

**INEQUALITY AND HIGHER EDUCATION: A CLASS ACT**

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**“GOOD VIBRATIONS?”**

Thank you for inviting me. I am proud to present to the TJ Ryan Foundation, and to have been invited to do so by a former Vice-Chancellor of my University, Professor Roger Scott. Whether or not TJ Ryan would have agreed with what I say, I hope he would have agreed we need a debate about it from a socially progressive point of view.

Exactly 50 years ago, in February 1966, The Beach Boys began recording the song which became “Good Vibrations”, the embodiment of modernist optimism.

Two months later, middle England was adjusting to a new style of comedy which poked fun at the world that was passing, and ushered in biting satire; such as the one and a half minute gem on the BBC programme The Frost Report, where John Cleese, Ronnie Barker and Ronnie Corbett performed the now-famous Class Sketch, about who looks down on whom.

Around this time, the UK, the US, and a little later Australia, were welcoming upbeat reports urging the expansion of higher education.

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<sup>1</sup> I would like to thank the following for their help with my thinking, for which I take full responsibility: Dr Jenny Chesters, Professor Anne Daly, Professor Bruce Chapman, Associate Professor Michele Fleming, Professor Diane Gibson, Adjunct Professor John Goss, Professor Michelle Grattan, Ms Alexis Johnson, Professor Peter Radoll, Professor Louise Watson.

Gary Becker's human capital theory is catching on. Merit will create the good society; and education, particularly higher education, will develop human capital and provide the equality of opportunity which will drive it all.

In Australia, the pound is replaced by the dollar, the marriage ban is being removed, people are gearing up for a referendum in the following year to recognise Indigenous people, and the federal government is planning to build the first College of Advanced Education in Canberra, of which Roger Scott became Principal and which is now the University of Canberra.

The gap between rich and poor is to be smaller and those at the upper end of income and wealth distributions will be there irrespective of who their families were, or where they were born, or whether they were men or women, black or white. If someone has natural ability, combined with a commitment to study or training and working hard, they will join the meritocratic class.

For the first half of those 50 years it looked like it was working, and it really was working for some. But at the end of this period, it is a different picture in those countries, although not all countries in the world.

Here inequality is increasing, and opportunity is becoming skewed towards the already fortunate; social mobility is stalling, if not reversing.

So jump forward half a century from Good Vibrations and imagine the following.

An Australian Government decides to take the cap off domestic student higher education fees and allow universities effectively to charge what the market will bear. It does so in the belief that an up-front loan scheme blunts the price signal to an age cohort largely comprising 17 year-olds, many of whom think they are immortal and for whom even the thought of being thirty years old is inconceivable, let alone reaching average weekly earnings and paying off a debt.

Universities publicly or privately resolve to do exactly that – they will set their fees as high as their own market will bear – safe in the knowledge that under the loan scheme all the money is advanced to universities at the outset, so that if its graduates never repay their loans that is no skin off the university's nose.

As a form of equity measure the government proposes a scholarships scheme which would have as one consequence the third lowest SES quartile subsidising the bottom quartile.

The Government knows it will be borrowing at the long-term Bond rate the extra funds it will have to advance to universities. But in the hope of overcoming opposition it agrees not to charge graduates the same rate of interest it is paying, and settles for CPI. (Presumably it also hopes that repayment default by graduates will not rise in line with higher debt levels.)

And to stretch your credulity even further, imagine that any increase in tertiary fees will in itself contribute to the Consumer Price Index so that all payments linked to CPI will also go up, such as the Age Pension - so senior citizens will receive more money because graduates are incurring more debt. A great result, but odd.

Prior to the election of the Abbott Government, I expect your reaction would be that no government could possibly be so daft. The whole thing would cost far more money than it could save, at least some universities would make hay whilst the sun shone, Treasury would have to step in at some point and stem the outflows, but in the meantime a few annual cohorts of graduates would be saddled with huge debt later in life.

