers are actively trying to shape universities and even set research agendas. How does the government's notion of 'freedom' reconcile independence with control? We identify three discourses of freedom: freedom to use academic judgement over what to research, teach, publish and say publicly; a free trade discourse where universities are free to pursue profit; and a modernising state discourse where government steers universities to contribute to the knowledge economy. Danish universities were reformed as part of the modernisation of the welfare state. We explore the assemblage of administrative and funding mechanisms through which the government now steers independent organisations: a chain of contracts for outsourced services, newly appointed managers, output payments and accrual accounting. While responsibility for achieving government policy is passed downwards through the independent organisation, formal lines of accountability run back up to the government. University leaders and academics are set free to manoeuvre within the system, but their economic survival is firmly dependent on responsiveness to centralised steering mechanisms

KEYWORDS

Academic freedom, university autonomy, new public management, accountability, higher education, welfare state reform, knowledge economy, societies of control



Introduction

In November 2005, *Forskerforum*, a trades union magazine for academics and researchers in Denmark, published a front page account of what it called a secret meeting between the Minister for Education and the leaders of the Danish University of Education. The shock value in this story was that the Minister was not only trespassing onto the territory of his colleague, the Minister for Research, who is responsible for universities, but he was also trying to exert political influence over the research agenda of the university. Not long afterwards, the university substantially revised its draft Development Contract to reflect the Minister of Education's interests in research on public schools (*folkeskoler*), especially that which would increase their international PISA scores (the Organisation for Economic Co-operation and Development's Programme for International Student Assessment). The Ministry of Research then agreed the revised Development Contract as the basis of the next three years' funding for the university.

This incident raises questions about the autonomy and independence of Danish universities, and the academic freedom of their staff. Denmark adheres to the Bologna Process and the creation of a European Higher Education Area, in which universities will be characterised by greater autonomy from the state (European University Association 2003: 12). But what does this mean? The Danish government maintains that its university reform is setting universities free and strengthening their independence. How can the government at the same time endorse the political intervention of a Minister into a university's research agenda in this way? In this article we argue that the answer lies in seeing university reform in the much wider context of political projects to develop new forms of governance and a 'modernised' public sector in Europe. We explore what the Danish government's discourse about university freedom and self-ownership means in terms of precise administrative and funding mechanisms. The



article draws primarily on documentary research to uncover the rationalities of government that lie behind the Danish university reforms. We find a clear model for government steering of universities. But no rationality is ever completely coherent or closed: we also find other elements which confuse the model and point to possible ways that university leaders and academics may find room for manoeuvre.¹

University autonomy

Autonomy is the term used in most international literature to refer to an ideal or an aspiration that the university protect its independence from the interests of the state and of the private sector in order to preserve the freedom of its academics. In Anglo-Saxon contexts, state influence over universities has been considered the greatest threat. Institutional independence from the state has traditionally been assured by establishing universities as public corporations, each with their own statutes and boards of governors, entirely outside state structures (even if, since 1919, U.K. universities have been increasingly dependent on state funding for teaching and research). In much of continental Europe, universities were protected from the influence of the private sector by being located within state structures, so that universities were part of the state bureaucracy and academics were employed on civil service contracts. Whereas this bureaucratic management might be irksome, it did not constitute an invitation for government interference and control: as part of these arrangements, governments accepted responsibility to protect academic freedom and undertook to exercise a self-denying ordinance. In particular they were meant to refrain from political influence over universities' research agendas.² When the Bologna documents call for more university autonomy, they mean a break with this location of universities in a protected space within the state. In Denmark,

the law has been changed to make universities independent, self-managing organisations, placed outside the state hierarchy and given the power to write their own statutes. They are not however completely autonomous of the state. Their assets still ultimately belong to the state and the methods by which the state controls universities are set out in the new national law. As Scott (1997) says, autonomy is never absolute: academics are always located in institutions with unequal relations of power to the state and to students, both of which involve negotiations between dependency, obligation and autonomy.

The derivation of 'autonomy' from Greek (auto meaning self, its own; nomos meaning law) contains a dual reference to the self-government and freedom of action of both institutions and individuals (OED).³ This is echoed in the widespread assumption, held late into the 20th century, that university autonomy and academic freedom go hand in hand. If the governing bodies and leaders of the university saw it as their duty, and in their interests, to maintain a position of independence from the state and from other interests, like political parties and capitalist organisations, then, it was assumed, the university's leaders would also protect the ability of individual staff to use their own judgement and to resist both internal and external pressures to choose particular research topics or manicure their research results. In the 1990s, however, there were reports that the interests of university leaders and of academics were no longer congruent. For example, Julie Marcus described how her university leaders in Australia used auditing procedures to pick on, harass and rid themselves of a professor whose research asked politically uncomfortable questions, and whose role, to create a new department out of fused units, ruffled feathers (quoted in Shore and Wright 2004). Tapper and Salter (1995: 60) argued that changes in government funding conditions for U.K. universities in the 1990s also meant that the link between the autonomy of universities and the ability of aca-



demics to control their own working conditions had been broken. The tension between defending academic freedom and university autonomy is further complicated in Denmark where the universities' governing boards now have the legal duty to maintain the independence of the university at the same time as they are obliged to open the university to influence from the 'surrounding society', a category which now includes the government.

