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ACCESS

REPLY

Proposals for the financing of education after compulsory schooling

(A response from Eric Braithwaite to Peter Read's paper)

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The public debate about tertiary funding has so far been characterised by a combination of anti-university rhetoric and a misguided belief in the efficacy of degrees in commerce, management studies, and technology as the sole contribution of universities to economic growth if, indeed, they make any contribution at all. Part of the rhetoric results from the sudden 'discovery' of a situation that has always prevailed in universities everywhere, viz., 'middle-class capture', as the former Minister of Education has dubbed ft. This flies in the face of the government's stated commitment to equity, i.e., in this context the demand that means be found to ensure that people from low-income families have the opportunity to pursue university studies.

Now, the costs of high education being what they are, and given the government's other, demonstrated, commitment to economic productivity, it seems on the face of it that we have a mutual contradiction going. This may be resolved ff and only if it can be shown that equitable considerations (i.e., increased enrolments of low-income students) can be met without any increase in educational costs; or if it can be confidently forecast that the social rate of return to higher education for these putative students will be greater by some significant amount, say the Treasury's magic 10%, than that obtained for some comparable group, e.g., the 50% or so of University Entrance holders who do not go on to higher education. The reasoning is this: given that many students, including presumably a high proportion from low-income homes, leave school at all points between minimum leaving age and UE, we have no basis for concluding anything about what their situation might become were they to continue. At the same time, they may be admitted to university only with the entrance qualification. Hence, we are entitled to ask, were they to be supported to UE level, what is the likelihood that they would proceed to university and, for those who would do so and obtain a degree, what social rate of return to the degree might be expected over and above that to UE alone? (For the moment I ignore the private rate of return to the consumer of higher education, though it probably will constitute the major motive for pursuing it. For the provider of funding, however, with whose motives we are concerned here, it is the source of the social rate. Hence, from the provider's view, the latter subsumes the former). We cannot ask such questions of the currently non-existing group we are directly concerned with, but we do have quite satisfactory surrogates, viz., degree holders in occupations and UE holders in occupations. A decent rate of return analysis would, of course, require comparisons of lifetime earnings, which are available only for the past[1]; and it would be foolish to assume that present conditions will hold for any foreseeable future. So some speculation, of a wholly incalculable order, must be built in to all our arguments. Nonetheless, we must work with what we have.

It will be evident from the foregoing that policies about tertiary funding require evidence and arguments of diverse kinds amongst which those from economists are essential. It is therefore important and gratifying to have available two documents from such persons, both of which,

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though necessarily about matters connected with their own expertise, place considerable emphasis upon equitable and educational issues.[2]

My brief here is to comment upon Peter Read's piece. I propose to do so by detailed seriatim critique of his argument, but I hope that what will emerge as a major item will be not so much any criticism of Read as of the lack of information upon which any political decision should properly be based. Which is to say nothing new, since all such decisions, educational or otherwise, seem usually to be made by tossing coins and manipulating the outcome through a species of ideological psychokinesis. And so to Read.

1. Introduction, para 1. I largely agree, except that it seems to me that where some direct financial benefit (e.g., a substantial income increment, presumably reflecting increased marginal productivity) results from some specific qualification and leads to a career, the user-pays principle might justifiably be invoked. I concede however that this is treading on dangerous ground and some strict rules about' quantifying benefits are clearly in order. The obvious hazard is that some hardnosed and unreflective Treasury official with clout might want to suggest that qualifications without clearly identifiable (therefore taxable) income benefits should a fortiori be subject to this principle. I leave the consequences of such a move to the imagination of anyone willing to contemplate them. At the very least, universities as we know them would be sunk. So would equity. So too, probably, would any civilisation most of us care to be a part of. None of which renders it impossible.

