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Labor versus Liberal
in education policy

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Labor versus Liberal in education policy

This paper compares Labor Party higher education policies to Liberal-National Party (Coalition) higher education policies, as objectively as possible, in order to speculate about the effects of the 1993 Federal election on higher education.

The paper looks at the election in terms of the interests of higher education institutions and their members, including students. I realise that at election time there are other interests at stake as well, and there are other reasons for government policies on higher education than the interests of higher education itself.

Making the comparison

There are certain difficulties in making the inter-party comparison. First, it means comparing ten years of practical policy (the Government)

with a potential policy (the Opposition). Inevitably, the Opposition's policy statements so far have been in broad terms. It is unclear how far Right a Coalition Government would move. Would higher education be one of the areas where the full blown free market reform agenda is implemented? Or would a Coalition Government maintain a more pragmatic right of centre posture?

We know this Labor Government's political position, and if re-elected it is unlikely to change course very much. We do not yet know for sure what a Coalition Government would do. Its political character has not been finally decided.

Second, higher education policy is often more bi-partisan than it appears. While the Opposition of the day usually disagrees with any and every Government policy, much of this disagreement is ritualistic, manufactured to service the adversarial forms taken by our two party system. The acid test is whether the Opposition would do differently if it was in Government.

Now in many cases, it wouldn't. Whatever party is in power, education policy is produced from an evolving governmental consensus in Canberra which incorporates Ministerial advisers, bureaucrats, lobbyists and the media. Ministers and their advisers change, the other players do not. Further, Australian education policies tend to be similar to policies in other OECD countries, whatever their political colour.

For example, the British Labour Party was opposed to loans during the recent British election. But mixed loans/grants arrangements are the trend throughout the OECD. If the British Labour Party had been in Government it may have taken the same view as its Australian counterpart (and its Conservative opponents in Britain) and supported a loans scheme.

Having said that, there are also some real differences between the Parties. The election does matter. My intention is to isolate those real differences between the parties, as far as they can be identified, by looking at the following eight areas: the role of higher education, the size and growth of the system, credentialing and articulation, funding mechanisms, industrial relations, equity policy, the relationship between government and the institutions, and the balance between public and private costs.

1. The role of higher education

The Labor Government has emphasised the economic roles of higher education, as distinct from its roles in the teaching and production of academic knowledges, and its role in preparing citizens for life in a democracy. The

economic discourse has been used as a 'master discourse' justifying every

policy decision.

This obsession with economic goals at the expense of other goals is opposed - sometimes in degree, sometimes in kind - by many academics and students. The Coalition has attempted to accommodate this where it says about the Dawkins reforms: 'a narrow, instrumental agenda was imposed on universities which were seen as adjuncts to the economy. There was no appreciation of the breadth of their role and contribution to knowledge and society'.

But elsewhere in *Fightback!* the link between education and the economy is drawn tightly. It is clear that a Hewson Government would be deeply, perhaps more deeply committed to economic rationalism. Further, the British Conservative Party Governments have not hesitated to use the economic arguments in the higher education debate. One suspects that in their attitude to economic rationalism, that there is little difference between the parties.

2. Size and growth of the system

Under Labor total enrolments grew by only 45,157 (13 per cent) in the first four years between 1983 and 1987, but then jumped by 140,804 (36 per cent) in the next four years between 1987 and 1991. (Interestingly, enrolment patterns in Britain - under a Conservative Government - were similar). In future Labor wants to see more growth in TAFE than higher education.

The Coalition says that 'despite improvements in educational participation over the last decade, Australia still lags well behind other advanced industrial countries'. This is untrue if participation in TAFE is taken into account. The point is, however, that the Coalition implies a further expansion of participation. It does not declare itself on the question of the balance of growth between TAFE and higher education, but talks suggestively about 'the full range of courses required by the diverse needs of students'.

I think that a Coalition Government would follow the prevailing consensus on the shift to TAFE - if for no other reason, because it is cheaper to fund TAFE than higher education - and there is no discernible difference between the parties on the question of the size and growth of the system. The Coalition claim that a more market based system would be ipso facto a larger system is just propaganda. But it is equally difficult to prove that a market based system would necessarily be smaller (the question of equality of access is another matter). It depends on the mix of policies, and labour market pressures. Whoever is in power, participation in tertiary education will probably keep expanding because it is driven by the growing need to hold educational credentials.

3. Credentialing and articulation

The Labor Party has talked about improved articulation between TAFE and higher education (and higher education and higher education), through the mechanism of formal credit transfer arrangements, perhaps administered by an external authority. Despite institutions' fears of losing control over their own entry policies, not much has actually happened.

