FUNDING HIGHER EDUCATION RESEARCH: MOVING BEYOND 'LOW-RISK' PROJECT FINANCE

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ABSTRACT

The paper outlines a critique (both ethical and conceptual) of global trends in the funding of higher education research. The argument proceeds in six main stages.

- First, an analogy is drawn between typical research funding policies and commonly-encountered rationale for establishing and regulating financial markets.

- Second, by invoking fundamental categories in the theory of markets, a substantive correspondence is established between formal criteria for the award of competitive research grants and the regularised objectives of institutional arbitrageurs: i.e., entities transacting for near 'riskless' returns.

- Third, the author appraises the findings of several empirical studies which indicate that adequately fulfilling the principal objectives of financial markets depends upon a degree of market segmentation: i.e., the accommodation of distinct groups of market participants, differentiated by their divergent strategies and dissimilar collective functions.

- Fourth, in acknowledging that there is a valid role for arbitrage activity, several other, much more critical functions are identified, without which market effectiveness is significantly compromised: namely, investment (ensuring the circulation of capital), hedging (managing risk exposure through orthogonal positioning), and speculation (deliberately seeking risk exposure to particular assets).

- Fifth, in analysing analogous situations within higher education, while there often exists a partial enactment of functions comparable to 'investment' (through, for example, the pre-allocation of teacher-researchers' base salaries), the necessary 'hedging' and 'speculative' functions are generally not well-represented.

- Sixth, several ethical implications are derived from the prioritisation of 'arbitrage' in research: i.e., the elevation of 'riskless' projects over hedged or speculative activity—the latter possessing, perhaps, ill-defined goals, fluid schedules, uncertain rewards, and unpredictable teaching impacts.

The paper concludes by advocating a reformulation of the usual roles of grantors and policy makers, to increase functional diversity during the equitable disbursement of research budgets—thus moving beyond 'low-risk' project finance.