A further feature of academic autonomy is that the ingredients are not universally the same. For U.K. universities, for example, Farrant (1987: 48) lists the following components of academic autonomy:

- to appoint their own staff without external interference
- to decide which students to admit
- to identify what and how to teach
- to control their own standards
- to establish their own academic priorities
- to determine internally their own future development.

Here the focus is on teaching; research freedom is not named and is subsumed under 'academic priorities' and 'future development'. In contrast, in Denmark universities do not select their own students and the topic and content of new degree programmes have to be approved by the Ministry. In 2005 all universities immediately complied with the Ministry's requirement to rewrite all their degree programmes according to the Ministry's ideas of the 'competences' that students should acquire. What in the U.K. would be considered deep intrusions into academic freedom are accepted unquestioningly by academics in Denmark, who associate their freedom entirely with the ability of researchers to select their own research topics and research methods.

Even if the meaning of, and referent for, autonomy varies by context, and even if the assumed congruence of interests between

the institution and its academic workers is splitting apart, autonomy still features strongly in international discourses about universities as a term expressing an aspiration. It conveys an ideal of the university as an institution that protects its independence in order to ensure that external influences are not brought to bear on the professional judgement of academics about what and how to teach and research. Yet this meaning is not politically neutral: it may once have been a widely generalised idea about universities in Western societies, but it has most strongly conveyed the aspiration of the academics themselves. It places universities in a particular ideological relation to the world, and if the academic aspiration of autonomy is used for analysing university reform, it makes only certain kinds of critique possible, and maybe blinds researchers to other emerging uses of the term.

Other ideas of university independence are currently in play. These relate to the arguments, put forward by many European governments, that the world is set on an inevitable and immutable course towards a global knowledge economy. To succeed in this economy, the argument runs, countries will need universities first to turn their research ideas into enterprises and, second, through their teaching, to attract and produce the kind of highly skilled labour force that will create or attract internationally mobile knowledge industries. Universities are criticised for being ponderous organisations incapable of responding flexibly to changing social and industrial demands and to opportunities for teaching and research: universities need to reform their teaching and student management, their research priorities and organisation, and their governance and strategic management.

There are two strands to this argument, and both speak of strengthening university autonomy (Wright 2004). The first strand paints a picture of future free trade in higher education, and a need to make universities efficient and effective in competition with private corporations that are, or will be, in the forefront of the knowledge economy. These advocates of free trade look to the



General Agreement on Trade in Services to provide the discipline needed to curb state interference in universities. To participate in free trade, say its supporters, universities have to become economically and politically autonomous of the state and able to prioritise their activities so as to optimise profits, not cluttered by social and public agendas. Autonomy in this sense means freedom for the institution to operate according to the profit motive.

The second strand, seen especially in the Bologna process, wants to maintain higher education as ‘a public good and a public responsibility’ (Bologna Process 2003: 1) whilst preparing universities for competition in the international knowledge economy. The Bologna process emphasises the need for European universities to coordinate, standardise and quality-assure their activities, so as to make Europe a leading provider of higher education and ‘the most competitive and dynamic knowledge-based economy in the world’ (Bologna Process 2003: 2). To achieve this, they also call for increased university autonomy. In many European contexts this means greater independence from state intervention, but what kind of relationship to the state does this imply? The third report to evaluate progress on the Bologna agenda found that increased independence from the state was generally accompanied by output-based funding, extended external quality assurance and greater influence for other stakeholders in society. Higher education representatives argued that replacing state intervention with state monitoring of outputs or the intrusion of other stakeholders with short-term interests would not increase universities’ autonomy or increase their innovative potential (European University Association 2003: 13). What is going on here? How could a call for greater university autonomy be compatible with increased influence from external interests and government to steer academic activities?

For academics, autonomy may still be an aspiration for individual and collective self-government; for free traders it means freedom to operate according to a profit motive; and for modernis-

ing governments it somehow combines university independence with state control. The use of the word in any context becomes very complex as these three meanings weave around each other: discourses about releasing universities from state bureaucratic structures might chime with academic images of university freedom, whilst governments' new ways of steering universities depend entirely on them being independent institutions. In such circumstances, there can be a strong danger of misrecognition (Ohnuki-Tierney 2004; Wright 2005) whereby people (academics, students) may hear their own meaning in others' discourse and unwittingly help translate that meaning into political and professional practices to which they might otherwise be opposed.

It would be a misrecognition on our part to treat 'autonomous' universities as self-generating worlds. Our aims here are to ask what relationships and conditions are attached to the Danish government's discourse about university independence, to discover the internal logic of the modernising government discourse and to understand how the apparently contradictory features of independence and control are reconciled. It is beyond the scope of this article (although it is a concern of our project) to follow the complex ways the government's new conjunction of independence and control intersects with the very different histories and formations of particular universities and the ways university leaders, academics and students respond. Here we confine ourselves to exploring the internal logic and practical implications of this Danish 'modernising state' discourse about autonomy.

