

# **POLITICAL ECONOMY IN GREATER WESTERN SYDNEY**

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A 2012 national survey of the economics curriculum in Australia noted that there were two centres of economics teaching that are explicitly and significantly pluralist. The first is the Political Economy program at the University of Sydney. The second is the Economics and Finance Program at the University of Western Sydney. The case of Sydney University is well documented (Butler, Jones and Stilwell 2009), but the UWS case is not so well known. Yet UWS has its own distinctive story that offers instructive lessons to those interested in a more pluralist economics curriculum. UWS developed a political economy/economics program that was highly rated in both teaching and research outcomes but was suddenly and disappointingly derailed by senior management. This article, written from an insider's perspective, chronicles this episode and raises broader issues about the future of political economy and economics more generally in the current system of university governance and the current policy environment for tertiary education.

## **UWS**

The University of Western Sydney began operation only as recently as January 1989 as a federated network university. From the beginning of 2001 the University of Western Sydney operated as a single multi-campus university rather than as a federation. The UWS student profile is distinct. Approximately 75 per cent of domestic students are from Greater Western Sydney, 62 per cent of commencing students are 'first in family' to go to university, and 70 per cent of students juggle work and study (working longer hours on average than students nationally). The highest number of low SES students – students from low income and educationally disadvantaged backgrounds – of any Australian university

(over 8,000, 23.7 percent) attends UWS. A third of all students are mature age (25 years of age or older) and 20 per cent of commencing domestic students find a pathway to UWS through Vocational Education and Training sector links (UWS 2012; Shergold 2012).

It is the explicit social mission of UWS to assist Greater Western Sydney that makes it so attractive to many staff members. Greater Western Sydney has average levels of income, employment and education far lower than the rest of Sydney. Providing opportunities for lower socio-economic status students to access higher education significantly increases the social benefits to the community, and around 77 percent of UWS students from these backgrounds are successful in completing their studies. Peter Shergold (2012) notes the distributional impact of higher education, stating that:

Providing access to lower-income, disadvantaged students significantly increases social mobility, creating a more productive and cohesive community. Dollars invested in the success of a low-SES student provides a higher rate of private and public return than for their more advantaged colleagues.

The Bachelor of Economics (B.Ec) degree has been taught at the University of Western Sydney since 1993 when it was offered on the three campuses of Campbelltown, Parramatta and Penrith. In 2012 it had a sizeable stock of 383 students. The UWS B.Ec allowed students to cover the core common content of most Australian B.Ec degrees. In addition it offered students specialisations in finance and commercial property studies. A defining characteristic of the degree, however, has been that students are exposed to a wide range of perspectives. Specifically, it was associated with a pluralist approach to the study of economics and finance. Core studies in microeconomics, macroeconomics and econometrics were supplemented with globalisation studies, development economics with special application to Asian economies, the history and methodology of economics, heterodox economics and evolutionary modelling, and feminist economics. There was a compulsory Political Economy subject in the Honours Program and many of the other subjects were characterised by a pluralistic approach. A commitment to pluralism gave the degree a special niche in Australia. It is in this respect similar to the Political Economy program at the University of Sydney. This has been most recently highlighted in

Thornton's (2012, 2013) survey of Australian Economics curricula in 1980 and 2011.

By most objective indicators the School of Economics and Finance at UWS was performing well. The student numbers had grown over the period 2004 to 2010 by forty per cent. In 2011 there were sixteen UWS Schools. The comparative data on Equivalent Full Time Student Load had the School of Economics and Finance as the eighth largest School at UWS. Both the Higher Degree and Honours student loads were ranked sixth largest at UWS. In terms of academic staff, however, the School of Economics and Finance was the fourth smallest at UWS with 39 academic staff in 2011. At various times the School was ranked first across UWS for attracting international fee paying research students. Its main postgraduate coursework program was the second largest program at UWS in terms of international student numbers.

The UWS Schools are ranked by research performance. In 2009 the School of Economics and Finance was ranked number three in Research Publications and equal fifth in research load amongst UWS Schools. In 2010, in terms of Research Publications (sum of weighted Higher Education Research Data Collection points), our staff were ranked number one among all 16 Schools, with eight percent of all UWS publications. We accounted for eighteen percent of all the UWS authored research books and seven percent of all the refereed journal articles. Our weighted HERDC publication points per full time equivalent staff member were double the UWS average.

In terms of teaching, since 2007 one of our staff has been awarded the Carrick Citation Award for Outstanding Contributions to Student Learning while another was awarded an Australian Learning and Teaching Council Citation for Outstanding Contributions to Student Learning. All Schools at UWS participate in standard university-wide student feedback surveys. The student response ranked us third best of all the 16 Schools at UWS in 2008 and 2009. In 2010 our ratings dropped a little, probably because of the cumulative effect of the seventeen percent increase in student enrolment in 2009 and a further seven percent increase in 2010. Yet after first semester 2011 we were again ranked highly – as the second best performing School at UWS.

We were also active in engaging with high schools and our staff volunteered their time freely to give presentations. In 2010 we gave more presentations to high schools than did any other School at UWS.

Engagement with future university students was the basis of our original partnership with the Whitlam Institute in 2009 that resulted in high profile Symposiums on ‘Getting to Grips with the Economy’, ‘Governing the Economy: the Challenges and the Possibilities’, ‘Building a 21st Century Economy to Deliver a Fair Society’ and ‘Labour Market Evolution: The Challenges and Options for a 21st Century Economy’. Our symposiums often attracted more than one hundred participants from all sectors of society, including Deputy Prime Ministers, Premiers, Treasurers, ALP Presidents, Governors of the Reserve Bank of Australia, the Secretary of the Australian Treasury, the CEO of the Australian Council of Social Services, journalists, academics and representatives from various NGOs.