Fightback! supports the idea of improved credit transfer arrangements in principle, in the context of commitment to competency based reforms: 'cross-accreditation is essential if these pathways are to be open'. But one suspects that the Coalition's educational elitism, based on the major universities, is likely to block any move towards a uniform system of credit arrangements. 'At the same time the diversity of institutions needs to be recognised', adds Fightback!, leaving the resolution of the credit transfer issue in the hands of the individual institutions.

In theory, Labor supports a unitary tertiary system whereas the Liberals favour the present binary system. In this area Labor is more likely to do something than is the Coalition, but don't hold your breath waiting for either.

4. Funding mechanisms

There is a view that the Coalition is not serious about introducing the proposed voucher system, based on National Education Awards. There is another view that a Coalition Government would find that it is impossible to make such a system work. I think both views are wrong, and that a Coalition Government would be likely to introduce a voucher system in higher education, as outlined in its policy.

However, the type of voucher system is another matter. Fightback!, sets out three reforms which together constitute a package: vouchers, the deregulation of fees (allowing institutions to set their own fee levels), and the removal of restrictions on enrolments - with the exception of medicine, thereby enabling the AMA to maintain the price of doctors! As a market reform, vouchers would have less impact in the absence of these other measures. Deregulation of fee charging is probably the crucial change. If all three measures were adopted, the Commonwealth Government would thereby relinquish its present national planning of the size of institutions and the mix of disciplines. These are powers the Labor Party wants to retain. Here is an important difference between the Parties.

Further, under a Coalition Government students would pay both the HECS and an institution-based fee. Their voucher would compensate them for part only of that fee. A Liberal/National Party funding regime may not greatly enhance the type of course choices available - despite the abstract claims in Fightback! - but it would certainly change the cost of some of those choices. For some students in some courses the private cost would become

quite high, much higher than for the present crop of undergraduates under Labor.

Some of these students would receive scholarships, so that scholarship policy would enable a Coalition Government to influence the nature of the student intake, for example the balance between school leavers and mature age students, or between scientists/technologists, and non science students. Control of the supply of places would be replaced by influence over demand.

The Coalition has said that scholarships would be based on academic merit rather than financial need. This would tend to favour students from affluent backgrounds because of the long established correlation between socio-economic background and academic success, thereby exacerbating socio-economic inequalities at the point of entry into higher education.

It is not that the Coalition's policy would create a market where none previously existed. There is already something of a market hierarchy of institutions. Within the unitary system there is a competitive struggle for research support, corporate dollars, high achieving students and academics, and various government funds. There is an undeclared top layer of strong research based institutions, mostly the longest established universities in each State and Territory.

What the fully-fledged market system would do is steepen the hierarchy, further strengthen the upper layer and create a new 'underclass' of institutions, weaker than any existing institutions. A planning based system enables better protection of educational standards at the bottom end. I do not think that it can possibly be argued that the creation of a new underclass - very evident in the US system - actually represents an advance in quality.

In some other respects the difference between the Parties is not so great.

Labor has now introduced loans, to be repaid via HECS type mechanisms, a policy consistent with Fightback! Whichever Government is in power it is almost certain that there will be a transfer from grants funding to loans funding, as time goes by. Both Parties would permit a further development of postgraduate fee charging, and no doubt both would continue to encourage the growth of overseas marketing. These policies are bipartisan ones.

5. Industrial relations

However the differences over industrial relations are differences of substance. Speaking generally, industrial relations policy is at present

the main element of genuine polarisation in the two party system in Australia. This coming Federal election is a referendum not on indirect taxes or even on market reforms (both sides of politics are capable of going down those paths), but on the role of the ACTU and the individual unions, including FAUSA, UACA, ACUSA and others in higher education. The Coalition's policy on Voluntary Student Unionism shows again its hostility to all collective organisations which are not constituted as private companies.

It is likely that in higher education, a Coalition Government would seek to introduce deregulation of the centralised industrial relations system, with 'complete' enterprise bargaining and perhaps individual employment contracts, before introducing its voucher based market reforms. Fightback! conflates 'over-regulation' and the power of the trade unions as the chief obstacles to a 'freer', i.e. market based system, seen to be synonymous with quality.

'Our strategy to lift the standards of Australian education and training centres on the creation of flexible, financially autonomous, and locally managed institutions accountable to informed parent and student markets and on moving away from centralised, confrontational industrial relations'.