Danish university reform

The 2003 University Law gave Danish universities a new status. No longer part of the state hierarchy or included in government accounts, universities became self-owning institutions ('selvejende institutioner') (Folketinget 2003). 'Selveje' has positive con-



notations of a major eighteenth-century reform through which Danish peasants gained ownership of their own land. It was these peasants that the priest-philosopher, Grundtvig, mobilised in the nineteenth century to form cooperatives to process their products and to establish a flourishing national movement for farmers' education and enlightenment. The self-owning peasant is a proud icon of Danish bottom-up organisation and democracy. It was in making universities into self-owning institutions that the government claimed it was giving universities independence and freedom. But what does self-ownership mean in this context? What kind of university subjectivity does it presuppose? What kind of freedom?

The 2003 University Law does not define self-ownership. The Liberal-Conservative government's explanatory memorandum (*bemærkninger*) which sets out the background to the draft law, states that the concept is well established and has been in use for 'about 100 years' (Folketinget 2002: 15). Documents about self-owning institutions produced in the Danish public sector in the last three decades clearly reveal that the concept was indeed not new in 2003 (Ministry of Finance 1996, Ministry of Finance 1998, Ministry of Education 1997), but they also suggest that much work has gone into defining and shaping the concept's use in the public sector throughout the 1990s and especially since 1995 (Ørberg 2006a).

In the months preceding the publication of the draft law, self-ownership was briefly discussed in *Forskerforum*, a trade union magazine for academics and researchers. But the concept and its implications were hardly discussed during the parliamentary debates on the university law. Most attention at that time was paid to associated provisions in the draft law:

- Governing boards, with a majority of members and a chairman from outside the university, replace the elected senates. The

governing boards are to set the university's priorities, agree a development contract with the government, hire the rector and ensure that the rector's budget reflects their priorities.

- An appointed hierarchy replaces the elected leaders (rector, dean and department leader) and allocates resources and manages staff so as to meet the board's priorities and fulfil the performance indicators in the development contract.
- Contributions to society's 'growth, development and welfare' (Folketinget 2003: paragraph 2, point 3) are to increase through relevant research, a faster throughput of students, and courses geared to employability.

The parliamentary debates focused on whether the new systems of governance and management posed a threat to freedom of research. Spokespeople for the governing coalition parties flatly denied that the law changed existing provisions on research freedom (Ørberg 2006b). What they did not discuss was whether and how, without altering the wording, the meaning and practice of academic freedom would change as it combined with the self-owning status of universities and the governance and management structures in a new assemblage created by the law.

Self-ownership and modernisation of the public sector

Our search for the meaning of self-ownership revealed that the idea of converting the public sector into free agencies originated in the Ministry of Finance, which in turn was inspired by the work of the OECD's Public Management (PUMA) programme. The concept of free or self-owning agencies was not devised for universities specifically; it was already being applied to other parts of the education and health sectors in a thorough modernisation of the Danish state.

Following the oil and financial crises of the mid-1970s, there was a panic in many Western countries that public expenditure



was out of control. As David Harvey has pointed out, many Social Democratic governments in the 1970s failed to produce viable solutions for this growing crisis and neo-liberal policies filled that gap (Harvey 2004: 4). In 1979, the Social Democratic (S)⁴ Finance Minister described Denmark as ‘heading for the abyss’ (Østergaard 1998: 12–13). Public spending was predicted to rise to 55% of the GNP in 1985 and existing management and steering mechanisms were not considered adequate to control this trend (Østergaard 1998: 11). By turning its attention to devising new methods for managing the whole of the public sector, the Ministry of Finance sought to resolve this growing expenditure crisis, whilst reasserting its own dwindling influence at the same time.

The Danish response to the crisis came to be called ‘Frame and aim steering.’ Through the 1980s and 1990s this concept was passed like a baton from the Social Democratic to the Conservative/Liberal coalition (1983–1993) and again to the Social Democratic/Social-Liberal/Centre Democrat government (1993–2001) whose Finance Minister wanted to prove that the Social Democrats were now a solid guarantee for good public finances. The fact that the same senior officials were in post in the Ministry of Finance throughout this period also contributed to the continuous development of initiatives to reform the financial and operational management of the welfare state (Østergaard 1998: 14).