Given these favourable performance indicators, one could be quietly satisfied that we were performing at a fairly high level. It then came as a shock in May 2011 to hear that the School of Economics and Finance was to be abolished and, along with Schools of Accounting, Marketing and Management, was to be merged into a large School of Business with no separate departments as such. We were also informed that the Economics and Finance major, which attracted just under 300 students in 2011, would no longer be offered in the main undergraduate business degree. All these changes were effective as of January 1, 2012. The argument at the time was that the study of economics would be concentrated in the Bachelor of Economics degree alone. However, in October 2012 a change proposal was distributed, recommending abolition of the B.Ec, B.Ec (Hons) and B.Ec/LLB programs for 2013, along with a number of other changes. Eleven of our staff were regarded as surplus to requirements and applications for voluntary redundancies were called for; if insufficient numbers of staff responded this was to be followed by forced redundancies. This change proposal, with the abolition of the B.Ec, represented the effective disappearance of economics as a discipline from UWS.

One of those who has subsequently left was Professor Anis Choudhury, long-time editor of the *Journal of the Asia Pacific Economy*, Director of the Macroeconomic Policy and Development Division, United Nations, ESCAP, and author or editor of around 16 books with titles such as *The Political Economy of East Asia: Post Crisis Debates; Growth, Employment and Poverty Reduction: The Case Study of Indonesia*; and *Poor Poverty: The Impoverishment of Analysis, Measurement and Policies*. He coordinated and directed the 2013 ESCAP *Economic and Social Survey*

*of Asia and the Pacific* titled 'Forward-Looking Macroeconomic Policies for Inclusive and Sustainable Development'. In his farewell email to colleagues (15<sup>th</sup> January 2013) he wrote: 'I regret leaving UWS under the current circumstances, especially when I see the dismantling of everything that we have done to build a leading heterodox school of economics and finance. This is sad, indeed.'

### **Heterodoxy at UWS**

The School of Economics and Finance at UWS was formed in 2001 through the merger of the Department of Economics and Finance at Macarthur with the School of Economics and Finance from Nepean and the Economics group from Hawkesbury. Heads of school sympathetic to, and supportive of, pluralist approaches to teaching and research fostered an environment that could accommodate and value both orthodox and heterodox staff.

The Macarthur Department of Economics and Finance had been formed in 1989 and was initially headed by Professor Colm Kearney. He was team leader of an Evatt Research Centre study published in 1988 on *The Capital Funding of Public Enterprise in Australia*, and also a senior economic consultant to the Federal Treasurer and Federal Finance Ministers during the Hawke-Keating Labor government years. He left UWS in 1997 and was replaced by Professor Raja Junankar who had published a book on *Marx's Economics* in 1982 and had an international reputation on labour economics, particularly unemployment issues. He edited the four volume *Economics of Unemployment: Causes, Consequences and Policies*, in the International Library of Critical Writings series, published by Edward Elgar in 2000.

Associate Professor Brian Pinkstone was the foundation Head of the combined School of Economics and Finance at the University of Western Sydney from 2000 to 2006. Pinkstone's interests included economic history, Marxist economics, comparative economic development, uneven development theory, migration studies and economic methodology. He organised an international conference for the International Association for Critical Realism at UWS in 2005. It was during Pinkstone's stewardship of Economics and Finance that the pluralist approach was clearly delineated in our subject offerings. Through a process of discussion and persuasion, overwhelming support for a pluralist approach

by the school was achieved in 2001. This outcome is a testament to the value of the traditional collegial approach to university governance and administration. Pinkstone wanted to avoid the split that had occurred at the University of Sydney between mainstream and Political Economy approaches.

Professor John Lodewijks was the Head of School from 2007 until the School was merged into a combined School of Business in 2012. Lodewijks had been in the very first cohort of students, along with Peter Kriesler, Rod O'Donnell and Steve Keen among others, who took the Political Economy sequence of courses at the University of Sydney.

With these supportive Heads, arguably a pre-condition for a pluralist department, a welcoming environment for alternative approaches to economics was fostered. In 2011 of the 39 academic staff, around twenty would identify themselves as heterodox or at least sympathetic to alternative approaches. About a dozen would label themselves as explicitly heterodox, and these comprised critical realists and Marxists, environmental economists, post Keynesians and feminists, Kaleckians and Minskyians - not to forget the original Keensian – and historians of thought and economic historians.

We might list some of these staff. Bill Lucarelli has written books titled *The Economics of Financial Turbulence: Alternative Theories of Money and Finance* and *Monopoly Capitalism in Crisis*, and published in journals including the *Review of Radical Political Economics*, *Marxism*, *Journal of Post Keynesian Economics*, *Capital and Class*, *Contributions to Political Economy*, and *Monthly Review*. Partha Gangopadhyay is the Executive Director of the 'International Centre for Conflict Prevention and Management' and an Editor-in-Chief of *The International Journal of Development and Conflict*. His books include the *Economics of Rivalry, Conflicts and Cooperation* and *Peace Science: Theory and Cases*. Neil Hart is the author of two books on Alfred Marshall: *Equilibrium and Evolution: Alfred Marshall and the Marshallians* and *Alfred Marshall and Modern Economics: Equilibrium Theory and Evolutionary Economics*. Ingrid Schraner completed her PhD at Macquarie University titled a 'Feminist Critique of Marx' and her area of expertise is Feminist Political Economy. Margaret Moussa and Edward Mariyani-Squire might also be mentioned, as should earlier contributors Mike Rafferty and Nick Coates.

Of the heterodox economists at UWS, Steve Keen has had by far the highest profile. He is on the Executive Committee of The World Economics Association and widely known for his book *Debunking Economics: the naked emperor dethroned?* Mention might also be made of Steve Keen's blog – [www.debtdeflation.com/blogs](http://www.debtdeflation.com/blogs) - which has been the vehicle by which he communicated his analysis of the economic crisis to the world beyond the reach of Australia's media. Keen won the 'Revere Award for Economics' for being judged 'the economist who first and most cogently warned the world of the coming Global Financial Crisis'.

