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Tertiary fees and the social mix

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The current imbroglio over whether students should be charged for their tertiary tuition illustrates nicely how little recourse there frequently is to evidence in a debate on public policy, and how such evidence as is adduced gets used selectively to legitimise positions representing ideology or political interest. My purpose in writing this paper is to review the evidence concerning the effect of financial assistance on the social mix of the undergraduate population. Consideration of equity, however, is not the only perspective bearing on the question of charging students for their tuition and it is of interest first to discuss briefly the range of positions and arguments.

One is public economy — if students pay for some of their tuition costs then the government is saved that much in expenditure. The sums being quoted are not inconsiderable — of the order of $200m. It is not clear whether this allows for the costs of the administration of fee collection and of the cost of some sort of upgraded grants system for the needy. If newspaper reports are correct it would seem that it is the intention of advocates from within government for fee income to be accompanied by a corresponding reduction of allocation to higher education, which is contrary to the expectation of most of the academics who have written on the question of fees. Thus, to be realistic, discussion of the merits of reintroducing tuition charges should be in the context of present levels of income.

A second position, taken by a number of conservative economists, is that 'fee for service' improves the efficiency and cost effectiveness of institutions by making them more responsive to market forces[1]. Those adopting this position frequently bracket the reintroduction of tuition fees with proposals for reduction of academic tenure and decreased government regulation. Those courses and those teachers in demand would flourish in the academic market-place, others would go to the wall. I have not been able to find any evidence which bears on these proposals, not even crude anecdotal accounts of efficiency before and after the abolition of tuition fees in 1974, or comparisons of the University of Western Australia (which for many years was free) with others in the fee charging era. The argument appears not to be so much for greater efficiency in universities as they are now structured but rather a preference for a different sort of university moulded by market-induced competitive pressures.

A third argument concerns efficiency of students. It is asserted that 'fee for service' causes students to value their tuition more than when it is free and consequently to work harder in order to be successful. As with assertions concerning institutional efficiency this assertion is based more on dogma than on evidence. Although there have been plenty of opportunities in Australia and elsewhere to compare student behaviour with and without fees no researchers appear to have thought the question worth investigating. One of the difficulties with the assumption that students would work harder when they pay the cost is that as often as not it is not the student but the parent who foots the bill.

Fourthly, institutional autonomy is sometimes invoked by the protagonists of fees, the idea being that when all income comes from one pocket the provider is in a better position to call the tune than when there are several pockets. Certainly if universities generated all of their income from fees they would be in a strong position to stand up to attempts at government intervention in their internal affairs. Complete financial independence is, of course, quite unrealistic; indeed even a return to the pre-1974 arrangement is unlikely where funds came from State and Commonwealth Governments, and, to a small extent, from fees. It may be plausible to think that the depredations of the Razor Gang on higher education, or the sabbatical leave inquiry, or the matter of student union fees, would not have been initiated by the Fraser Government if they had not been the sole providers of university income. Multiplicity of income sources does not however constitute an inherent barrier to government intervention; it may simply make it a bit more difficult to arrange if the other providers also have leverage. In any event the existence of fees at the level likely to be charged does not even constitute nuisance value to a government determined to intervene. Under present circumstances the reintroduction of fees would make no difference should the Federal Government, now the single institutional provider, wish to change things within universities or colleges. Nor is there any requirement that the Government be consistent in its intentions — witness the proposal floated by the Ministry of Finance to re-introduce fees, and the guidelines to CTEC indicating that the government expects universities to democratise participation in higher education.

A fifth position, usually taken by the anti-fee side, asserts that tuition fees and other costs associated with being a student are a deterrent to enrolment by students from poor backgrounds. One focus from this position concerns individual equality — that it is unfair that

Table 1
Fathers' occupations of full-time higher education students, 1974 (percentages)

Occupational category	University N=1513	CAE N=521	Uni ed. N=328	CAE ed. N=881	Males 45-54 (1971 Census)
Professional/technical	32.6	26.1	24.5	24.3	7.5
Administrative	19.9	18.2	15.4	12.8	12.4
Clerical	4.9	5.2	6.9	5.0	6.8
Sales	5.4	5.4	5.1	5.4	5.6
Farming/mining	7.2	9.3	8.5	13.7	10.9
Communication/transport	3.8	5.2	7.5	7.2	7.6
Tradesmen/labourers	13.7	18.0	21.3	21.0	39.9
Service, sport and recreation	3.0	1.9	3.1	3.1	4.3
Armed forces	0.6	0.8	0.0	0.2	0.6
Not in workforce and/or no information	9.0	10.0	7.7	7.3	4.4

Source: Beighton and Gallagher, 1976.

poor people are deterred from participating in a publicly funded good. Another focus is social interest — that society is being deprived of the public benefits which the bright poor would have contributed had they been able to graduate and practise their professions.