This of course is what was actually proposed in the 2014-2015 period, along with the stinger that the Government's own contributions to university places would be reduced by 20% so as to nudge universities into the mindset of putting their tuition fees up, if only to stand still.

Universities Australia supported the proposals. All except one Vice-Chancellor – to my surprise, me - supported the proposals. The “reforms” were defeated in the Senate because the ALP, the Greens and some cross-benchers voted them down. I haven’t attended a meeting of UA since.

My assessment is that if they had gone through, the proposals would have greatly benefited a small number of universities. This would have flowed from what those universities have inherited over the generations, where they are located and the elite connections they enjoy. They could have put their fees up by 200% - 300%, perhaps more, before price sensitivity cut in, if it ever did.

The changes would have moderately advantaged some other universities because of their middling advantages in life and because of the hard work they would undoubtedly have put in to turn the reforms to their benefit. They could have put their fees up by variable amounts according to their understanding of their local markets and done quite well if they played their cards right.

The changes would possibly have disadvantaged remaining universities because of their lack of family history, where they are located and their absence of elite connections. They might have put their fees up a little, but with their more established competitors racing ahead in marketing, facilities, research rankings and so on - due to their new-found wealth – lower rung universities would increasingly pale in comparison. In University-land, the gap between the rich and poor would have widened further.

Despite it being shocking public policy, it is easy to see why the changes were strongly backed by the first group; the big winners. They would have become even more elite. They would rationalise it all away due to a sense of inherent worth (or "innate breeding" as it was put in *The Class Sketch*, coupled with a constant desire for money) and they would conveniently screen from their minds the advantages conferred by their origins, by successive generations of tax-payers' support and by their current rankings status; paid for with other people's money.

I can also see why some aspirant universities supported the changes. If it all worked out there was a chance of real extra money for a while, at someone's else's expense. They would rationalise it all away because it fits with a view of the world that even those not born with a silver spoon in their mouth can get on in life if they try hard.

I can't actually see why most of the remaining universities supported the changes. Perhaps they weren't seeing things clearly or perhaps they just trusted that their betters knew what was good policy. If their betters told them that markets are now fair and functional, and that regulation is just so "yesterday", then surely there must be some factual evidence for this somewhere.

Of course, I have deliberately framed this account using language which evokes the standard description of a class system. A few benefit because of their inheritance, location, status and connections. The middle might or might not benefit: some move up and some move down over time. The lower end occasionally benefits, enough to provide some legitimacy to the social order, but by and large they don't see things clearly (remember good old false consciousness?), or have just enough hope that life will improve to prevent them from rebelling against the social order. And sometimes life does improve, but by and large it doesn't improve as much for them as for others, so relative disadvantage deepens.

In the words of that great band, World Party, how could it come to this?

In the remainder of this lecture I want to examine what our university system is becoming through the lens of social class. I will ask the uncomfortable question whether we have become agents promoting a divided society rather than reducing the divide between haves and have-nots. I will ask whether a corrosive class system is hardening amongst Australian universities which will further stratify income and wealth distributions in society as their graduates go off into their allotted stations in life, thus reversing intergenerational mobility and stretching the gap between the have-lots, the have-somes and the have-nots.

To put it in a nut-shell, in the last 50 years higher education has expanded, and so too has social inequality. Suppose there is a causal connection and by ignoring it we are becoming complicit?

I will finish with ten proposals – some controversial – which would help. And in case the thought of ten proposals is just too much to bear, I assure you I will finish on time. I have, however, written a full version of this paper where I bring in more evidence and arguments than I can do here.

### **“I DREAM OF GINI”**

Everywhere we look at the moment, if we wish to look, there is material about growing inequality in most developed countries, including Australia. Thomas Piketty’s book Capital In The Twenty-First Century is a best seller.<sup>2</sup> The OECD produces reports about it regularly, the Australian Research Council funds a centre of excellence about it, the super-rich attendees at Davos say it isn’t good even for them, think-tanks and activist charities like Oxfam rail against it.

