

Fighting the cuts in education¹

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ABSTRACT

The stepping-up of the public sector cuts between 3%-10% this year shows that the Muldoon Government is following the Thatcher-Reagan-Fraser policy of attacking workers to restore profits. Once you accept the bosses' argument that profits are the only basis of economic growth, then the necessity for cuts follows, and the possibility of a united working class opposition to the cuts is lost. It is important for this reason to reject the bosses' argument about profits, so that all those affected by the cuts, whether privileged university staff and students or oppressed groups such as women and Polynesians, can join forces in fighting back against the cuts. Because the attack on education is merely one part of the total attack on the public sector now taking place, I will begin by looking at the cuts in general before dealing with education.

The stepping-up of the public sector cuts between 3%-10% this year shows that the Muldoon Government is following the Thatcher-Reagan-Fraser policy of attacking workers to restore profits. The monetarist "privateers" are making great play of the need to cut the public sector to restore economic growth. This is true enough provided we equate "economic- growth" with capitalist growth. The cuts are necessary to restore profits, but are profits necessary to restore growth?

The conventional wisdom is that both profits and the cuts are necessary. The debate is over the fine print of who gets hurt most. This is exactly the sort of spurious debate that Muldoon and Co.² want, because it sets us all at each others' throats³ and divides the working class along skill, race and sex lines. Once you accept the bosses' argument that profits are the only basis of economic growth, then the necessity for cuts follows, and the possibility of a united working class opposition to the cuts is lost.

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The "cuts" in general

The attack on the public sector is being mounted by monetarists like Friedman and privateers like Thatcher on behalf of capitalism in crisis. It is a response to the need of the "private sector" to free itself from the constraints of state intervention in the economy built up during the post-war boom.

For the monetarists the present recession has been caused by excessive wages and state spending which are a drain on profits. The solution is to cut both wages and state spending.

The monetarists' attempt to blame the working class for the crisis deliberately draws attention away from the real cause of falling profits - the capitalists' inability to raise the rate of exploitation fast enough to keep ahead of costs. Instead of admitting that the capitalists have failed to exploit the workers hard enough to get a return over what they pay in wages and taxes, the monetarists turn things around and say that wages and taxes cause the fall in profits. Of course, if you don't think the capitalist exploits the worker and is entitled to his 'fair' profit, then you are bound to agree that rising costs of wages and taxes must squeeze profits, and that to restore profits, cuts are necessary.

How do the cuts work to restore profits? Wages and taxes become excessive costs for capitalists when they exceed their market value. That is, when wages exceed what the capitalist should, under free market conditions, pay to get the labour he requires; or when the taxes he pays are used unproductively, that is, do not contribute to a lowering of costs of production. The monetarist attack on public spending therefore is designed to get government to spend its tax revenue more efficiently in lowering costs of production. To understand this better we need to look at who pays taxes.

Most taxation is a direct tax on wages and salaries (company tax as a proportion of direct tax has fallen to about 10%). This is not a straightforward tax on the share of wage-labour as is commonly believed. Rather it has two sources. One part of it is a tax on gross profits. The capitalists agree to part with this to finance the state's support of the capitalist system - administration, law and order, some goods and services too risky or too large for private 'enterprise', and the reproduction of labour-power (or the workforce). Now this taxation is of considerable interest to the capitalists who want value for money. During the post-war boom the cost of these services was not questions except by farmers and importers, because protection of local industry allowed state costs to be passed on without squeezing profits.

The second part of taxes on wage-labour is that which goes back to the wage and salary earner as the 'social wage' - those goods and services - health, education, welfare - consumed by workers and provided by the state out of tax revenue. This part of taxation is part of the real wage (or the value of labour-power) and is not deducted from gross profits directly. However, the capitalist has his eye on this tax too. If the costs of providing the social wage exceed the costs of the same goods and services on the private market, then the real wage (or value of labour-power) is higher than it should be and state spending on education, housing, health, and social benefits must be cut.

Why the "cuts" now?

Now state spending on export incentives, roads and railways and health and education is beneficial to capitalism so long as it keeps costs of production as low as possible. With the end of the boom and the requirement that N.Z. firms compete internationally, state spending is excessive and a drain on profits. N. Z. firms can become competitive (and hence profitable) only by raising the rate of exploitation (or the proportion of surplus-value expropriated from wage-labour by capital). Since the state sector accounts for a third of employment and nearly half of economic production, it too must be 'restructured'. The public sector cuts now taking place are therefore part of the overall strategy to reduce costs and raise profits. The "cuts" are therefore predictable.