There is plenty of statistical evidence which is consistent with the hypothesis that costs associated with higher education deter the poor. A typical table shows that students with fathers whose occupations are professional or administrative are over-represented by a factor of about four when compared with the relevant workforce statistic, and that students whose fathers are manual workers are under-represented by a factor of about three[2]. (See Table 1.) At the extremes the differences in participation are very large indeed, for example children of doctors or lawyers have about one in two chances of enrolling, those of unskilled labourers about one in fifty.

The response of some egalitarians to the observation that all groups do not participate equally is to campaign for a more balanced social mix thus achieving a form of social justice. Such an analysis, of course, overlooks the individual. Even if all social groups are equally represented, inequality will remain because all individuals do not participate. A working class lad who fails to make it may be mollified when told that the competition was fair and that he had equal chances with members of all other groups; he still loses out on a share of public resources. So do those children of the rich who are not admitted.

While the data are not in dispute there is no agreement about why such disproportions exist. The most common explanations for relative under-participation by representatives of lower socio-economic groups are:

1. that low social class is associated with low intelligence and thus equal participation from all groups is not to be expected
2. that participation by the poor is limited by regional geography because there are fewer institutions of higher education in poorer localities
3. that students from the lower classes simply have other priorities and choose not to proceed to higher education
4. that financial circumstances are a barrier to participation.

There is some evidence concerning the connection of family circumstances with each of these conditions. With respect to social class and IQ, while there is still an unresolved dispute concerning the genetic and environmental contributions to intellectual ability, even the most rabid biological determinist does not claim that inherited intelligence could account for anything like the differences in participation which are observed between the different social groups. The geographical hypothesis gains support simply from glancing at a map. There are fewer institutions of higher education in the poorer 'western' suburbs and in non-metropolitan localities, thus making it difficult for residents to participate.

The motivational hypothesis is largely unexplored in any sophisticated manner. Surveys of 14-year-olds in school indicate that many more aspire to higher education than can be accommodated, and that there are links between class and preference. Furthermore, the attrition which occurs during years of secondary school is class-linked and by Year 12 the social mix is not too different from first year in higher education. What is unresolved is whether the children from lower classes, fewer of whom expressed a preference for higher education, were in fact expressing a preference or simply responding in a realistic fashion to perceived obstacles. There is evidence that those who do make it to Year 12 are influenced in their decisions by the costs associated with higher education. David Beswick and his colleagues, in an evaluation of the Tertiary Education Assistance Scheme, examined transition from Year 12 from a social psychological perspective[3]. They found that the availability of financial support for tertiary study was an important consideration in the decisions made by females and by students who deferred their enrolment. And in a review of research findings concerning participation in education generally Julie Smith concluded that "... certain groups of students sharing particular attributes (rural, female or low family socio-economic background) are particularly susceptible ... (to) these financial or economic factors and are likely to be the students 'tipped out' by an unfavourable balance of financial and economic incentives. These students can be characterised as the 'marginal' groups"[4].

A sixth position in the fees debate also concerns equality, not of chances to participate but of benefit from higher education. According to this argument not only is there a transfer of public funds from the average taxpayer to the better off, but inequality is further extended since higher education confers a substantial 'private benefit' (income, salary, life style, etc.) on beneficiaries who belong, on average, to wealthy families. An egalitarian response to this observed inequality is to make the beneficiary pay for that part of tuition which corresponds to a private benefit, either through fees or later through loans or the tax system.

What is the evidence concerning the social composition of the student population before and after the abolition of tuition fees in 1974? Two of the main published sources are a national survey of newly enrolling full-time students three years after fee abolition,[5] and a review of research on student origins during the thirty years following World War II[6]. The general conclusion reached is that the social mix does not appear to have altered significantly over a period of twenty or thirty years, and that there appears to have been no change following the introduction of TEAS and the abolition of fees in 1974. Both the survey and the review warned against reaching causal conclusions from the observations of no change and discussed various alternative explanations as well as the 'no effect' hypothesis. It is to an examination of these explanations and of the most recently available evidence that I now wish to turn. First, however, it is worth noting that representatives of both the former federal government, which was predisposed to fees, and the present government, which is formally opposed to fees, have cited data showing no social change after fee abolition as evidence that abolishing fees had no effect. In the case of the present government it is the Minister for Finance, Senator Walsh, who has said that research shows that the abolition of fees produced no discernible effect on the social spectrum of higher education. The inference is incorrect.