To the Ministry of Finance, the main problem with the public sector was its bureaucratic command system and hierarchical decision-making structure. These systems were deemed no longer capable of managing the current large scale of the welfare state. The Ministry of Finance’s (1996) memorandum, ‘Methods for management in the public sector’, served as a retroactive manifesto (Koolhaas 1978) for the policies it had devised over the past thirty years to drive the continuous modernisation and restructuring of the Danish public sector. The memorandum delineated three phrases, depicted and slightly adapted in Figure 1. If Figure 1A

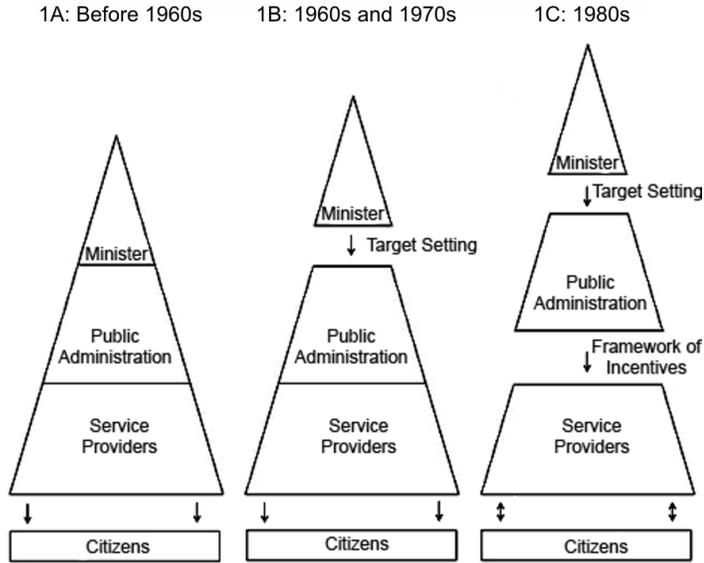


Figure 1 Methods for management in the public sector. *Adapted from 'Management systems in the public sector,' (Ministry of Finance 1996).*

represents the post-war welfare state as a monolithic system of hierarchical decision-making and bureaucratic service provision, the second diagram (Figure 1B), 'the 1960s and 1970s', shows ministers and politicians being detached from the actual process of managing public services. They were to concentrate instead on setting the policy aims for the public services and the budgets through which those aims were to be achieved. That is, a space was created between the political leadership and public administrators. Politicians were no longer to row the bureaucratic system but to steer it (Osborne and Gaebler 1992). In the 1980s (Figure 1C), ministries developed new administrative frameworks which would more efficiently and effectively achieve the politicians' policy aims. Central to this system was the purchaser-provider split, creating a space on the figure between public administrators and



the providers of services. A ministry turns the politicians' policy aims and goals into contracts to purchase services from independent providers. Parts of the state are turned into independent or self-owning institutions which can compete for these contracts along with private sector companies or non-government organisations. The quality and efficiency of these agencies' services are controlled through performance indicators and sanctions in the contracts and by payment by results. Deriving especially from Liberal inputs into the reforms, quality and efficiency are also meant to improve in response to market competition and consumer choice. Consumers, represented by a two-way arrow in Figure 1C, are no longer to be passive recipients of services, but to exert their own pressure on service providers.

The overall aims of the reforms were to secure a closer correlation between the goals of the politicians and the behaviour of the providers, and a faster response by service deliverers when politicians changed their policy aims. To achieve this responsiveness to political goals, a bureaucratic command system has been transformed into one made up of self-owning, self-managing and self-disciplined independent contractors which are steered through market competition, contractual sanctions and rewards, and output-based payment. This system is called decentralised, but is designed to be more responsive and accountable to the top. It outsources to independent contractors, not only service delivery, but also responsibility for achieving the government's policy aims.

Through the 1990s the Ministry of Finance continued working out how to exercise control over these 'free agencies' without undermining their independence to a degree where they could no longer be held accountable for their actions (Ministry of Finance 1998: 7-14, 44). At the same time, the Ministry wanted to stir up any pools of under-used assets to make sure they were deployed in a quick and effective response to the current policy aims for the sector (Ministry of Finance 1998: 32-33, 37-46). This meant

realising any of the free agencies' under-used assets and returning them to the state, and accessing the substantial funds held in foundations that had been set up long ago for purposes which were now out of date. Once institutions no longer had untapped resources of their own, by implication, they would become dependent on a cash flow directed by the Ministry and allocated for specific outputs. By this means the Ministry would be able to link institutions' activities tightly to government policy.

Central to this strategy was the idea that 'free agencies' would have a contractual relationship with a ministry and become subject to the ministry's steering and scrutiny mechanisms. As the Ministry of Education put this concept into practice, it called the resulting agencies by the existing Danish term, self-owning institutions (*selvejende institutioner*). Self-ownership was a term already in use in the education sector as many education institutions had originally been founded independently by local entrepreneurs in response to local needs. These originally self-owning educational institutions had only later entered into relationships with the state in order to receive funds and authorisation. By the 1980s, the Ministry of Education was seeking to standardise its relationships with this vast array of institutions right across the education sector. It reworked the concept of self-ownership in the light of the Ministry of Finance's model. Institutions were made independent of the central administration, while new steering mechanisms were to ensure that state funds were spent in accordance with the conditions under which they were provided (Ministry of Finance 1998: 94).