It is of course a leap of faith to argue that the gutting of unions and establishment of fully developed markets will lead to better education overall (let alone a broad distribution of good education), independent of questions of the level of resources, or the systems of work organisation. Further, in itself the removal of union rights that have been part of the Australian democratic tradition for a century is likely to be immensely disruptive of good teaching, learning, research and management.

However, the institution based culture of higher education lends itself to the decentralised approach: it is probable that under a Coalition Government, higher education would be used as one of the early guinea pigs in the implementation of industrial reform.

In contrast, a re-elected Labor Government would support modified enterprise bargaining but would maintain support for regulation by Federal award (thereby combining decentralisation with selective centralisation) and would continue to use the Industrial Relations Commission and the unions as policy instruments.

6. Equity policy

There are also differences of substance over equity policy. Labor treats equity as significant, but subordinate to other considerations. For example Labor would like to see broader socio-economic access to medicine, but has done nothing more than ask institutions to think about the problem. On the other hand, Labor policies have deliberately expanded access to non Anglo-

Australian students and pursued the issue of women and engineering.

The Coalition sees equity in a more limited sense. At one point Fightback! defines equity in terms of the right to choose private education. The Coalition is vulnerable to the charge that vouchers plus the deregulation of fees and enrolment planning would create privileged high fee enclaves, closed to many students on financial grounds. 'No one will be denied a place on financial grounds alone', but some places will be more advantageous than others.

Labor's market based reforms have damaged equity, but a Coalition Government would go further. The deregulation of industrial relations also constitutes a weakening of equity principles, and strengthening of the opposing principle of individualistic competition. The New Right is strongly opposed to all but the most limited ideas of social equality.

7. Relationship between government and institutions

Both sides would have you believe that they are the guardians of university autonomy and academic freedom, but their opponents cannot be left alone with higher education for a minute.

The Coalition castigated Dawkins and now, Baldwin, for centralism and Fightback! insists that 'the Liberal and National Parties will restore independence to universities'. The Coalition would allow amalgamated institutions to fragment, would abolish profiles and set up an independent Higher Education Commission, with a more arms length relationship with Government than is enjoyed by NBEET. Ironically, when Fightback! was released Baldwin attacked it on the grounds that it would create 'mega-universities', and 'implied a greater detailed control over the operation of universities than applied under the current system'. Dawkins said that the Higher Education Commission would determine what institutions can teach. Who are we to believe?

The issue of autonomy is not as simple as these various claims would indicate. The Dawkins reforms resulted in a complex two way 'trade' in autonomy between Government and the institutions. The individual institutions gained greater freedom to determine how their funds were spent - triennial funding, block grants - and more scope to raise monies from fees and sale of services, thereby conferring on them a greater financial independence. There is now less detailed national planning of capital works. Institutional managements are expected to exercise more responsibilities than before (perhaps reducing the academic freedom of staff, but increasing institutional autonomy).

On the other hand, through more sophisticated funding mechanisms and accountability requirements, Government policies have tended to standardise

teaching and research. The problem here is not the requirement for public accountability and planning - which must be met, for example through profiling - but that the methods used to secure accountability are used also to determine output from outside. Data requirements and competitive bidding for growth monies, the reserve fund, and central research funding, all require institutions to conform with standard practices administered by DEET. In some cases (for example, the growth money) institutions have had strong incentives to adopt stated national priorities.

Quasi-market style competitive bidding has been the key mechanism. Institutions know that to compete successfully, they must tailor their bids to the required norms. They are not compelled to conform. Compliance is dictated by pragmatic self interest, rather than bureaucratic regulation, and is voluntary. The result is that institutions have gained more control over the processes of higher education but conceded some of their previous control over the product. This has reduced the possible diversity of activity, and reduced academic independence.

The most important example is research. The bulk of research financing has been shifted from institutional funding via general operating grants, to Australian Research Council grants and other centralised, competitive schemes. ARC grants are very competitive - only 15 per cent of new applications will be successful this year. Applicants for ARC funding know that there is a certain type of project proposal that is most likely to achieve success. If the project combines theoretical development with national needs, and an outline of the end results can be foreseen in advance, it is more likely to obtain funding. Long term, open ended basic

research is less likely to be supported.

One result is the swing to applied research, reinforced by the growing role of client based, commercial research which many academic departments now need in order to finance their normal operations. These trends do not hurt institutional autonomy, but have serious implications for academic freedom.

Would all of this have happened under a Coalition Government? Almost certainly. According to Fightback!, 'a strengthening of the competitive component of research funding was appropriate'. Further, during the last decade there has been a common approach to higher education policy in most of the OECD region. Market reforms have been accompanied by more sophisticated, indirect forms of intervention. The Thatcher and Major Governments in Britain have pursued similar policies to those of the Dawkins and Baldwin era in Australia.