Recent appointments had further strengthened the pluralist orientation of the School. Sriram Shankar completed his PhD at the University of Queensland and was strongly influenced by the supervision of John Quiggin. Kathy Tannous came from the Social Policy Research Centre at UNSW: her research has involved measuring the economic cost of Australia's long day care, evaluation of early intervention program for children at risk, and family-centred research on employment for jobless. Heath Spong's research interests include entrepreneurship, law and economics, ethnicity, migration, and business ethics and he has published in *Urban Studies*, *Review of Political Economy*, *Journal of Business Ethics*, and the *Journal of the History of Economic Thought*. Neil Perry is a Post Keynesian environmental economist and has published in *Ecological Economics* and the *Journal of Economic Perspectives*. In 2012 he edited a special symposium for the *Economic and Labour Relations Review* on the inherent limitations of carbon markets. Visiting Fellows, such as Rod O'Donnell who was with us for two years, might also be highlighted, as should George Lafferty, a Professor of Human Resource Management and Industrial Relations who has published in the *Review of International Political Economy* and frequently in the *Review of Radical Political Economics*.

This cohort of eclectic and dissenting economists at UWS is equivalent in size to the Political Economy program at the University of Sydney<sup>1</sup>.

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1 Like any academic department, it was not always a bed of roses. There were factions, incidents of personal animosity and episodes of misogynist behaviour. There were strong personalities involved. It was sometimes 'Death by email', whereby staff would launch withering broadsides at each other, always with the 'reply-all' function, to distract staff from their productive pursuits. Some even went to the extreme of barring certain emails from their system. Unfortunately,

Many have strong connections with the Sydney program. The two groups at Sydney and UWS had the strongest representation of heterodox economists in the country.

### **The Structure and Agency of Demise**

Given the positive outcomes associated with Economics at UWS, we were thunderstruck by the extremely rapid processes that led first to the loss of our School, then the loss of our Bachelor of Economics degree program and the impending abandonment of the study of Economics at the University. One naturally looks for villains or culprits that, for whatever reason, have some obsession and the power to destroy a discipline. The wrath of staff quickly turned to the new Dean of the School of Business who was appointed in August 2011. In his defence, it may be said that he was thrown in at the deep-end, having barely arrived at UWS when he was entrusted with leading a new School, comprising four formerly autonomous Schools now concerned about losing their disciplinary identity in the merged entity. Each had a different work culture, and powerful personalities, and the combined mix was unlikely to be cohesive or trouble-free.

It did not take long for things to go further pear-shaped. In November an organisational change proposal for professional (administrative) staff was distributed which sharply reduced the number of support staff and centralised their location. All administrative support was removed from the building in which we were located at Parramatta. Now academics would have to sort the mail, deal with student inquiries directly, answer

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these disputes were often among the heterodox economists themselves rather than between the orthodox and heterodox staff. School meetings were eagerly anticipated not to be missed events and usually of tremendous entertainment value. Even the administrative staff would travel long distances to get front row seats. It was the unenviable role of the Head of School to enforce a culture of civility and tolerance. This included transforming meetings into dull and uneventful pastimes in the finest tradition of university committees, but to minimize their duration to focus on the essential business at hand. In that respect, significant improvements occurred so that staff were less distracted from their teaching and research by the antics of a few troubled souls. The research and teaching outcomes, mentioned earlier, are a testament to the productivity of the School's academics and improvements in the work climate and culture as they gradually learnt how to make pluralism work in practice, rather than just in aspiration.



phones and fix the photocopiers, with no support staff physically present in a building that housed 120 academic staff and another 30 or 40 PhD students. Soon after, in December 2011, we were informed that, of the five applicants for sabbaticals from Economics and Finance, only one was successful and for that applicant there was no financial support provided. Over the previous five years, thirteen of our staff had been successful with sabbatical applications (some twice). On the other hand, staff from the Management discipline had a record number of successful sabbatical applications. Suspicions were raised of unequal treatment.

Suspicions of an anti-economics bias were enhanced when no Economics and Finance representative was appointed to join the School of Business Research Committee, despite protests. Even without our representation, the School's new research strategy was overwhelmingly rejected by that committee in September 2012. The committee was unanimous in voicing serious concerns that the proposed research themes were too exclusive and narrow and did not reflect current research strengths and teaching programs of the School. This still-born research strategy was followed by a proposed School of Business Learning and Teaching Strategy that was also overwhelmingly rejected by staff at a well-attended NTEU meeting. Among the many proposals was the removal of Disciplinary core subjects such as Principles of Economics – one of the few remaining economics subjects. These disciplinary units were to be replaced with 'integrative' or 'multidisciplinary' business units. These rejected plans were soon followed by an inoperative work plan policy and eventually by the comprehensive change proposal that was to abolish economics.

In the meantime there were other incidents that angered economics staff including the cancellation of an economics conference at an advanced stage when conference announcements had already gone out and key international speakers had been lined up. Misconduct proceedings were also being instigated. Unfavourable recommendation reports on economics staff applying for promotion added to the mounting evidence. The circumstantial evidence of an anti-economics bias was strong. It is not surprising that statements like the following were appearing on blogs:

What a terrific department. How many years, I wonder, did they pour their hearts into building this department? How long to build and nurture such an institution? And it takes the stroke of a nihilistic, MBA-trained, myopic, petty-minded pen, what knows the dollars involved but no idea as to the real value, to bring it

down. Somewhat like spectacular ice crystals that form over time in a snowy winter, smashed down by passing children on a whim. My heartfelt sympathy to everyone at UWS. I hope you can turn it around. Tell us what we can do to help<sup>2</sup>.

Morale throughout the School of Business was very low. The 'My Voice Staff Engagement Survey' results that came out in mid-2012 were particularly stark. The response rate was 68 percent from the 203 staff in the School of Business and revealed a number of governance concerns and occupational health and safety issues. Less than forty percent of staff felt able to answer the following questions favourably: 'I feel emotionally well at work'; and 'I am able to keep my job stress at an acceptable level'. The Dean's personal approval rating was half that.