2. para 2. Talk of 'middle-class subsidy' leads me to the inadequacy of our information about university students. The data provided by John Jones[3] and Hugh Lauder et al.[4] is aggregated and tells us nothing whatever about the particular circumstances of individual students. If Read's assertion (p. 4) about the U.K. is pertinent (and it has support from the USA),[5] the most important predictor of someone's entering university is the educational level (not the wealth) of that person's parents. Now we may reasonably infer that those parents are more or less fairly described as 'middle-class' and their occupations will in general be accurately characterised in similar terms. But it does not need much delving into Census material or such documents as Incomes and Income Taxes to discover that literally no categorical estimates of the incomes of differently-ranked occupational groups can be made to carry any weight worth discussing. Plainly, if our talk of 'inequality', 'privilege', and the like is to be meaningful in policy terms, There is an urgent need for university-wide data on individual student income and expenditure in relation to parental means. Is any available? What, without it, may we rationally conclude? (One obvious way to collect such data is to institute a means-testing procedure for grants. But (a) that cannot be used to help us decide whether to have such a procedure, and (b) I shall later argue against it on equitable grounds).

3. At the end of the paragraph, Read writes that 'non-target beneficiaries in the middle-classes adapt preferentially to subsidies initially intended to benefit the less well off'. By the first bit he means, presumably, that middle-class students get most of the bursaries which, considering that they constitute about 92% of all students, is not too surprising. The talk of targets is surprising, even if we accept (and we should not, at least not a priori) the inference that the middle-classes are clearly distinct from the less well off. I do not know his evidence for saying that some targets rather than others were intended on the basis of class grouping. The 1959 Parry Report[6] drew attention to what was seen as an undesirably high proportion of part-time students, but it made no mention of class. Nor did the consequent Bursary regulations which resulted in a neat reversal of full-time/part-time enrolments. Questions of need certainly did arise but, as I've suggested above, these are not or not obviously co-extensive with 'class'.

4. 'The University in Society' (pp. 2-3). It is not quite clear to me why this section is included. The most I can say is that it would be nice were it so. For instance, the political response to the recent Beattie Report[7] on science and technology seems a fair indication of the minimal value accorded university research.

It might be (and I believe it is) true that '… a liberal education and self-cultivation … may well prove an even more important function of the university than staffing the technocracy', but this seems likely to be one of the many truths whose cogency gets to be seen only with hindsight. And in the following paragraph Read gives part of the game away in referring to the university's role in 'providing constructive criticism of social trends'. While many would see this as vital, especially in view of the relative immunity hitherto enjoyed by universities, where, one might ask, may we find the latest instantiation of this role?

'Nevertheless', he goes on, 'it is for the supply of trained minds that the university most readily springs to mind amongst the voting public'. I want to pursue this point a little, noting meantime (and returning to) Read's slide away from it following his 'hunch' or 'prejudice' that the university's ability to carry out such a role 'has been vitiated by trends in the wider culture'. The question that, independently of Read, I want to open up concerns the sort of trained minds the university is expected to supply. The obvious answer looks to the professional schools of law, commerce, medicine, engineering, and the like. Is this all there is to it? I suspect that in the 'public' mind it is.

But one might well object that the notion of a trained mind is ambiguous and tends to conflate 'training' with 'education'. So let's talk instead of an educated mind: one which, starting with an intelligent and curious disposition, learns to handle whatever problems confront it in an open but sceptical, inquiring but critical, creative and outcome-oriented way. The nurturing of these abilities is not dependent upon schools and universities, but these par excellence are where one would expect it to go on. Nor is it dependent upon any particular programme of instruction, any given curriculum, since it has much more to do with process than with content. This seems to be recognised by the many large businesses which employ graduates according to level of qualification and are frequently indifferent to its curricular antecedents. During a research conducted by me some years ago, I interviewed a number of business leaders who took this view. Their belief, which they considered justified by experience, was that the possession of any degree indicated trained intelligence coupled with evidence of hard work; and these were what they sought, though of course they also employed specialists where necessary. In his 1966 presidential address to the American Economic Association, T. W. Schultz put the matter this way:[8]

> ... our task as educators is to provide instruction which will best serve students in adjusting their skills to the rapidly changing economy in which they will live. Thus, we ought to give a low rating to instruction that is specific. We ought to give a high rating to learning principles and theories. We should give the highest priority to instruction which is devoted to problem-solving using analytical methods.