The national survey compared the social mix of the population of newly enrolled students in Australian universities and colleges in 1976 (three years after fee abolition) with earlier years and found little change. That result is hardly surprising since any alteration in the mix is the aggregate of thousands of individual decisions made during the final three or four years of school by students and their parents. Not a great deal is known about the processes involved in decisions leading to higher education but, allowing for the time needed for dissemination of information about fees and TEAS, and for changes in plans about staying on in school and subject choice, it could be five or six years before effects begin to show up in statistics of participation.

Methodological complexities are a second cause for caution in interpreting the results of survey analysis. In the present case one such problem is that the conventional measures of student mix — students' reports of their parents' occupation, education and income — are crude indicators of relative poverty and deprivation. Furthermore there is the dubious assumption that parental status is a valid proxy for the financial needs of an 18 or 20-year-old. Aware of the shortcomings in the traditional sociological measures, the authors of the national survey also approached the question of student financial position directly and asked about enrolment if there had been a charge for tuition. About 20 per cent said they would not have been able to enrol full-time and would have had to switch to part-time (not available in all courses), deferred their studies, or not enrolled at all. Naturally the responses of interested parties should not be accepted at face value. The answers gained some validity, however, when it was found that those who claimed that fees would have necessitated a diminution of their enrolment were, in disproportionately large numbers, from categories under-represented in higher education — lower class families, women, country dwellers or older students.

A third reason for there being no apparent change following the abolition of tuition fees and the introduction of TEAS is that, at the same time as these reforms were being introduced, other forms of aid were disappearing, notably the lucrative secondary education studentships. During the 1960s and early 1970s these awards attracted tens of thousands of students, many of them from families which had no previous association with higher education. At the height of the scheme the numbers of students with these grants was of the same order as the number of TEAS beneficiaries. The 1974 reforms countered a social regression in participation which would certainly have occurred as the education studentships were phased out.

Finally, the evaluation of fee abolition pointed out that a substantial shift towards democratising higher education would require changes elsewhere in the system, not simply removal of the barriers at the point of entry. As has already been pointed out, almost all of the attrition from schooling of kids from poor families occurs during the middle years of secondary school. By the time Year 12 is reached the social mix is much the same as in higher education. If participation is to be more equal the bright poor will have to be helped to the starting-gate. Financial assistance during tertiary study is a necessary, but not a sufficient condition for reform. This is a fact that was overlooked by the 1974 Labor egalitarians.

Until recently it appeared that the Hawke Government was pursuing the objective of 'equitable participation of students from all social groups and backgrounds' (ALP platform, 1984) with a better appreciation than Whitlam of the complex connections of social class with educational attainment. The strategy was to get more to the starting-gate and then help them over the barrier into universities and colleges. The Government's Participation and Equity Program was directed at both secondary and post-secondary education. There was to be a significant reduction in the number of students leaving school prematurely and equalisation in higher education. Clear guidelines informed the CTEC in 1983 that:

The Government accords the same urgency to having higher education address inequities in its own institutions and in the wider society. For too long women, the children of ordinary working people, members of some ethnic minority groups, rural youth and most starkly, Aboriginals, have been considerably under-represented in, or unequally distributed across courses, institutions and sectors within tertiary education. They have been deprived of much that their society offers and our society has been deprived of the contribution they could make. The Government is determined to change this state of affairs.

There has been a spectacular increase in the retention to the end of secondary school and if trends continue a majority will shortly be staying on to Year 12. Higher education is a different story however and here recent decisions have been counter-productive insofar as equity is concerned.

My most recent evidence shows that, after decades in which there was no change in the social spectrum, at the end of the 1970s a shift had begun towards equality among the groups of school-leavers entering higher education. During a period when the overall demand from the young slackened (throughout most of the 1970s participation dropped from around 20 per cent to 15 per cent of the age group) the lowest third of the social order gained ground in relation to the upper two thirds (see Table 2)[7]. This is in contrast to what is happening in a number of other countries. In Sweden for example where there has been a decline in the value of student grants, the social profile of the student population is much more unequal than in Australia[8]. And in USA evidence is emerging of a social regression in participation due to sharp rises in tuition fees following the Reagan administration's cuts in federal funding to universities and colleges.