If anything, the British Conservative Governments have been more heavy handed than Labor in Australia (at the beginning of the 1980s some universities experienced cuts of up to 30 per cent in their recurrent funding, and tenure was abolished in 1988).

Fightback! wants to do a further trade of direct intervention for indirect intervention. It says that its general approach is 'a dramatic reduction in central bureaucratic regulation', but coupled with 'a much stronger emphasis on ensuring that educational outcomes are monitored and assessed against international standards'; that is, further standardisation of the product. This would be achieved through standardised testing in schools, competency testing in vocational schooling and industrial training, and formal ranking of institutions and courses within institutions - the Coalition's idea of 'quality' assessment - in higher education.

The point I am making is that this approach (which both sides of politics are using) compromises academic freedom just as surely as rule by decree. But in a culture which abhors direct intervention it is more effective, because academics regulate their own compliance.

Thus the approach to relations between Government and institutions seems bi-partisan. It is not plausible to argue that one Party would be more or less interventionist in higher education than the other.

8. Public and private costs

At the beginning of the Hawke regime in 1983, 5.4 per cent of the Gross Domestic Product was allocated to public spending on education - about average for the OECD. By the end of the 1980s this proportion had fallen to 4.7 per cent, significantly below the OECD average. Over the same time private spending on education as a proportion of GDP rose slightly, from 0.3 per cent to 0.4 per cent. This was typical of most OECD countries but much smaller than two important OECD countries, Japan and the United States, models now exercising an increasing influence in educational policy making.

There is little prospect of a marked increase in the private share in Australia, in the short or medium term. The private share is high in Japan because 75 per cent of all universities are private institutions. In the US, there is a long history of massive private endowments and corporate donations, and 25 per cent of institutions are private.

Thus the ALP has presided over a major decline in the public commitment to education. Fightback! notes this in passing, but makes no commitment to restore or even increase the GDP share. Instead it creates the extraordinary fiction that private financing is a major component of education financing in Australia. This foreshadows its real strategy, which is to throw much more weight on private sector provision and the private component of costs in the future. (This would allow public effort to be

further run down):

'As a nation we have been prepared to make a greater private

commitment to education than other countries. While additional government spending is, we believe, more than justified, the key point is to make sure that total education spending - public and private - is adequate to provide Australians with world class teaching and research'.

'In the decade to the year 2000 there will be an important role for the private provision of education and training at all levels, and a Coalition government will facilitate private initiative and the private contribution of resources. By encouraging private effort education and training will be more than adequately resourced this decade. It is principally for that reason that education services are being zero rated for the purposes of the Goods and Services tax.'

Through vouchers the Coalition would bring into being a dual public/private system of higher education. Through private institutions, loans in place of grants, and the increased role of fees, the balance of costs would be further shifted from public to private. Apart from the obvious implications for equity, we must ask whether the private purse has the capacity to pay. Australia is not the United States, where there is a long tradition of high fees and corporate donations. A country whose living standards are declining and whose company investment in fixed capital remains low is hardly likely to pioneer a major lift in the private share of educational costs, enough to compensate for the decline in public effort.

Conclusion

The most important real policy difference between the Parties is over industrial relations. Next is a batch of related issues: vouchers and market deregulation, national planning of the system, the balance of private and public costs, and equity policy. Differences over the mission of the universities, and the relationship between government and institutions, are more ephemeral and rhetorical.

We have to avoid thinking in the simple State versus market dichotomy that characterises free market liberalism. As the Thatcher experience shows, a freer market may be combined with a strengthened, authoritarian State. Free economic markets are one thing, intellectual and political self determination are another. Already we have seen that under Labor's higher education policy, both Government standardisation and market forces have been strengthened. Academic practices have been subordinated to both. Whoever is in power, academic freedom will have to be defended. A further shift from Government planning to market forces would not necessarily increase freedom in teaching and research, and both would become less accessible. Nor does it imply an overall reduction in Government. It is likely that under the Coalition, both markets and government standardisation would increase further.

The point I want to emphasise is that under the Coalition, even more than under Labor, the work of universities would be controlled through the use of market reform itself.

[Further sections on schooling and TAFE/training/competency reform are still to be added. The final version of the paper will be available at the 1992 AARE/NZARE conference].

Liberal and National Parties, Fightback! Supplementary Paper No. 4, World class schools, universities and training, 1991, P. 44. Hereafter designated as SP4.

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I have looked at this in more detail in The free market, Monograph No. 1, Public Sector Research Centre, University of NSW, Sydney 1992.

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