Throughout the 1990s the Ministry of Education continued to clarify the concept of self-owning institutions on which this new relationship would rest, and by 1997 the concept had taken on a consistent form (Ministry of Education 1997: 6–7). A self-owning institution is a legally independent organisation which



can act like a legal person and which has responsibility for all its assets including buildings. It has to have clear purposes written into its statutes (*vedtægter*)⁵ and an independent governing board with a majority of members from outside the organisation. It will not receive a state grant (*bevilling*) to support its existence, but will be paid for specified outputs and performance (*tilskud*), which will then be audited (*tilsyn*).

The legal obligation of the Ministry to carry out audits (*tilsyn*) was another important way in which its control was not diminished by this strategy. In general, *tilsyn* means not just auditing for financial probity, but scrutinising the institution to ensure it is fulfilling the conditions for its funding (Ministry of Education 1997: 24), including maximising the use of assets. *Tilsyn* carries features of the 'expanded' notion of audit in the U.K.: scrutiny of the organisation's finances, evaluation of the quantity and quality of the services provided, and assessment of the ability of the organisation's management systems to use state resources to provide good services effectively (Shore and Wright 2000).

In sum, agencies are detached from the state and turned into self-owning institutions in order to have a contractual relationship with the state. This contract reflects the politicians' policy goals and contains mechanisms for steering the organisation. These include the obligations written into the contract itself, payment based on outputs and performance, control of the organisation's liquidity, and audit. In one sense, the institution is independent because the state is only concerned that the institution provides its contracted services efficiently and of a suitable quality; it is up to the institution how it achieves this. In another sense, the state's new steering mechanisms are deeply intrusive. Not least of these is the state's obligation to scrutinise the internal workings of the organisation (*tilsyn*), whose results can be used to set out tighter levels of and conditions for future funding. It is also through

tilsyn, by making the self-owning institution accountable to the Ministry, that the Ministry fulfils its own accountability to ministers and parliament.

Self-owning universities

Universities were one of the last institutions in the education sector to be made self-owning. The idea had been put forward by the liberal Education Minister, Bertel Haarder, in 1991, but it was only in the late 1990s that it gained substantial support. From 1998 to 2000 the Ministry reorganised the Professional Education Colleges (MVUs) as self-owning, with their own assets, including the buildings in which they operated. This reform included the establishment of a new Danish University of Education, which was set up as the first self-owning university in 2000.

The same year, the Social Democratic (S) Finance Minister, Lykketoft, reformed the administration of universities' real estate. State-owned property occupied by universities was transferred to an agency at arm's length from the state, from which universities were to rent their buildings on market-like conditions. The Ministry then funded the universities to pay this rent, but the funding was based on the university's output of students at a standardised rate. The system did not provide any compensation for universities located in areas of high property prices. Phased in over ten years, the system gave universities in the most expensive towns, notably Copenhagen University, an incentive to maximise the number of students and cut down their use of expensive space.

This reform of the way universities were funded for their premises provoked a crisis in the Danish University of Technology (DTU). DTU had large research facilities but few students. Therefore, the funding they received from the Ministry to pay for their buildings (based on DTU's output of students) was seriously inadequate in relation to the cost of the rent. Negotiations between the



university and the Ministry concluded with the university asking the Ministry to re-establish it as the country's second self-owning university. As a self-owning institution, DTU bought its buildings from the Ministry by borrowing state money against them. In addition, DTU expected to raise a private-sector mortgage on its buildings to pay for their modernisation and mark the birth of a new, bold DTU. DTU was to establish a governing board, with a majority of external members, which had responsibility to manage these assets. The governing board would then hire the rector (rather than the academic and support staff and students electing the rector, as previously). The arrangements immediately hit financial problems. DTU had to pay such huge sums to the state because of the high valuation of its buildings that it had insufficient income to support a mortgage to modernise its buildings and facilities. By 2002 DTU was in severe financial difficulty again, and nobody would lend to the university. This experience sent shock waves through the sector, and other universities were reluctant to take these risks of self-ownership.

The Minister, who wanted to reform all universities, responded to the DTU experience by proposing that universities become 'self-owning without buildings'. They could continue to own whatever assets were already indisputably theirs but the ownership of the state buildings they occupied would not be transferred to them. Some universities had been bequeathed buildings or had other foundations, for example Århus University owned a large share of the agrochemical firm, Cheminova. Copenhagen University claimed that many of its buildings had been donated in the sixteenth to eighteenth centuries. But, after the British bombarded and ruined the city in 1807, the centre, including the university, was rebuilt according to a state plan, and apparently nobody had been concerned, up till now, about documenting who owned what. A dispute between Copenhagen University and the state lasted two to three years. Eventually the government refused

to let Copenhagen University have the buildings and gave them 500 million kroner as a once-off payment. Universities which did not own the property they occupied became extremely dependent on a cash flow provided through state funding and thereby became susceptible to the conditions and steering mechanisms attached to it. Self-ownership without buildings had moved the concept a very long way from its origin in the peasants who came to own their own land and gain their independence through control of their own assets.