When the data become available for 1982-85 they will almost certainly reveal a slackening if not a reversal in the democratising trend which had begun in Australia a few years earlier. The intense competition for entry, rising entrance scores, TEAS grants which meet about half of an independent student's costs, and tougher rules for mature age entrants, all combine to favour those groups which have traditionally been benefitted by higher education.

The modest gain in participation made by representatives of the lowest third of the social order at the end of the 1970s does not mean that the abolition of tuition fees had a delayed action effect, any more than the absence of change in the mid-1970s meant that there was no effect of the fee abolition. When, however, all the evidence from economic, sociological and social-psychological studies is put together the most likely conclusion is that financial barriers do inhibit the enrolment of students from certain 'disadvantaged' categories. It seems to me quite probable that the reintroduction of fees, even if accompanied by an extension of means tested grants, would lead to an even less equal social mix than exists at present. Similiar conclusions have been reached following a recent series of studies in Sweden. Authors Reuterberg and Svensson wrote:

For individuals from homes in which one of the parents has a university degree the likelihood of beginning a post-secondary education is seven times greater than for individuals from working-class homes, and the likelihood of completing a university degree as much as ten times higher. This class bias would have been far greater, however, if it had not been for the national financial aid system.[9]

Table 2

Enrolment rates of school leavers in full-time higher education Australia[a]

Social Group[b]	Enrolment Year 1960	1972	1979/80
1	23.8	27.9	20.8
2	11.4	20.7	14.0
3	6.7	14.0	10.3
All	13.4	20.2	15.1

[a]Sources: see end-note 7.
[b]The rates for Social Groups 1, 2 and 3 are based on approximately equal fractions of the population.

The continuation of free tertiary education will, however, perpetuate what I have called inequality of benefits. It is a value judgement whether one concludes that the beneficiaries should be required to pay the cost, or whether, in the interests of bright children from humble backgrounds and of others who get no help from parents, higher education should continue to be free. In the latter event a substantial inequality persists between those school leavers who get higher education, whatever their background, and those who do not. The most equitable system in the long run would be for all school leavers to benefit from comparable expenditure on one form or another of post-secondary education and training. Not only individuals but also the economy would benefit from such an expansion. This is the view of the Inquiry into Labour Market Programs (Kirby Committee)[10] which has recommended the improvement of the apprenticeship scheme and the introduction of a system of traineeships for about 30 per cent of leavers who presently benefit from no form of post-secondary education.

References and Notes

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Towards flexibility in academic labour markets?

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Unity in diversity

The Australian academic labour market is very diverse. Universities and tertiary colleges (CAEs) recruit in virtually the complete range of available formally accepted skills, from architects to zoologists. They seek employees in these various disciplines from far flung local and overseas locations (almost always by open advertisement) for appointment to ranks from tutor to professor. Applicants in turn face diversity in their supply side view of the attractions of employing institutions, including relative capacities to attract 'high quality' students, and conditions of work such as class contact hour requirements and research facilities. Applicants also compete in very different relative sub-market environments — accountants, for example, may be in heavier demand (at higher prices) in their alternative employments outside the university than, say, philosophers.

Yet overriding this diversity is considerable uniformity of wages and employment conditions. Apart from a few traditional ingrained loadings to recognise different supply prices (such as for medics) there is great conformity across disciplines in pay, one of the main keys in labour market adjustment. Once an individual enters a tenured job classification within a discipline, there is little if anything to shake security relative to others in the same classification. A common paymaster and centralised wage fixation for all tertiary institutions add to the pressures for uniformity of tenure and promotion largely by seniority. Reviews of performance are probably non-existent in the ordinary academic career course, except for those seeking transition from lecturer to senior lecturer and for those (fewer in number) applying for appointment as reader after reaching the top of the senior lecturer grade. An innovation of recent years — the requirement for readvertisement of, and open competition for, lectureships after up to five years of appointment — has reduced the proportion of tenured staff, but has also highlighted the privilege and security of those on tenure.

Elements of flexibility?

Superficially at least, the academic labour market is far removed from the competitive models used to describe adjustment free from institutional or 'non-economic' forces. Were this market to resemble the competitive outcome of price patterns, it is highly unlikely that there would be simple across-the-board wage relativities for all disciplines comprised in a tertiary institution. Instead there would be a mixture of rates, geared to decentralised market conditions. However, a review of external and internal wage relativities for academics reveals considerable consistency and uniformity.