To lay the blame purely on an unpopular Dean is ultimately unconvincing as a satisfactory explanation for what transpired at UWS, however. The institutions and realities of contemporary university governance need to be given significant explanatory emphasis. A number of the major decisions, such as the merger of schools and the removal of an economics major in the business degree, were made well before he assumed the position of Dean. Moreover, a Dean needs support from higher levels of the University Executive to enact significant changes to operational structures and indeed may, to a substantial degree, be captive to orders from upstairs, depending on their personality, temperament and political survival skills. Deans are constrained by contemporary governance structures. Aspromourgos (2012) and others have indicated that many Deans no longer seem to represent, promote and protect their staff and Faculties when resources are divided up and strategic decisions made. They are simply appointed on fixed term secondments by the executive to implement the strategic vision for the university. If they do not toe the line their tenure is short. A Dean must be seen to be in 'alignment with the University's strategic direction' and with the 'University's mission'; otherwise their position is 'untenable'. Nevertheless, a resourceful Dean will build alliances and form coalitions to protect their Faculty's interests and deflect undesirable 'strategic

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2 Comment on blog by Stephen King titled 'Vale University of Western Sydney', November 12, 2012, <http://economics.com.au/?p=9473>.

initiatives'. There is scope for individual agency within the governance structure.

In terms of the broader context, The University of Western Sydney embraced a vision characterised by a very aggressive growth strategy. The UWS 2012-2014 budget projected a highly optimistic estimate of the likely increase in student numbers, and hence increase in Commonwealth Grants Scheme Funding and Higher Education Contribution Scheme income in 2012 compared to 2011. The increase in student numbers did not eventuate, as other universities, in a now more competitive higher education market, increased their offers significantly – the University of Sydney by 17.6 percent, Macquarie by 16.3 percent and Australian Catholic University by 12.7 percent. In a 'demand-driven system', where there are no longer government prescribed student quotas in various disciplines, the perceived value of a degree is largely shaped by the institution's prestige. Given its recent establishment, UWS had a weaker brand name and institutional reputation – certainly compared to the sandstone universities. Moreover, a number of other universities – UNE, Charles Sturt, Southern Cross and the University of Wollongong – made a lot of their offers directly to prospective students (outside of the Universities Admissions Centre processes).

This institutional manoeuvring surprised UWS which had already planned a large spending increase on the basis of the expected extra revenue. Much of the expenditure was on construction and capital works. For these capital programs the majority of the next three years expenditures were already committed. Expenditures on other 'strategic initiatives' were also well advanced. Increased academic staffing was set in process but, with the recent retrenchments, overall staff numbers are still languishing. In 2011 UWS had fewer academic staff than in 2002. It is then not surprising that the student/staff ratios are around the highest in the sector. However, over that same decade the administrative staff (general/professional staff) increased by 27 percent (Trounson 2013).

The fall in student revenue produced organisational change proposals aimed aggressively at reducing operating expenditures, with courses and subjects 'not attractive to students' set to disappear. Electives were to be cut so that streamlined programs were down to the basic minimum of prescribed subjects. It was reported that thirty percent of all subjects that the university currently taught would no longer be offered. These proposals came on the heels of the major structural reorganisation of

Colleges and Schools that was operational from beginning 2012. The latest change management project – UWS has been characterised by continuous change and review – launched in October 2012, was to be operational from the beginning of 2013. It involved 30 business academic staff being made redundant in the School of Business and the abolition of the Bachelor of Economics and the Bachelor of Financial Advising. It was a major cost-cutting exercise.

Academic staff failed to understand why the cuts were concentrated on the core activities of the university – teaching and research – and not on the Divisions and the central administration that absorb sixty percent of the funding. Moreover, they were nonplussed when it was revealed that the university was running a record operating surplus in 2012 – twice the size of the originally forecasted surplus. In other words, why were costs cut so drastically and academic staff let go, with course and subject offerings axed, when there appeared to be no financial imperative to do so? The operating surplus was huge despite a drop in projected student numbers. Such outcomes raise obvious questions about the structures of governance and the objectives, capabilities and judgement of management.

Two explanations appear plausible. One explanation is that the modern university is a business and the corporatisation of activities implies that cost-cutting, despite operating surpluses, is totally compatible. It reflects the reality that corporate managerialism has replaced collegial systems of administration. The ability to enact cuts without collegial discussion or oversight is seen as a prerogative of governing bodies. The second explanation, perhaps complementary with the first, is that the modern university has lost its way and poor decision-making by managers, who are often not academics, has led to undesirable consequences. The books by Donald Meyers, *Australian Universities: A Portrait of Decline* and Richard Hil, *Whackademia: An Insider's Account of the Troubled University*, and the articles by David Murray and Brian Dollery 'Institutional Breakdown? An Exploratory Taxonomy of Australian University Failure' and Harry Clarke 'Dumbing-down in Australian universities' are illustrative of this viewpoint<sup>3</sup>. It is characterised by short-termism and extreme risk aversion on the part of university

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3 For a more circumspect perspective see Dean Ashenden, 'Decline and fall?' *Inside Story* 22 November 2012 <http://inside.org.au/decline-and-fall/>.

administrators, while at the same time glorifying ‘change agents’ who rush in where angels fear to tread. Pessimistic projections (rather than actual outcomes) lead to the rush for action rather than holding one’s nerve and waiting to see if any clear trends emerge – this is sometimes referred to as the ‘Fetishisation of Change’.