I do not know what Read is trying to accomplish with the rest of this section (pp. 3-4), apart from setting the stage for views he espouses later (bottom of p. 6) about student maturity; and I shall shortly come to these. But when he says (p. 4) that 'the point of this excursion is not to make pejorative comparisons', it is easy to think otherwise.

5. The next section, 'problems in the market for higher education', seems to me largely unexceptionable, but not quite unproblematic.

a. I do not find cross-country comparisons very valuable, particularly where significant differences in dominant economic activity are not taken into account. I'd have thought it more important to try to assess our need for variously-qualified people. This of course raises the spectre of manpower planning/forecasting which, for a' number of reasons, seems not feasible.[9] But it is certainly not beyond our capacities, were we so minded, to identify current shortages of skilled, trained, educated persons. This would go a lot further than we are at present towards telling us what to plan for within the near future.
b. Page 6 presents considerable difficulties, involving as it does a logic of such concepts as 'want', 'need', and 'choice', all of which have for a long time proved philosophically elusive. But in the ordinary sense of these words, it seems odd to say that anyone must go to university, not because they want to but because the country needs them to, i.e., they have

no choice. One may easily agree that, quite typically, people who enter university have a long history of family, school and other background influences upon them, such that university is taken for granted. It is also true that, not infrequently, people reared in this ambience do not enter university, and that some not so reared do. Hence, there is nothing inescapable about the process, and nothing follows about whether they should or should not repay the costs; of their university education. It might well be true, as Read goes on to suggest, that something is to be gained by deferring entry to a point where experience and information could provide more adequate motivation. In the absence of empirical data, it is not possible to conclude one way or the other, though relevant information might be gained from those countries where military service intervenes between school and university or, as in the USSR, where a two-year work experience gap is said to be imposed. It would also be useful to have information about the backgrounds, motives and decision criteria of those school leavers who, though qualified, do not enter university.

6. On page 7 we find this remark: 'If the money is spent on improved access to universities by currently disadvantaged groups, it by no means follows that such access will be taken up'. Now this is a most important thing to say, for it goes directly to the issue of equity, renders talk of markets irrelevant, and takes neatly into account the fact that, as Read says elsewhere, the best predictor of someone's entering university is parental educational level. Major evidence for this assertion is to be found in the sociological work of Pierre Bourdieu and his associates in Paris.[10] This work is sophisticated, important and influential, and cannot be entered into here in any detail. All we need for now, however, is their concept 'cultural capital'. The notion here, supported by a wealth of data, is that through their families (which may be grouped together as classes), individuals acquire over time a body of what counts as knowledge, values, language usage, tacit understandings and style of self-presentation: in short, a culture, embodied in the individual as 'habitus'. Now the culture or cultural capital of the middleclass happens to be that which is valued and rewarded by educational institutions, to the point, according to Bourdieu and Saint-Martin, where able working and lower middle-class students not uncommonly receive the accolade of the prix d'excellence but much less often succeed in the preparatory examinations for the prestigious grandes ecoles.[11]

It may (and probably should) be objected that what happens in France is not necessarily relevant to our situation. Certainly we do not have the data to enable us to estimate the exactness of the fit. Nonetheless, the Bourdieu model is quite consistent with what we know of the 'class' composition of university students in all industrialised countries, including this one. And there is yet another related consideration which has been studied in detail and over a long period in the UK, viz., the calculus of gains and losses to the working-class student who 'makes it' through higher education.[12]

What happens is something like this: the aspirant to a middleclass occupation goes through a fairly deliberate process of 'anticipatory socialisation', i.e., acquires through the emulation of role models those aspects of the cultural capital of the class aspired to which may be used in the attempt to 'pass'. In practice, what tends to happen is that the 'successful' individual becomes marginal, i.e., both loses identification with class and family of origin and fails to gain full acceptance within the class aspired to. This is painful for the individual and constitutes a risk of the sort not noticed by economists, but a whole genre of social realist novels would not have been written without it. Again, it is not possible to assess its importance for NZ, because of our once-notable tradition of working-class advancement through Education and lack of a class-consciousness at all comparable with the more caste-like features of its English or French equivalents. Nonetheless it exists, and goes to the question whether improved access would be taken up. There is also the matter of deferment of gratification, viz., the extent to which someone for whom life has always involved a struggle between wants and the means to satisfy them is likely to opt for some educational grant (with repayment as a future likelihood) in the hope of enhanced future earnings, as against a livable wage or salary now.