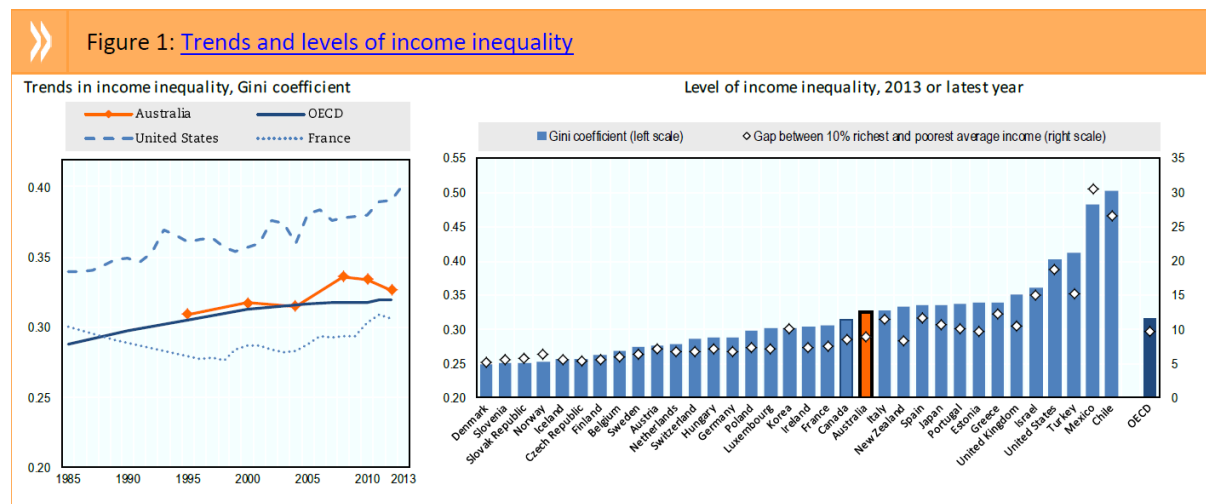
“I Dream of Jeannie” was a TV sitcom first shown 50 years ago, epitomising how we could luxuriate in dreams of other lives. Under no circumstances should it be confused with the Gini coefficient, named after the Italian statistician and sociologist, Corrado Gini. If all the income of a group were shared equally, there would be perfect equality, and the coefficient would be 0. If it were all owned by one person (“perfect” inequality) the coefficient would be 1. The closer a country is to 0 then the more equal the income

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<sup>2</sup> But see also Anthony B Atkinson, *Inequality: What Can Be Done?*, Harvard UP, 2015

distribution. It is a crude summative measure, and disputed from different perspectives,<sup>3</sup> but it has impact and it enables international comparison.

In the last twenty years, Australia seems to have been around the OECD average, although latterly it has been above it: that is, it has been less equal.<sup>4</sup>



The Gini coefficient scores 0 when everybody has identical incomes and 1 when all the income goes to only one person.

<http://www.oecd.org/australia/OECD2015-In-It-Together-Highlights-Australia.pdf>

<sup>3</sup> See J Greenville, C Pobke, N Rogers, Trends in the Distribution of Income in Australia, Australian Government, Productivity Commission, 2013 at 29 et seq.

<sup>4</sup> See "In It Together: Why Less Inequality Benefits All ... in Australia", OECD, 2015.

if one takes quintiles rather than a single coefficient, Australia does not fare well.<sup>5</sup>