First, company taxes are cut or selective tax rebates made to reward efficiency. Second, taxation which is spent on government administration, the production of goods and services (electricity, post office etc.) is cut, some of the public sector is 'privatised', (e.g. public works), and the rest is made competitive with the private sector i.e. forced to make a profit and charge "economic" prices. This allows a cut in taxation and with it the 'gross wage' paid for labour and is the purpose of the wage-tax deal Muldoon is forcing on the FOL. Third, taxation which becomes the social wage is redirected to capital by cuts in state spending on education, health services, housing and social security.

All these cuts have the same effect. They redistribute taxation back to capital as subsidies, wage cuts, or the cheapening of costs through the privatisation of the public sector. Past taxation represented by public capital investment (e.g. dams, roads, schools, hospitals) re-enters private production at less cost, and public sector unemployment and increased 'efficiency' lowers the costs of goods and services and administration. In this way, the public investment of the past 150 years is hocked-off, or restructured, so as to lower production costs to private firms. That this massive public investment was and is the product of the labour-power of generations of N.Z. workers and represents a social investment which under-pins the living standards, culture and political freedoms of the people is overlooked.

The cuts in Education

The cuts in education are a special case of the cuts in the 'social wage' and of state production of services i.e. capital and running costs of schools and salaries of teachers. The objective is to reduce spending in this area to "free-up" tax for direct use by capital. At the same time the reduced resources (decrepit school buildings, cuts in teacher training, lowered wages) are expected to be used more efficiently. Like in the private sector unemployment will act to discipline the 'profession' into accepting lower wages, inferior conditions and harder work. Competition for places (especially in the tertiary sector) will push up academic performance and pressures on students. The effect will be to restructure education more in line with the changing demands for trained manpower in internationally competitive industry.

During the post-war boom the rapid expansion of the economy and the shortage of labour required the development of a mass education system. The state provided this service more cheaply than private capital because it did not make a profit. Today, as the economy is restructured along 'growth strategy' lines - the export of raw materials and semi-processed energy rather than the production of consumer goods for the local market - the demand for mass education lessens, and the cost of providing education for all those who will be unemployed becomes excessive.

The erosion of mass education has been going on for some time with the diversion of funds from pre-school, primary and secondary education to the tertiary sector and private schools since the late sixties. The present 3%-10% cuts will speed up this process and its uneven impact. Already the closure of two Teachers' Colleges and the threat to close more; teacher unemployment and reduced intake; wage restraints and deteriorating conditions, all signify that the cuts are most severe at the bottom. Yet even the more privileged tertiary sector is not immune. Real cuts of 10% this year are expected, but these will be uneven in their impact. Muldoon's "soft underbelly" of the arts and social sciences will get in excess of 10% while the economically 'relevant' sciences and business studies will continue to expand. The criterion applied to education, like all other activities in the public sector, is that it "pays its way".

Responses to the Cuts

With the privateers on the offensive and backbenchmen like Jones and Banks⁴ hacking at the universities, the teachers' colleges, the prisons and the public service, what sort of opposition is coming from the Labour Party, the Federation of Labour and the public sector unions themselves? So far the record has been dismal and completely tacking in any fight back against wage restraints and redundancies. The right-wing attack on the state as unproductive and inefficient has rubbed-off on the labour movement. The FOL, used to doing deals in the private sector, is ill-prepared to meet public sector cuts. The public sector unions, sheltered by boom conditions from any real confrontation with the state until recently, are only beginning to respond to the challenge. So far, the result has been an overwhelming victory for the government.

The explanation for this failure to oppose the cuts effectively is that, like the labour movement in general, the public sector unions do not question the bosses' right to a 'fair profit'. They are therefore sucked into accepting some of the blame for the economic crisis. Once this right to a fair profit is conceded, the burden of proof is to show that the public sector cuts are "unfair". Split by those who swallow the monetarist attack on the state justifying cuts, and those who oppose the cuts as 'unfair', blaming foreign monopolists or "quigleyites",⁵ the fight-back loses its unity. The more privileged "white male club" which tends to run the unions capitulate before the cuts selling-out the rank-and-file. Many of those who, lacking leadership, cannot see a way of defending their jobs and conditions, accept the cuts fatalistically. To date no public sector union has even called for a state-wide industrial action to defend wages, conditions and jobs. Opposing the cuts on the basis that they are unfair leads inevitable to disunity.

