

The Topsy-Turvy World of Higher Education Politics

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IN politics it is normally easy to guess what a group might think. Just look at their interests, add a bit of public interest gloss, and you have their policies.

There is one area in which this formula won't work. In higher education we have the highly unusual situation of all the major interest groups, apart from the newly-formed Group of Eight, regularly opposing policies that would advance their members' interests.

Take, for example, the Australian Vice-Chancellors' Committee, which represents all but one of Australia's Vice-Chancellors.

The AVCC complains continually that the universities are short of money. Their 'Ten Point Plan for Australian Universities', issued during the 1998 election campaign, was really a one-point plan with ten variations. The one point was, of course, that they needed more money.

Fast forward to October 1999 and the leak of Federal Education Minister Dr David Kemp's reform plan for Australian higher education, a plan that could have ended the financial problems of Australian universities.

For the AVCC's members, Dr Kemp's proposal promised full subsidies for the partly subsidized students they have now, and the lifting of government-imposed limits on subsidized student numbers. All Australian fee-paying students, and not just those occupying subsidized places, would have been entitled to pay for their education with an income-contingent loan, opening up a new market of students prepared to pay

full-fees, but unable to provide the money up-front.

On top of this, all universities would have been able to charge fees for their undergraduate courses, again with income-contingent loans available to students. Even if they had charged their full-time undergraduate students a modest \$1,000 extra each per year, this would have amounted to around \$400 million, an increase of 8 per cent on what the Government pays universities now.

You might think that the AVCC would respond enthusiastically to a proposal which would alleviate their members' financial problems, but that would be to apply the normal logic of interest groups.

What did the AVCC do? Its press release welcomed the proposal's acknowledgment of the scale of the sector's problems. It said that there were a number of things worthy of further consideration, though did not specify any. And it devoted the vast bulk of its public comment to attacking the one part of the proposal that was probably a bad idea, the charging of variable commercial rates of interest on student loans.

Any sensible interest group would have concentrated on supporting the things that were good for them, rather than almost ignoring them as being just 'worthy of further consideration'.

This was not just an aberration by a misguided AVCC Secretariat. Of the 32 Vice-Chancellors or their representatives that *The Australian* newspaper contacted after the leak, 15 said that they were against deregulating fees, and only seven were in favour, the rest giving a qualified response.

The principal union in higher education, the National Tertiary Education Union, did not bother with the AVCC's caution. It unequivocally condemned the reform proposals.

Yet again, we have an organization at odds with the financial interests of its members. The NTEU believes that university staff are underpaid, and indeed local academic salaries are falling behind those of their counterparts overseas and other Australian professionals.

The NTEU's solution is for the taxpayer to fund academic salary increases. This is a doomed strategy. Per student funding has declined in all but three years since 1983. With both major political parties committed to fiscal responsibility, there is no chance of funding commensurate with pay demands. Only students have a direct interest in financing education, and deregulation is the only way to achieve large-scale student investment. Yet the NTEU remains implacably opposed to the policies that could improve the lot of its members.

The peak body representing Australia's postgraduate students, the Council of Australian Postgraduate Associations, similarly acts to undermine its members' interests. During 1999, Dr Kemp released a green paper on research policy reform. A key green paper proposal was to make the scholarships given to postgraduate research students portable, so that if a student wanted to leave his or her university to go to another, they could take their funding with them.

This was a policy with few, if any, downsides for research students. It would empower those who did want

to switch universities, and encourage all universities to improve their performance so as to avoid departures to rival institutions.

Given the pattern of behaviour among higher education interest groups, it will come as no surprise that CAPA opposed this policy. Puzzled by this, I asked the President of one of its constituent groups for an explanation. He thought portable scholarships were the thin end of the wedge for fees, though how scholarships which exempt the student *from* fees could be the thin end of the wedge *for* fees is, to say the least, not self-evident.

The logic, if it can be called that, seems to be that most reformers support both funding following the student and letting universities set fees, so conceding the first point gives reformers a victory that could lead to the second. Never mind that there is no intrinsic link between the two, or that the introduction of charges in the late 1980s was not the thin end of the wedge for portability, casting doubt on whether there is in fact a political link between the two.

The National Union of Students, the self-proclaimed representative of undergraduate students, is also opposed to fees. This is at least comprehensible within normal theories of interest groups. Its members would, after all, be paying the higher charges.

But on closer examination even this does not stand up to scrutiny. The NUS position prevents students from doing something that is very much in their interests, which is investing more in their education. They cannot pay more to get student-staff ratios down from 19-1, or to have better lecturers, or to improve the library, or any of the other things that would make universities better places in which to learn and think. Undergraduates are perversely prevented from investing in what for most of them is their major asset, their own human capital.

The major reason these organizations are prepared to sacrifice the interests of their members is the belief

that fees deter the poor from attending university.

In principle, there is no reason why fees should deter, at least for vocationally-oriented courses which provide good insurance against unemployment and low-income work. So long as there are income-contingent loans, what matters is a student's future income, not their past or present earnings.

Consistent with this, the evidence of the last 20 years is that there has been a strong increase in the proportions of low-income students attend-

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ing university, despite the introduction of HECS in 1989. They are responding to good prospects for those with degrees and diminishing prospects for those without qualifications.

Even if potential students from poor groups are more worried by fees than people from well-off families, the solution is not to preserve a system that causes chronic underinvestment in higher education, but effective campaigns which show that higher education does pay off.

In universities today, arguments like these are heresies. Despite their self-image of being self-critical institutions, universities are very prone to groupthink, and outside of economics faculties this groupthink enforces a widespread hostility to market ideas.

If we look at the structure of universities, this should not be entirely surprising. Partly due to periods of rapid expansion in the 1960s and 1970s, and relatively low staff turnover, universities have ageing workforces. As of the mid-1990s, less than 30 per cent of teaching staff were aged under 40, and about 40 per cent were in their forties. The process of peer review of work proposed for publication and appointment by committee creates strong incentives to maintain the intellectual and ideological status quo, which is generally that of a generation rarely exposed to market views in their intellectually formative years.

How can they be persuaded to reconsider their views? Possibly the trigger for change is in the decline they witness all around them. I am reminded of Albert Hirschman's arguments about the rise of the idea of self-interest in the eighteenth century. While the contrast with self-interest drawn today is with altruism, in the 1700s, in the writings of people like David Hume and Adam Smith, it was with a range of less desirable attributes such as irrational avarice, a desire for revenge, sheer habit and eagerness to conform. Compared with these, a little bit of rational self-interest was a distinct improvement.

In the twenty-first century, it would be good to see some of this eighteenth-century wisdom revived. The higher education interest groups have bad cases of sheer habit and eagerness to conform dressed up as concern for the disadvantaged. It is not often that we should wish that an interest group would forsake 'principle' and join in the dash for cash of all the other lobbies. But higher education is a case in which the world would be a better place if everyone did selfishly pursue their own interests by calling for deregulation.

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