### **Research Funding Disappears**

On top of increased teaching loads for staff and reduced subject offerings (and the threat of redundancy causing serious anxiety and stress for staff) we also found ourselves with the virtual disappearance of any research funding. We were accustomed in Economics and Finance to have a research budget of several hundred thousand dollars annually but this was slashed to basically nothing in 2012 and 2013. All our conference attendances were now self-funded. Even essential databases such as Datastream were in jeopardy. As a result, Doctoral students were asking to finish their degrees at other universities – even those on AusAID scholarships. Why was research funding so dramatically slashed, particularly to the Economics and Finance researchers who were publishing up a storm?

Much of the ‘blame’ revolves around the reaction by senior management to the *Excellence in Research for Australia* (ERA) audit organized by the Australian Research Council. There have been two rounds of these research quality audits – ERA1 (2003-2008) and ERA2 (2005-2010) – and Economics at UWS was ranked at either a one or two (with the maximum score of five, whereas three is at world standard). In other words, we were well below world standard. How can this poor result be explained?

Harry Bloch (2012) argues that a number of adverse factors were at work for how Economics was ranked. The ERA1 audit showed that two-thirds of universities that were assessed in ‘applied economics’ and ‘other economics’ (as well as the overall economics discipline) were below world standard. So we were not alone. The apparent implication of ERA1 was that Australia generally is very poor in economics research by world standards. At the two digit level (14 Economics) forty percent of assessable units were given a 1 rating. By comparison, in the Humanities and Creative Arts less than ten per cent of institutions received a 1 ranking across all fields, including Law. The overall average for

Economics was 2.4. Economics in Australia only achieved world standard (just) in economic theory 3.1 and econometrics 3.3. The score of 2.1 in applied economics is particularly significant because applied economists account for 66 percent of all Australian economists, 80 percent of the research grants and 76 percent of the publications. Is the economics discipline in this country really that bad?

Much of these research ratings depended on journal rankings. Only 28 percent of applied economics journals ranked A or A\* and the figure was only 9 percent in 'other economics', which included heterodox, ecological and comparative economics, whereas in economic theory (1401) it is 42 percent and econometrics (1403) 57 percent. In applied economics (1402) only four out of 35 universities received a score of 4 or 5 and only one out of six universities got a 4 in 'other economics' (1499). The results for ERA2 for economics show modest improvement. The overall economics average was 3.2 (now just above world average) with 62 percent of institutions scoring 3 or above. In Applied Economics (1402) 53 percent of institutions scored 3 or above, there were no 1's, and 47 percent scored a 2 – with an overall average of 2.87. But the mode was a score of 2 – with 14 institutions achieving this score, including UWS<sup>4</sup>.

The poor ERA results for Economics, and in particular for those departments featuring a considerable number of heterodox economists, were discussed at the 11<sup>th</sup> Society of Heterodox Economists (SHE) conference in 2012 as part of a roundtable on the UK and Australian research assessment exercise and the narrowing of UK economics. Fred Lee provided a convincing account of the 'progressive elimination of heterodox economics and the progressive homogenization of mainstream economics' in the UK from 1992. Research funding in the UK became increasingly concentrated among fewer economics departments as a result of these research quality audits, and research funding in newer universities declined to almost nothing. The number of research-rated economics departments declined, as did the number of departments with post-graduate research students. The imperative was to publish in highly-ranked neoclassical journals; staff were threatened with a loss of professional identity and life as an economist if they did not conform.

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4 See [http://www.arc.gov.au/era/era\\_2010/era\\_2010.htm](http://www.arc.gov.au/era/era_2010/era_2010.htm); [http://www.arc.gov.au/era/era\\_2012/era\\_2012.htm](http://www.arc.gov.au/era/era_2012/era_2012.htm).

There was a clear decline in heterodox publications, so that from 1996 to 2012 the number of heterodox economists located in research-rated economics departments declined by 70 per cent (Lee, Pham and Gu 2012: 21). On the other hand, the number of heterodox economists in non-economics departments increased by nearly 240 per cent. These pressures and changes were reinforced through hiring and promotion practices. The teaching of economics in the U.K has become concentrated among the 'older' more established universities as a result of these research quality audits. The Australian experience may turn out to be similar.

The poor ERA results for economics at UWS – although in ERA2 the ranking was no different from the rest of the business disciplines – has been a factor in the paucity of research funding available. An increasing proportion of the university's research funding is based on ERA outcomes and hence there is reduced funding for low-ranked research codes. The UWS strategy of research concentration and selectivity focuses research resources on areas of demonstrated excellence as indicated by fields of research rated a 4 or a 5. Schools that only score a 1 or a 2 face the prospect of a teaching-only future.

Increasingly important for university research funding are competitive external research grants. They account for approximately 60 percent of research funding, followed by Higher Degree by Research completions at 32 percent and publications a miserly 8 percent. The economists who have focused on, and been very successful at, publishing in journals, and also PhD completions, have arguably not faced the realities of the changed incentive structures. Our success at UWS with obtaining external research income has been modest, although there has been no lack of applications. Staff perceive an institutional bias, and particularly a bias against heterodox economics. On a positive note, our researchers had started more actively targeting non-ARC external research income, with a grant awarded in excess of \$125K in 2011 from the *Institute for New Economic Thinking*.

### **We are not Alone**

Evidently, there is a variety of potential reasons – both internal and external to UWS – that may have played a role in the demise of heterodox economics at UWS. We should not ignore the fact that

economics has been abolished or is also under serious threat at other, primarily non-group of eight, universities. Recent examples have included the disappearance of Victoria University's Department of Applied Economics, with its staff scattered across Finance and International Business. A similar story unfolded at the University of Newcastle. Edith Cowan dropped economics completely and there were similar issues at the ACU Sydney campuses. The B.Ec is no longer offered at UWA. The study of economics is being increasingly concentrated in Group of 8 universities, or ejected into Arts Faculties, or emasculated into service units for business programs in non-group of 8 universities.

