

FINANCING TERTIARY EDUCATION: COMMENTS ON

PETER READ'S PAPER

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I must applaud my colleague's attempt to face some of the realities of current policies in state expenditure while at the same time trying to minimise the unjust consequences of such policies. It is, therefore, with regret that I have to say that the attempt fails and will, I fear, provide support for those who value neither education nor justice but want to take money from social services and distribute it to financiers and entrepreneurs. Since such eventualities are as anathema to Dr Read as to myself, it is necessary to back up my conclusion by more detailed argument.

There is much to be said for human capital theory when putting forward an economic argument for the provision of educational resources. But its defect for educational theory is that it has no place for moral concepts such as equity or justice. Viewed in terms of the individual all that matters is that she/he calculate 'rationally'. What is decided has no moral significance. Similarly, from the social viewpoint, all that is required is that sufficient well-trained person power is produced to keep the social and economic wheels turning. Thus, for example, if there are enough competent doctors to service the health needs of the country, it is of no consequence to human capital theory if they are all male, all white and all from the highest socio-economic level. When we start to worry about social equality (or 'equity' as it seems to be called these days) it is because we have moved from economic theory to social philosophy. Read's first mistake is to try to squeeze the social philosophy out of the economic theory and this cannot be done.

The second mistake is to conflate economics with sociology. The economist can use his science to document inequality (by reference to incomes and the like) and in certain limited circumstances to point to means for alleviating it (e.g. by taxation relief, employment incentives and the like). But just as economic theory is powerless to pronounce inequality, 'wicked', 'wrong' or 'unjust', so it is impotent to analyse its causes. Without such analyses proposed solutions are quite gratuitous.

In relation to social philosophy I propose to say nothing. As an individual I am committed to greater equality and as a philosopher have argued for a strong version of it. To this extent there is no dispute between Read and myself. However, social policy making requires more than warm hearted ethical commitments. It requires hard-headed social analysis (however painful) and clear sighted judgement as to where and when equality is to be fought for. I believe that Read's analysis is woefully astray and that a paper advocating a version of student loans is the wrong time and place for handling this complex philosophical and sociological notion.

At the heart of his proposal is the belief that in the matter of student support there is a better (i.e. more equal) method of using the limited funds available than the current one (the tertiary study grant available for up to five years). It involves (i) replacing the grants with loans after the first year of study and (ii) using the money saved to support young people from 15-19 whether or not they are at school, tertiary institution, or unemployed.

The basic reason for this re-allocation of resources is 'to focus the weight of educational subsidy on providing incentives (emphasis mine) to keep young people from low income homes at school until they have achieved educational standards that fit them for university entrance'. (p.6) Economic analysis seems to miss a distinction (well-known to psychologists, teachers, and even university lecturers) between incentives for staying at school and motivation for learning. But more importantly, the proposal rests on the assumptions that money and qualifications are the main barriers to students going on to university. The fact that less than 40% of those qualified for entrance do enrol, casts severe doubt on the second assumption. A vast sociological literature completely rebuts the first.

The mechanism by which social inequality is reproduced is complex and unclear. It is related to family income in some way but it goes way beyond that. The theory of cultural capital sheds some light on it. In Bourdieu's terms, dominant groups hand on to their children a sub-conscious and unrecognised set of habits, attitudes, beliefs and dispositions which form the basis of their behaviour. Those from the dominant classes find that the school's ethos matches their own and they do well; other children (working-class kids, marginal groups, ethnic minorities etc.) face a mismatch and they do badly. If some story like this is true (and it must be) any school-based contribution to social equality must focus on the nature of schooling itself. Money in the pocket (which on Read's scheme they could have without attending school anyway), will do nothing to mitigate the cultural effects of class background.

The other plank in Peter Read's proposal is that those who benefit financially from their higher education should re-pay some of the cost to it. This is not totally unreasonable and some degree of loan-payment can probably be justified on financial grounds (the proposal in the National Party policy for entitlements for a first degree and government guaranteed loans for higher degrees has some merit). As a basic proposition, however, it seems to miss two important points about remuneration policy:

1. In our society the assumption is (I do not want to debate it here) that certain people should be paid more than others. The rationale varies over situations but some of the criteria used are: the degree of responsibility, the scarcity of the skills, the disruption of family and social life, the years of foregone earnings, the danger or unpleasantness of the tasks and the like. Amount of education required is, therefore, but one of a number of complex factors used to determine pay rates. If it is assumed that society has correctly judged that these rates are necessary to ensure that the various social tasks are carried out, why does Dr Read (and other economists) adopt the idea that in one case (and one case only) the recipient of the higher salary or wage should be financially penalised for receiving the appropriate incentive?

2. There is a well established mechanism for 'clawing back' money from high earners and re-distributing it to low earners. This is, of course, the progressive tax. Without supporting any particular solution, I believe that taxation policy is the proper place to argue about economic equity. For here, and here alone, there is some chance of distinguishing the 'haves' from the 'have nots', regardless of the complex social mechanisms by which 'haves' are produced. Thus, I would argue that (other things being equal, of course) the tax on a police officer earning \$35,000 per year should be the same as that on an accountant earning the same amount. The fact that the accountant is (presumably) being compensated for her years of training and the police officer for the danger and unpleasantness of the job seems irrelevant. That, after all, is precisely what the incentive system is for. A surtax on education does not seem any fairer than a surtax on national superannuation (but that, as is well recognised, is simply a pragmatic device to achieve some other economic aim).

For these reasons, I find Peter Read's proposals unacceptable. The defect lies in presenting a liberal argument for conservative goals. There are already more than enough conservative arguments for these goals and those with an agenda concerning social justice and educational equality have plenty to do to meet these arguments. At this crucial stage it is particularly annoying to find a Trojan horse within the liberal camp.

At the present time it is probably necessary to hold the costs of social services within bounds and governments must have policies to do this. It is also socially important to foster equal access to education and the social goods it provides. But these two aims are quite different and cannot be achieved by the same mechanism. In suggesting that they can be Dr Read has, I believe, put the social aim in jeopardy and, with the best intentions in the world, done education a disservice.

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