So long as the cuts are seen by large numbers of state employees as necessary in order to restore growth, then the fightback against the cuts will be split along skill, race and sex lines. This reverses the function of public employment as a means of 'soaking-up' private sector unemployed during the post-war boom, so that from the Prime Minister's tea lady down⁶, the reserve army of minority and women workers are now becoming increasingly unemployed. Not until those affected recognise that they have a common interest and nothing to lose in fighting the cuts will a united fightback be possible.

A strategy for fightback

Given its dismal record and its middle-class composition, the Labour Party cannot be expected any more than the Federation of Labour and the Combined State Unions to offer leadership unless their present leaders are challenged and replaced as a consequence of mass rank and file action. A strategy for fightback must have a unity based on opposition to the privatisation of the public sector. Profits must not be restored at the expense of wages, jobs, health, housing, education and welfare of the people.

For generations, the public sector has stood for the possibility of economic and social development without profits, even while subordinated to capitalism. It stands for an important investment in the future of the working class which must not be sacrificed to international capitalists. While the public sector was created by capitalists to facilitate their profits, it must now be seen as the launching pad for further social ownership. The fight against the privateers should stress these positive, constructive aspects of the public sector - employing those cast on the scrapheap by the private sector; developing skills and techniques applied to production; and producing goods and services which make up a large part of our present standard of living. Rather than concede the privateers' claim that the state is unproductive and inefficient, state workers should stress these strengths against the anarchy, unemployment, waste and destruction of the private capitalist economy.

Rather than giving in to the need for cuts, or trying to trade-off cuts in one area, e.g. superannuation, for cuts in another, e.g., defence (and note that increased taxation of the rich would be passed to consumers anyway), the fightback should campaign against the necessity for cuts at all when production is to meet socially important needs. Education, health, housing, transport and other service workers as well as the general public as consumers need to unite to defend the whole public sector against its re-possession by private firms. Such action requires the willingness to stand in solidarity with those resisting privatisation in each and every part of the public sector, whether the integration of schools, the imposition of higher charges in health, the contracting-out of public works and so on.

In education, the fight back cannot succeed unless those who are most hard hit are joined by those with the most power. Day care workers, and primary teacher trainees cannot hope to oppose cuts and develop decent conditions and pay unless they are supported not only by all other

teachers' unions, but also by pupils, students and parents. Rank and file members of all teacher unions should immediately bring pressure to bear on their executives to call an emergency conference of the Combined Teachers' Association against the cuts. If their executives refuse they should be replaced through motions of no- confidence until support is won. At the emergency conference, education workers most demand an immediate undertaking from government to stop all cuts, the restoration of past cuts, and plans to implement a free universal education system from preschool school to tertiary levels. Instead of falling victim to divide and rule, and acquiescing in the cuts, public sector workers as well as the public they serve, must join forces to fight the cuts, demand restoration of past cuts, and the expansion of the public- service to meet the needs of those already cast on the scrap heap of capitalist restructuring.

Notes

1. The original version of this discussion appeared in Craccum, (the Auckland University Students' Association Newspaper), vol. 56, issue 10, pages 8 and 9. The author has reworked the last two sections for publication here, and the editors of Access have added these notes.
2. Robert Muldoon is the Prime Minister of New Zealand. He leads the National Party.
3. On the general theme of Muldoon "setting us at each other's throats", see also the political special on New Zealand by Martin Wollacott, "Ruck and Maul in God's Own Country", The Guardian, Dec. 5, 1981.
4. Dail Jones is the National M.P. for Helensville. John Banks is the National M.P. for Whangarei.
5. "Quigleyites" - after Derek Quigley, National M.P. for Rangiora and a well-recognised supporter of free-enterprise capitalism.
6. As an early response to his demand for a three per cent cut in government departments' spending Mr. Muldoon sacked his tea lady. Mrs. M. B. Cottam was informed on February 8th, 1982, that her services were no longer required.