In 2002, the Rector of Copenhagen University had been sharply critical of 'self-owning without buildings'. She predicted that the state would continue to be the real owner of universities. All the existing regulations would continue, but on top of that funding would be transferred from basic grants (*bevilling*) to performance payments (*tilskud*), accompanied by greater monitoring and auditing (*tilsyn*) of the universities' activities, not only by the state but also, as for private companies, by private auditing firms. Other rectors said the concept of self-ownership was ill-defined, and just saw it as a reward from the Minister for their willingness to reform and become more efficient and capable of strategic prioritising and development. In fact, the draft law was based on a model of the self-owning institution, and associated mechanisms for state steering, that had already been introduced in the rest of the 'modernised' public sector (Ørberg 2006a). Managers and staff in universities did not seem to notice, or at least did not remark upon, this connection. Several respondents to consultations and political speeches continued to claim that the concept of the self-owning institution was not clearly defined, but they did not explore this further. Instead, the clauses in the draft law about turning universities into self-owning institutions went through without serious debate in parliament or the press.

The 2003 law established universities as self-owning institutions with governing boards in a contractual relation to the state



(via three-yearly Development Contracts). A hierarchy of hired leaders (rector, dean, and department leader) are responsible upwards, to the governing board and thence the Ministry, to achieve the performance indicators set out in the development contract. The fact that very few universities have substantial assets of their own means that, as ‘self-owning without buildings’, they are very dependent on the state funding, which in turn means meeting agreed output levels, performance indicators and development targets.

Output funding and accrual accounting

The process of converting universities into self-owning institutions (with the modification, ‘without buildings’) happened in parallel with other reforms instigated by the Ministry of Finance’s ‘frame and aim’ modernisation of the public sector that aims to strengthen the state’s steering of its service providers through reformed funding and reporting mechanisms. For the education sector this means, first, that parliament now allots a budget for a whole service, such as education or research, and it is the Ministry that works out the allocation to each individual institution. Second, the aim of funding is no longer to keep institutions running, but to achieve the delivery of desired outputs from the sector. When the government has obtained any necessary approval from parliament for its priorities, they are passed to the Ministries of Research and Education and it is up to them to translate those priorities into action within the set budget. What research and teaching is needed, and who should provide it, is decided within the Ministries. This opens up the logical possibility for a Ministry in future to put Danish higher education out to tenders from private companies and foreign universities, in competition with Danish universities.⁶

Each ‘provider’ in the higher education sector enters into a three-year contract with the Ministry. These ‘development con-

tracts' were first introduced to universities in 2000. Since then, the contracts have been brought into line with each other so that in the current phase they all run from 1 January 2006 until 31 December 2008, and they all contain measurable targets, mainly percentage increases in specified outputs, against which performance can be judged. In the next phase, the development contracts are expected to be much more standardised statements of not just measurable but also comparable targets. Against these, the government will be able to evaluate and rank universities' performance in order to adjust their funding.

University teaching is already funded by the Ministry entirely through output payments. Introduced in 1994, a standard sum is allocated each time a student passes an exam for a module in a degree programme – and thereby clicks up one more payment on the so-called 'teaching taximeter'. These taximeter payments are standard across universities, but vary enormously across disciplines. For example, a university is paid 95,000 Danish kroner for a student passing a year's worth of exams in a 'wet' (laboratory) subject such as physics, whereas a university only receives 40,000 Danish kroner for a student passing a year's worth of exams in a 'dry' subject, such as Greek. As mentioned above, the so-called accommodation taximeter, the government subsidy for universities to pay rent for their buildings, is also based on the number of exams passed.⁷ Research is still paid by a basic grant (*bevilling*), almost like a retainer, although increasingly supplemented by researchers' competing for funds from the national research councils and other private and public funders. From 2008, the basic grant for research is to be linked to the performance of the institutions.

The Ministry's performance payments (currently for teaching and buildings) are allocated at the start of the year, based on the university's expected output of student exam passes at the end of the year. The government then settles accounts with the univer-



sity on the basis of actual output at the end of the year. In contrast to Denmark's self-owning peasant, this system of payment is highly reminiscent of third world share-cropping farmers who take a loan from merchants at the beginning of the agricultural year, which they hope to be able to pay off at harvest time. Such 'farmers without assets', highly dependent on cash flow, know what it is to live with the continual risk of not being able to pay off debts raised on promises about risk-laden future harvests. They do not live in a system of overt domination: they are 'independent' and 'free' to choose how to deploy their labour, how big or small a production contract to engage in, and how big a mortgage to take out on the future. But their ability to free themselves from the status of dependent client is ultimately restricted if they lack other assets they can use to raise alternative sources of income.

The government's discourse about accountability further expresses the way risk is pushed down the system to the share-cropping university. Of course, in return for receiving state funding, universities have to be accountable, but this has taken on a new and very specific meaning. In an echo of Blair describing the modernisation of 'U.K. plc' (the equivalent would be Denmark A/S), the Danish government talks of self-owning institutions having to present an annual company (*virksomhed*) account to the Ministry, which is referred to as the corporate level (*koncernniveau*). These metaphors refer to an important way that the private sector deals with risk: a parent corporation (*koncern*) sets up a subsidiary company to rid itself of the liability of engaging in, for example, a financially risky initiative. Each subsidiary company is an independent, self-managing (*selvstyrende*) organisation, set up in this way so that if it fails, it can be shed, and it does not take the parent corporation down with it. In this way, individual universities are economically self-managing and can be declared bankrupt without affecting the Ministry's overall enterprise of delivering on policy aims.