These difficulties constitute a powerful obstacle to the equitable considerations on behalf of the less well-off to which the government claims to be committed. At the same time, should no account be taken of people in this category, a great deal of economically valuable talent could be lost; so that, whatever the motive, some attempt to retain and educate it seems to be justified. In this connection, Read seems on the right track but not to go far enough.

At the very least, I should have supposed, it would be necessary to provide incentives beyond the level of the Unemployment Benefit to retain poor but (self-defined) educationally ambitious people in school, and so to rearrange the structure of upper secondary education as to make schools worthwhile places to attend. (Here the question of sixth and seventh form colleges becomes relevant, though at best they could only be urban solutions). In any case, the costs involved would be considerable. I agree entirely with Read's remark that it would be 'more effective to focus the weight of educational subsidy on providing incentives to keep young people from low income homes at school until they have achieved educational standards that fit them for university entrance' (p. 8). But having said this, I believe it almost self-evident that his suggestions for cost-recovery are ludicrous. In recommending that the costs of maintaining these students in school he met by adding the amount of their grants to the taxable income of the more highly paid parent (whether or not the child lives at home), he is ensuring that many parents will insist upon their child's going to work or on the dole, or that family relationships will suffer from a child's decision to qualify for university against parental wishes. (It is hard enough for a person to make it into university with little cultural capital even with family support). The difficulty here, it seems to me, is that Read wants to assure the politicians that considerations of equity will not increase costs, despite all the evidence that they are extremely likely to do so.

7. I have little to say about student loans, which are the burden of Read's remaining remarks. That this is the only funding option he discusses should be surprising, in view of the emphatic assurance from one Cabinet minister {the Minister of Labour) that student loans are not government policy. However, that minister is not responsible for education or finance and, given the government's propensity to backtrack on promises, the unexpected, night well happen. If, however, loans are likely and if equity is to be a concern, the proposals in this paper do not meet it. For instance, it can be little consolation to the poorer student to be told that living costs can be met 1 by borrowings in excess of $5,000, by earnings (or unemployment benefit during summer vacation) and parental support'.

I believe that a fairer method would be to ensure that any loan be sufficient for reasonable maintenance after fees are paid and be free of means testing - the latter being attractive because it reduces drastically the costs of initial application and payment, and because it shifts the equitable consideration to where it belongs, viz., the point of decisions about ability to repay. It should not be supposed that all graduates in employment are treated equitably if the terms of repayment are identical; for the earnings potential of a degree varies widely according to its nature, and is not sufficiently taken into account by differential returns to the revenue. Hence repayment needs to consider individual income circumstances as well, probably, as the public good, since there are numerous occupations thought to be socially desirable for which a degree is a requirement but which are not well paid.

8. I wish to conclude with some concerns of my own, which have been prompted by the discussion papers upon which Read's piece is based and by my reading of current political trends.[13] It seems clear to me that thinking within both political parties (a notable exception being the Canute-like figure of the former Minister of Education) is aimed not at all at social equity but rather at changing the orientation of universities so as to favour such degree structures as may be presumed (on the basis of what, since evidence is conspicuously lacking, can only be superficial or cynically ideological grounds) to contribute most to economic growth. Strict application of a user-pays principle will probably ensure this result, since a person with a reasonable expectation of recovering the cost of a degree is likely to enrol for one whose putative financial benefits are most

obvious. In this way, narrowly economic and technical criteria are likely to triumph over the sorts of civilised values which, at their best, have served to ameliorate the worst human consequences of the Law of Capitalist Accumulation. Nor does it by any means follow that a graduate in law or economics or accountancy or management studies will be a good lawyer or whatever, let alone a decent human being.