Historically, the 1960s and 1970s are described as the 'glory days' for the study of economics at tertiary institutions. For thirty years the popularity of the Economics degree in Australian universities has been in decline. The reasons for this decline have been widely debated. It appears to be related to the decline in the study of Economics in the High Schools. In 1989, 21,211 candidates undertook the Economics examination in NSW across the three courses in the subject (39 percent of the total candidature). In 1989 Economics was the third largest individual subject, after English and Mathematics. By 2011 out of the 72,391 students enrolled in the NSW Higher School Certificate, only 5,481 students studied the Board of Studies NSW Economics course and it was ranked 17th by HSC course enrolment. Business Studies (a course not available in 1989) had 14,995 candidates for the 2011 NSW HSC, and was ranked sixth by HSC course enrolment. John Conroy, writing in the *Business Spectator* of 1 June 2012, noted that:

While Australians constantly put 'the economy' at the top of government's priorities, the trend in education is that fewer and fewer students are taking economics in favour of more narrowly focused business studies. Twenty years ago business studies and variations on it, such as business management, were introduced into Australian Year 11 and 12 syllabuses. In the two decades leading up to business being introduced in New South Wales in 1991, 35 to 40 per cent of students studied economics in their final year of high school. Today that number has been eroded to about 8 per cent. Students slowly migrated across to business courses, overtaking economics enrolments in the mid 90s and completing the transition in the mid 2000s – the figures have stayed roughly the same since, with about 25 per cent of students taking business studies and 8 per cent economics.



It is conceivable that the demise of economics at UWS, with its distinctive heterodox flavour, has little to do with the perceived biases of a Dean or poor decision-making at higher levels, but just a reflection of broader trends. This is not a perspective shared by staff at the coal-face at UWS who argue that their heterodox offerings are far more relevant and appealing than orthodox offerings elsewhere.

### **The Fight to Save Economics at UWS**

The organisational change proposal issued on 29 October, 2012 was a bombshell. It proposed a twenty percent cut in academic staff numbers in the School of Business. Specifically with reference to economics, *it entailed the removal of this discipline of study from the university*. From the beginning of 2012 the School of Economics and Finance had ceased to exist as had any economics major in the business degree. Now the current proposal was to terminate the B.Ec so that nothing was left other than teaching out old programs for existing students and the first year undergraduate service subject, Principles of Economics.

A vigorous campaign was commenced to save Economics at UWS from the attack. The parallels with the fight for Political Economy at the University of Sydney, as chronicled by Butler, Jones and Stilwell (2009), are clear but the result regrettably was far less successful. The timing of the organisational change proposal was unfortunate – October 29 – just before final exams started, with students preoccupied with studying for and completing exams and staff focused on getting exam papers marked under tight deadlines. Some staff were of the view that this timing was deliberately chosen to minimise dissent. Such a view was strengthened when it was inadvertently mentioned that this organisational change proposal had been planned as early as January 2012. Nevertheless, staff had only two months to influence the outcome as the proposed changes were to come into effect from January 1, 2013. Only a single one hour meeting was scheduled for staff to voice their concerns. Symptomatically, that meeting discussion was as strong as the change document was weak. Many academics produced cogent, well-based constructive criticisms without anger or recrimination. As many academics from all the Business disciplines were to be made redundant, and subject cuts were rife across the whole School, the specific issue of the abolition of Economics received only a part of the discussion.

Clearly, student demonstrations would have been very helpful but, given the timing of the announced changes, not much could be organised. A student rally was hastily and skilfully organised by one of our prospective Honours students on November 2, 2012 and representatives were able to speak to one of the Deputy Vice Chancellors and achieve some concessions. The Parramatta Student Campus Council organised another rally on 21 November for the Board of Trustees' Meeting. But time was against us and most students were preoccupied with exams and then off campus. Yet many did find the time to complain in writing to university administrators.

One major plank of our opposition to the change proposal, other than our own internal negative feedback on the proposal, was to encourage academics and others external to UWS to write to the University Executive voicing their concerns. We were delighted with the significant support received. Below is just a small part of this correspondence, starting with a very strong letter from Professor John Quiggin to the UWS Chancellor, dated 9 November, 2012 that said:

A number of colleagues have contacted me regarding the proposed abolition of the Bachelor of Economics degree at UWS. Having gone through this process at James Cook University in the 1990s, this is a subject on which I have very strong feelings. Economics is the foundation discipline for studies in business, finance, accounting and related fields. A tertiary institution that offers a business degree without economics is not a real university, any more than one that fails to offer Arts or Science degrees. One of the most distressing results of Australian higher education policy over the past twenty years is the re-emergence of a sharp division in which 'sandstone' universities, catering largely to the private-school educated children of the upper-middle classes offer degrees comparable to those of high-quality private and public universities in the US and elsewhere, while regional and working-class students are streamed into institutions offering 'vocational' degrees. In many cases, including that of business degrees without a disciplinary foundation, these are not even particularly valuable credentials in the employment market. More than most Australian universities, UWS is oriented towards students from families that have not previously had a chance at university education. Offering them supposedly vocational degrees with no real disciplinary foundation is a cruel fraud and a dereliction of your educational duty. I urge to reject this proposal and to give your students the

chance of an education comparable to that available to those with more privileged backgrounds.

An ARC Australian Professorial Fellow wrote to the Chancellor on 9 November, saying:

Many young people, passionate about contributing to improving the society we live in, see Economics as a vehicle through which they might realize that ambition ... the proposal to abolish Economics as a discipline at your university ... if carried through, will leave UWS a significantly weaker institution.

Geoffrey Fishburn from UNSW wrote to the Vice Chancellor on 18 November that:

The economists presently employed ... with journal editors or past journal editors, and prize winners of all descriptions, is a strength to be valued not just for its own sake but for promotion to the outside world ... [they] represent a plurality of views and approaches which is not generally evident in Australian universities.