In practice, the treatment of a university as a company is no longer a metaphor, but an accounting reality. From 2005 all universities had to transfer from cash-based accounting to accrual accounting, and in 2006 universities presented their first annual 'company' report based on the same system of accrual accounting as used in industry. This means that the income from every output can be matched against the 'real' cost of its production, including the depreciated value of assets, use of space, staff costs and materials.⁸ Whereas, previously, cash-based accounting – the usual method of public sector accounting – focused on probity in the use of funds, accrual accounting makes a standardised calculation of the profitability of each output, which is taken as a measure of efficiency. In one university's board meeting, we have already witnessed an attempt to use profitability as a measure of the efficiency with which the university organises its activities.

This system of accounting raises serious questions about which university activities can be converted into outputs, and which cannot – like, for example, thinking, discussing ideas informally with local and international colleagues, and generating ideas for critiquing the present and developing alternative futures. Is there a danger that this system will squeeze out activities which cannot be recorded or measured as outputs? How can an academic determine how their time can be allocated between different outputs? These questions seem not to have been raised or discussed in Denmark. Instead, without discussion, most universities have installed new computer systems to be able to account and report to the governing board and the government in the prescribed way. These systems record each use of resources at department level by requiring department administrators to allocate each transaction to a standardised system of codes. The project called KU2005, designed to introduce such a system in the University of Copenhagen, was expected to give the central administration access to detailed and comparable information about how funding is used by each



faculty and each department (Øbing 2004: 5). One expected outcome of KU2005 was to transfer the effort previously put into local administration of budgets and expenditure into a centralised system designed to provide administrators and the governing board with the kind of information needed for them to make strategic decisions (Øbing 2004: 5). These accounting and reporting systems have the capacity to make the profitability/efficiency of each university transparent and comparable not only to their own governing board but also to the government and to firms that may wish to compete for research and teaching contracts in future (Ministry of Finance 2003: 42–43).

The different measures to steer universities will fall into place alongside each other from about 2008. First, the Minister's contractual relation with the governing board gives specified outputs with clear performance indicators designed to tie universities' activities ever closer to government policies. Second, the auditing system has the potential to scrutinise the cost of each university's activities. The Ministry would then be able to compare the unit costs of producing, for example, a PhD student or a patent across the university sector, and to decide at what level to base the performance payments (taximeter tariffs) to induce further efficiencies during the next contractual period. Universities will still be independent and free, in the sense that they alone are responsible for responding to any reduction in the Ministry's taximeter tariffs by finding their own ways to cut the costs of their operations and avoid bankruptcy.

The internal organisation of most universities has changed in order to meet the demands and expectations of this new steering system. The new leaders appointed in response to the 2003 law are deploying a range of management techniques, in different combinations in each university. The overall effect is to extend Figure 1C (see p. 38) into the internal organisation of universities. The responsibility for meeting government policy passes down a

line of contracts, from government to ministry, from ministry to university board, thence to rector, dean of faculty and department leader. Each leader is upwardly accountable for performance and efficiency. Responsibility and accountability for meeting the outputs necessary to fulfil the development contract – and thereby achieve government policy – are outsourced down this chain of contracts. Ultimately, the department leader can require each individual to enter into a commitment (*aftale*) attached to their annual appraisal (*MUS-samtale*) stating their expected outputs over the next period, against which their performance can be judged. The University Law, which even before 2003 empowered department leaders to direct employees on the tasks they are to undertake, now reinforces the power of department leaders to get employees to perform according to contractual obligation.

From the perspective of central government documents, this model of a continuous chain of contracts seems neat and all tied up: it outsources service production, and accountability for ever-more efficient use of resources, at the same time as it outsources responsibility for the government's achieving its policy aims all the way down the line to the individual academic. But each institution, leader and individual freely enters those contracts – that is, all they forfeit, if they decline, is their funding. The company accounting system provides leaders and government with new steering capacities as it moves information about activities at department level upward through the system, translated into economic terms and measured by efficiency. Formal lines of accountability also run only upwards through this model. A few residual forums exist where members of the university can make statements to the leaders, but the only remaining statutory mechanism where academics can require leaders to respond to questions is the employer-employee liaison committee (*samarbejdsudvalg*). Students, academics, department leaders, deans, rectors and governing board members are all free in their own sphere to try and find room for



manoeuvre – whether that be through quiet acceptance, negotiation, hard bargaining or protest. They are free to try and also operate according to other notions of academic freedom and collegiality. But are the conditions in which they try to exercise this freedom – this combination of independence and control – more reminiscent of the Danish self-owning peasant, or the continually indebted share-cropper?