I am hardly the first to suggest that the pervasive ideology of technicism in a blinkered pursuit of profit has quite a lot to do with contemporary threats to non-renewable natural resources, to a beneficial social environment and, indeed, to world peace and human survival. Nor am I the first to warn that policies bounded by what may be quantified and by the capacities of computers are very likely to take us further and more rapidly along this path. One (perhaps the only) defence against a technicism which regards people as things to be used for others' gain rather than as ends in themselves is a kind of education aimed at helping people to become more fully human. Historically, and despite manifold failures and defects, universities can claim to have played an important and distinctive part in this process. It seems unlikely that they can long continue to do so in the face of onslaughts from profit-oriented cost accountants.

Nothing said so far should be construed as a rejection of the University's role in training technologists and technocrats. Modern economies, as everyone knows, are qualitatively distinct from those of the past, primarily because of their dependence upon the flow, processing and application of information; and we need more, not fewer, people trained in and capable of performing the relevant tasks. My point is the necessity for policy makers to understand that the latter are means to ends that are not" derivable from information theory, but rather from a lively sense of and consensus about desirable social goals, informed by human and not technical concerns. And my fear is that reliance upon a cost-benefit approach to education that ignores its non-quantifiable but overwhelmingly important human contribution is apt to result in our getting our priorities disastrously and perhaps irremediably wrong.

Acknowledgements

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Notes and References

1. B. J. Ogilvy, Investment in New Zealand Education and its Economic Value 1950-66. Unpublished MCom thesis, University of Auckland, 1968.
2. Peter Read, Proposals for the Financing of Education After Compulsory Schooling (pp. 1- 9 this issue); C. A. Blyth and 9 others, The financing of University Education: A Submission to the Ministerial Review of Tertiary Education in New Zealand, Policy Discussion Papers No., Department of Economics, University of Auckland, May 1987.
3. John Jones, The Socio-Economic Background of Students at the University of Auckland: 1984 Survey Higher Education Research Office, University of Auckland, 1984.
4. H. C. Lauder, D. C. Hughes, S. J. Taberner, 'Education, class and inequality in New Zealand: A preliminary report ', Delta 36, pp31-37, August, 1985.
5. Christopher Jencks and David Riesman, The Academic Revolution, New York: Doubleday, 1968, esp. Part III.
6. Report of the Committee on New Zealand Universities (Parry Report, Wellington: Government Printer, 1960.
7. The Key to Prosperity, Science and Technology: Report of the Ministerial Working Part (Beattie Report) Ministerial Working Party on Science and Technology, Wellington, 1986.

8. T. W. Schultz, 'The rate of return in allocating investment resources to education', Journal of Human Resources (1967), 11, 3, 306.
9. See Mark Blaug, An Introduction to the Economics of Education, London: Allen Lane 1970, esp. ch. 5. On p. 168 he comments: 'Someone once described man-power forecasting as "a f lour i shing practice with no theory". Th is is unfair, I think. There is a theory of some sort. It is just that it is farfetched. If educational planning is ever to grow up and to become integrated with economic planning, it must repudiate this modern form of crystal-ball gazing'.
10. See for instance Pierre Bourdieu and Jean-Jacques Passeron, Reproduction in Culture, Education and Society, New York: Sage, 1977.
11. Pierre Bourdieu and Monique de Saint-Martin, ' Scholastic excellence and the values of the educational system', in J. S. Eggleston (ed.) Contemporary Research in the Sociology Education, London: Methuen, 1974. The prix d'excellence is awarded by all the teachers of a given school class whereas the grandes ecoles depend upon external examiners. The point is that the former (but not the latter) includes those personal qualities of docility, obedience, punctuality and the like so dear to teachers and which are characteristic of aspirants to upward social mobility, but not part of the habitus of those 'destined' to rule. The best New Zealand example I can think of is the contrast between the 5M and 5S girls in Alison Jones At School I've Got a Chance. Unpublished Ph.D. thesis, University of Auckland, 1987.
12. Frank Musgrove, The Family, Education and Society, London: Routledge & Kegan Paul, 1966, esp. ch. 5.
13. The thinking in this section was not influenced by, but certainly coincides with, that of Bruce Jesson in Behind the Mirror Glass, Penguin, 1987; a book which, in my view, should be taken seriously by anyone who cares about this country, amongst whom I do not include most of the people mentioned in it. Even they, however, might do well to turn their undoubted talents to considering how best to ameliorate the social cos t s of their present practices.