Tim Thornton from La Trobe University wrote to the Vice Chancellor on the 10 November saying that:

In many ways ... the evolution of the economics curriculum in Australian universities ... is a rather depressing story of how a generally narrow-minded and intolerant economic mainstream has failed in their duty to teach an up to date, intellectually defensible, plural curriculum. By far the most impressive exception to this generally parlous situation has been the teaching of economics at the University of Western Sydney. UWS's curriculum and teaching has been an exemplar for what all Australian centres of economics teaching should be seeking to do – be plural, be broad, be up to date and be intellectually honest.

Editorial Boards of journals and academic societies also responded. Dr Bruce Philp, Coordinator of the international Association for Heterodox Economics, wrote to the Vice Chancellor on 15 November:

I am writing on behalf of the Association for Heterodox Economics (AHE) concerning the proposal to close the economics programme at the University of Western Sydney. We are a learned society with 160 full members, and some 500

associates, which promotes a plurality of approaches to research and teaching. We have an international membership, predominantly in the USA, UK and Continental Europe. As you may know the economics provision at UWS has gained an international reputation for its pluralist nature, at a time when the economics discipline more generally has gained notoriety for its failure to predict and ameliorate the impacts of the global financial crisis ... The research undertaken at UWS is globally recognised. ... the AHE would counsel you to recognise the quality of your economics provision, anticipate likely changes in demand, and support the internationally excellent research at UWS.

On November 25, the Vice Chancellor received a similar letter of concern from the Editorial Committee of *The Economic and Labour Relations Review*.

The quotations above are but a small selection of the avalanche of correspondence that UWS senior management received in opposition to the removal of the discipline of economics, with its distinctive pluralist and heterodox flavour, from UWS. There was much correspondence that was kept confidential, such as that from a former Chairman of the UWS Board of Trustees who said he was 'appalled' by the organisational change proposal and specifically the removal of the B.Ec on the basis of low projected commencing load for 2013. Senator Lee Rhiannon also placed a Motion to the Senate in Federal Parliament on the 19 November, 2012 condemning developments at UWS.

The second major plank of the opposition to the attacks on economics was via the media, and here Steve Keen's media contacts were a great help. The attention in the media was wide-ranging and extraordinarily supportive of Economics at UWS. The long article in *Newmatilda.com* on the 20 November, 2012 is a good example but many others could have been selected<sup>5</sup>.

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<sup>5</sup> Other articles of interest can be found online at:  
<http://www.abc.net.au/pm/content/2012/s3626129.htm>; <http://uwsdissenter.wordpress.com/>;  
<http://www.theaustralian.com.au/business/opinion/bloated-universities-must-trim-fat-to-perform-better/story-fnc2jivw-1226503448228>;  
<http://www.macarthuradvertiser.com.au/story/673371/honours-course-in-doubt/?cs=1185>;  
[http://www.brw.com.au/p/sections/eco/ditching\\_economics\\_schools\\_say\\_bad\\_dXyrDc2e0ix1uOMXWdEw0J](http://www.brw.com.au/p/sections/eco/ditching_economics_schools_say_bad_dXyrDc2e0ix1uOMXWdEw0J);  
 [list continues on next page]

## The End Result

In the limited time available – barely two months at the end of the year – we were able to put up quite a fight to save our discipline and our pluralistic approach to it. There was an outpouring of support in the media and via personal communications.

The university management made some concessions. They guaranteed that existing students could complete the programs in which they had enrolled. They pledged that an Economics major would return to the Business degree. But the main battles were lost. The B.Ec no longer admitted students from 2013. Unbelievably, the actual number of planned redundancies in economics *increased!* It was this that astounded staff. How could we have more staff made redundant if we were now permitted to have a major, which was not in the original proposal that indicated that Economics would be eradicated completely from UWS?

The consequences have been dramatic. In 2013 we had no Economics major. It is planned to be re-introduced in 2014 but is a shell of what we had, with only two heterodox subjects being offered in total – a sham pluralist offering. Our Honours program in 2013 had only two students in it. Many more have simply transferred to other universities including UTS, Macquarie and UNSW. There they are highly valued by those universities. One of our students contacted UNSW on a Monday asking if there was a possibility to do Honours there and by Thursday of that week already had a thesis topic and a supervisor. Two of our best PhD students are transferring to the Australian National University. But of course the biggest disappointment is the loss of our staff. Thirty academics have been made redundant from the School of Business. Four of the five Economics professors have now been made redundant – Anis Chowdhury, Satya Paul, John Lodewijks and Steve Keen - the latter not without an unpleasant detour via Fair Work Australia and frivolous referral to the Independent Commission Against Corruption. Neil Hart,

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<http://www.parramattasun.com.au/story/743201/uni-cutbacks-wreck-career-plans/?cs=1245>;

<http://www.bluemountaingazette.com.au/story/1120652/how-business-may-end-at-uws/?cs=2062>;

<http://newmatilda.com/2012/11/20/uws-economics-next-razor>;

<http://www.heraldsun.com.au/news/breaking-news/western-sydney-uni-staff-protest-over-cuts/story-e6fjf7kf-1226521093525>; <http://economics.com.au/?p=9473>.

Ian Nalson, Brian Pinkstone and Ingrid Schraner are other heterodox economists that have departed.

### **The Lessons Learned**

This distressing episode may provide insights into a number of matters, including the functioning of modern universities, the future of economics as a discipline and the perilous state of heterodox economics.

The decline of collegiality in favour of executive managerialism is widely lamented in the higher education sector. One of our colleagues, Gabriel Donleavy, in a paper presented to a 22 February, 2013 UWS Senate Meeting, noted that there was ‘nostalgia among faculty for a golden age of collegiality’ that had been replaced by the ‘Australian university phenomenon of a corporate managerial culture’ and that this was ‘coincident with the transition from fully funded elite education to an era of mass education that has never been fully funded’. Donleavy continued:

In a struggle for survival in competitive student markets, with no shelter for poorly subscribed courses or research not funded from grant income, it was and is entirely natural that the law of the financial jungle dominated and that the higher plane considerations of the elite education period were seen in some quarters as irrelevant, unattainable and/or self-indulgent.