Conclusion

The reforms set out in the Danish University Law of 2003 centre on the concept of the self-owning institution. The law itself sets out that this new status requires universities to appoint governing boards, remove previous democratic decision-making forums and replace them with top-down appointed leaders for the university, the faculty and the department. Preceding the passage of the law, there had been a number of other isolated reforms – development contracts between the university and the government, taximeter payments for teaching, annual appraisal meetings for all staff. These existing reforms are brought into a new relation with each other and acquire a new meaning as they slot into place in a model of outsourcing contracts that, in its ‘cleanest’ forms run from the Minister down to the individual academic, with a system of accountability for meeting outputs, and therefore achieving government policy, running back up from the individual to the Minister. In this model, contracts are to be understood as an expression of the freedom of each party. But alongside this system comes into place a further, separate reform emanating from the Finance Ministry, which requires all self-owning organisations to keep cost-based accounts. These try to translate activities into economic terms, and base judgements of efficiency on comparable measures of profitability. Alongside this, yet to come into place, are plans for accrediting public and private providers of education.

The model started out under the Liberals as a version of free-market autonomy – an international discourse about giving universities independence from the state so that they are free to operate in the international knowledge economy according to the profit motive. The Social Democrats reintroduced into this model strong elements of the ‘modernising government’ version of autonomy, with a new combination of independence and state control. That is, the model provides government with strong mechanisms for steering these independent universities to achieve government’s policy aims. An argument derived from Polanyi (1944) would suggest that a free-market version would undermine the social relations on which civic life, including universities, depends. Therefore, social action is always needed to modify the worst excesses of the market. However, by taking universities out of the state hierarchy and making them self-owning institutions, the government has also ended its responsibility to protect the independence and freedom of universities. The 2003 Danish University Law gives universities a responsibility to be open to their surrounding society, and this means not just that industry and civil society have the right to try and influence the work of universities, but also government ministers, as stakeholders, have the right directly to lobby the governing boards and rectors to include research that meets their political interests in their development contracts. Maybe if universities, or departments, or individual academics made contracts with as diverse a range of social stakeholders as possible, so as to reduce dependence on the government’s contract, on which its steering mechanism relies, this would provide more room for manoeuvre? Meanwhile, the visit of the Minister of Education to inform the Danish University of Education what they should put in their development contract was no scandal at all: the Minister was acting according to the new ethics of university autonomy. As Scott has remarked,⁹ the Danish model combines the worst of both the free trade and the



modernising state models of autonomy: universities, their leaders and academics are given freedom in the sense of individual responsibility for their own economic survival, whilst the sector comes under heavy political control. This is called ‘setting universities free’. Yet the controls are not, and never were those of slavery, just as they do not entail the independence of the iconic self-owning Danish peasants with their own assets: as Deleuze (1995: 181) has pointed out, and like third world asset-less sharecroppers have long understood, it is the freedom to try and manoeuvre within constraints imposed by a system of continual indebtedness.

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Notes

1. The research is part of a project called 'New Management, New Identities? Danish University Reform in an International Context', funded by the Danish Research Council. This article draws on documentary research by Jakob Williams Ørberg, jointly conducted interviews and participation at university meetings, and Susan Wright's comparative work on the reform of universities in other Scandinavian countries and the U.K. The project also includes field-work-based studies by Dr Stephen Carney from Roskilde University on changes to university governance and management, by Dr John Krejsler of the University of Århus on academics' responses to changing management and working conditions, and by Gritt Nielsen, PhD student at the University of Århus, on students' participation both in their own learning and in university governance.
2. There are of course notorious breaches in many countries with this bureaucratic university system when, for example, governments have decided to close departments they did not favour politically.
3. Autonomy (nomos meaning law) implies each person governing themselves, as against autocracy (cracy meaning power) which means the absolute government of one person over all.
4. In referring to Danish political parties we are using the English translations preferred by the parties themselves on their homepages. We also add the abbreviations used in the Danish press in brackets.
5. The word 'statutes' is a translation of the Danish *vedtægter* and not *statutter*, which was the term used in relation to universities up until 2003. The use of *vedtægter* corresponds to the language used in private corporations. In the proposal for the law that sets out the framework for the self-owning Technical



University of Denmark (DTU), the science ministry finds it necessary to correct the language used by administrators at DTU and underline that the word *statutter* is no longer appropriate (Folketinget 2000: 53–54).

6. The Netherlands has advertised such an ‘open system experiment’ whereby providers that are not currently part of their publicly funded system of higher education are eligible to tender for bachelor and master level programmes (THES 21 July 2006). The Danish government has just decided to merge the 12 universities and 15 government research departments into five to six big universities which will be more able to compete against international competition.

7. From 2007 the accommodation taximeter is included in the so-called ‘full cost’ teaching taximeter figures quoted here.

8. We are very grateful to Rebecca Boden and Penny Ciancanelli for explaining these systems of accounting and their implications.

9. Alan Scott, personal communication, 27 July 2006.

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