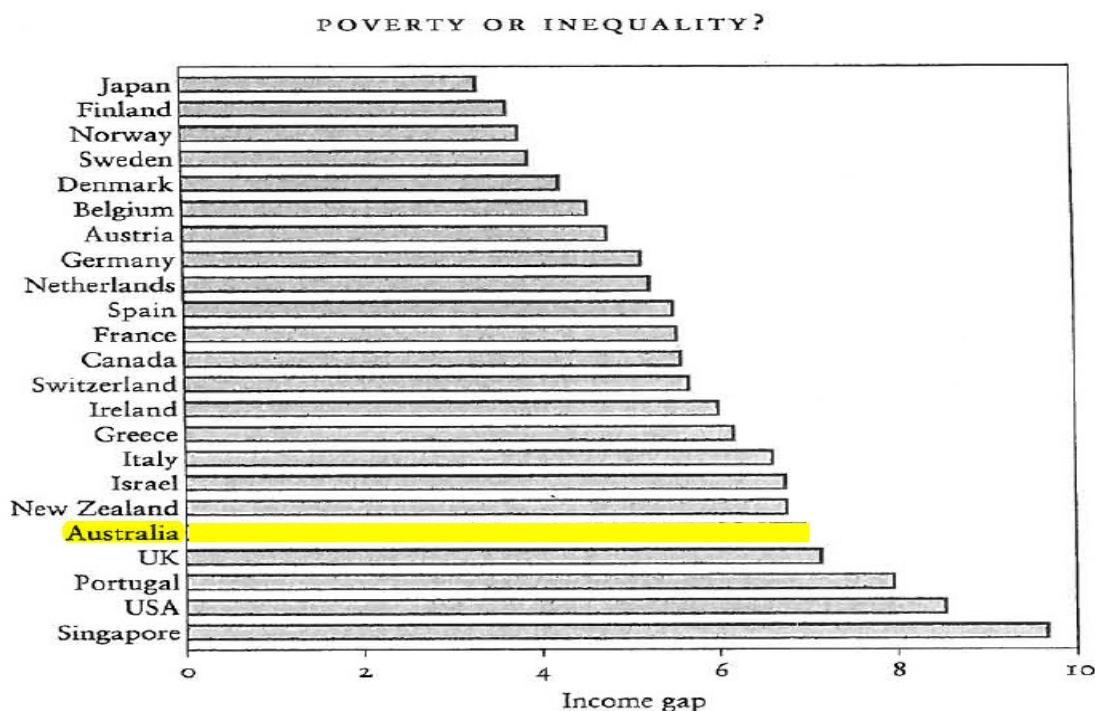


Figure 2.1 How much richer are the richest 20 per cent than the poorest 20 per cent in each country?<sup>22</sup>

It has not always been like this in Australia. In the post-war era incomes at the bottom were growing faster than incomes at the top, and male income inequality dropped from the early 1940s to the late 1970s.<sup>6</sup>

But for the last thirty or more years, income inequality has been rising, with the income share of the top 1% doubling and that of the top 0.1% tripling.

Around about 1980, there started what Tony Atkinson has called The Inequality Turn.<sup>7</sup> This was the Reagan-Thatcher legacy and it saw the rise of the financier class, now holding positions right at the top of society, including Australia, to whom “disruption” is a hip word rather than a simplistic generalisation. Andrew Leigh claims “inequality is not yet at the levels that prevailed in the 1910s, but it’s close.” Close to 1910 levels!

<sup>5</sup> R Wilkinson, K Pickett, *The Spirit Level: Why More Equal Societies Almost Always Do Better*, Allen Lane, 2009, p17.

<sup>6</sup> See Andrew Leigh, *Battlers and Billionaires: The Story of Inequality in Australia*, Redback1, 2014, 41.

<sup>7</sup> Above, 80-21.

Wealth inequality has been growing faster than income inequality, once the GFC period is smoothed out, and is considerably worse than income inequality in Australia. The average wealth of a household in the top 20% wealth group is around 70 times the average wealth of a household in the bottom 20% wealth group. The top 10% of households own 45% of all wealth whilst the bottom 40% of households own just 5% of all wealth.<sup>8</sup> Presumably the fuel for this is continuing, because today's income inequality will be tomorrow's wealth inequality in the absence of measures to counteract it, such as estate duties.<sup>9</sup>

The arguments that too much inequality is bad are consequentialist and non-consequentialist.