Harry Clarke (1998: 55) in a strident polemic entitled ‘Dumbing-down in Australian universities’ had previously written that:

Courses are established to be attractive to students (now described as ‘clients’ or ‘customers’ of the university) by having apparent vocational appeal with unchallenging subject matter and assessment ... Academically weak students, facing the option of choosing between challenging, analytical courses or descriptive, narrow courses with little intellectual challenge, tend to go for the latter if that is where they see apparent vocational opportunity.

Murray and Dollery (2006) comment that administrators sometimes acted despotically, without regard to logic and fairness, and the cost incurred of organisational restructures were often far in excess of any derived benefit.

The 'My Voice' Staff Engagement Survey results were released in June 2012, with representative qualitative comments such as: 'Senior management needs to come to the coal face occasionally – they seem to be increasingly out of touch with the reality of teaching at the undergraduate/ postgraduate level'; 'Change management processes need to be improved' and senior management 'tends to substitute change for progress'. The quantitative results indicated that less than a third of respondents could say that change was handled well. While these results may be alarming, they were benchmarked against 36 other Australian and New Zealand Universities, and these *low approval ratings were on par (and sometimes better) than that of the benchmark averages*. So it is not an issue unique to one university – profound disenchantment pervades the entire university sector.

With respect to the episode that forms the focus of this article, the process of managerial decision-making has been particularly disturbing. First was the rush to implement comprehensive restructuring. Universities usually conduct independent academic reviews of disciplines before taking decisions about discipline abolition. Those reviews are then usually reported to the university governing body for proper consideration. Such an academic review would call for considered submissions from all interested parties. The proposals discussed here were rushed, based supposedly on immediate budget concerns and on projections that might only possibly occur. There was no genuine academic case being made as it was all formally about budgets and enrolment projections. But even these were exceedingly short-term projections.

The issue of the disappearance or diminution of economics in higher education is another concern. Economics is becoming increasingly concentrated in the Group of Eight universities. It appears particularly odd that in the third largest economic region in Australia – Greater Western Sydney – students from that region and elsewhere will no longer have the opportunity to study economics in depth. My colleague, James Farrell, in a posting to his students, expresses the concern about this development succinctly:

Some of the toughest issues confronting society are rapid structural, technological and demographic change, macroeconomic turbulence, global warming, and growing income inequality; therefore some of our biggest challenges will be to

design tax, health, welfare and education systems, along with competition and industrial laws that balance equity and efficiency, and robust macroeconomic policies for an integrated world economy. One might argue that the bright and enthusiastic young men and women of Western Sydney deserve the same opportunity as anyone else in Australia – and indeed as many past UWS students have had – to specialise in these areas and get involved in public policy.

Yet, even within the leading GO8 universities, there are moves to disassociate Economics with Business and to move it into Arts Faculties or Faculties of Social Science – indeed there might be a brighter future for heterodox economics in the arts and the humanities. But by and large, heterodoxy is stronger in the non-GO8 universities, and this is where economics as a discipline is most under threat. Thornton (2012) argues that the economics curriculum is becoming less pluralist in this country, as the sub-disciplines of economic history, history of economic thought, comparative economics, heterodox economics and development economics are in decline within traditional centres of economics teaching. These sub-disciplines collectively form the category of ‘economics as a social science’ or more simply ‘political economy’. Thornton’s survey results indicate that mainstream economics – comprising the sub-disciplines of neoclassical economics, econometrics and mathematical methods – has increased its dominance in the curriculum over the last three decades. This does not augur well for pluralistic approaches, and the virtual disappearance of it at UWS will only intensify these trends.

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*Note: This paper was originally prepared for ‘Australian Political Economy: State of the Art: A Conference in Honour of Frank Stilwell’ held at the University of Sydney, April 4-5, 2013. Helpful comments were received when various parts of this paper were presented previously in 2011 at the Society of Heterodox Economists plenary session on the ‘Future of Heterodox Economics’; in 2012 at the plenary session on the ‘UK and Australian research assessment exercises’; and in July 2012 at*



*a Political Economy seminar at the University of Sydney. I have also benefited from the discussion at the 'Academic Work Cultures and Wellbeing' Conference at Macquarie University, 2-3 May 2013. I am indebted to Geoffrey Harcourt, Steve Keen, Peter Kriesler, Frank Stilwell, Tim Thornton and three anonymous referees for detailed comments.*

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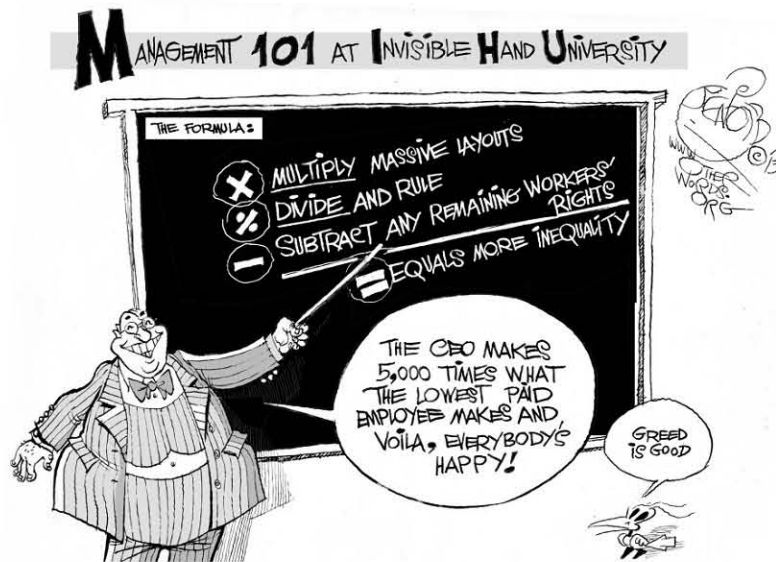
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