I can't put the consequentialist ones better than ACOSS has done recently:

Excessive inequality in any society is harmful. It is harmful to the ability of people to participate in social and economic opportunities, and it undermines social cohesion. Excessive inequality is bad for the economy. When resources are concentrated in fewer hands, there is a reduction in economic activity. Fewer people are starting up businesses, buying houses and purchasing goods and services. More people become dependent on government intervention. Excessive inequality is ultimately unhealthy for democracy. Money and power matter in terms of who in society gets heard, who can participate, and whose interests are adequately protected.<sup>10</sup>

The argument that too much inequality is bad for economic growth has been put powerfully in a recent OECD paper.<sup>11</sup>

Leaving consequences aside, too much inequality is bad in itself because, when explained, it offends most people's sense of justice. So does the Ultimatum Game, where Player A is given \$100 and told they can offer any share of it between \$1 and \$100 to Player B, who either has to accept whatever is offered or get nothing. Rationally, Player A should offer \$1, because they know Player B would still be better off with \$1 and so Player B should accept it, but in repeated experiments \$25 seems to be the cut-off below which Player B says they would rather get nothing. Intuitively it is an affront to be offered less.

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<sup>8</sup> Inequality in Australia: A Nation Divided, ACOSS, 2015, 31.

<sup>9</sup> Back in discussion again, see The Australia Institute's paper on Estate Duties, February 2015.

<sup>10</sup> Above, 8.

<sup>11</sup> F Cingano, Trends in Income Inequality and its Impact on Economic Growth, OECD Social, Employment and Migration Working Papers, No 163, OECD, 2014.



We may not want perfect equality but we don't want too much inequality either.

But it is bad for other reasons because of its effect over time. The greater the inequality in a society then the less social mobility there is across the generations. One's circumstances at birth have too much influence on one's life chances: graphically described as The Great Gatsby Curve.<sup>12</sup> This is caught neatly by comparing the AFL with the English Premier League. Resources are spread more evenly amongst AFL teams than EPL teams, and more "surprise" results occur in the AFL. (Even Leicester City's baffling success this season in the EPL can be explained by a wealthy Thai owner.)

Recently, scholars at the University of Queensland, looking at data from the Household, Income and Labour Dynamics in Australia Survey (HILDA) and the Longitudinal Surveys of Australian Youth (LSAY) found that whilst typically Australia has had moderately high intergenerational mobility, as measured by what is called intergenerational earnings elasticity, there is a declining tendency after 2011.<sup>13</sup> This is consistent with work by the National Council for Vocational Education Research (NCVER) analysing data from the LSAY which suggests that absolute education outcomes are improving but in relative terms there is little evidence of intergenerational mobility. In effect people might be moving up in the world but they do so in line with their circumstances of origin.

As it has been put recently, "Australia's current social mobility is actually delicately propped up".<sup>14</sup>

### **"I'M A BELIEVER". OR AM I?**

In October 1966 The Monkees recorded Neil Diamond's "I'm A Believer". Where I'm heading with this is a shift in personal position on higher education. I still obviously believe in it, and have given over most of my working life to it, but I'm wondering whether it has run away with us, has burst its banks, and in the course of doing so is swamping those who do not have access to it.

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<sup>12</sup> See, for example, Miles Corak, *Income Inequality, Equality of Opportunity and Intergenerational Mobility*, 7 *Journal of Economic Perspectives*, 2013, 79 at 82.

<sup>13</sup> Y Huang, F Perales, M Western, "Intergenerational Earnings Elasticity Revisited: How Does Australia Fare in Income Mobility?", ARC Centre of Excellence for Children and Families over the Life Course.

<sup>14</sup> S Crosby, *A happy country is a socially mobile one*, *The Conversation*, 14 May 2014.

A standard reaction to increasing inequality is to recommend further investment in education. Piketty, for example, argues that "the best way to increase wages and reduce wage inequalities in the long run is to invest in education and skills."<sup>15</sup> My reaction to this is yes and no.

There is so much evidence of educational attainment being boosted by parental wealth and school location, that investment not well targeted could exacerbate the gap between rich and poor.

Tertiary education sits on top of the school system. Year 12 results are strongly associated with the SES of the school and parental mix. No amount of tertiary reforms will work if a school system is not doing a moderately good job of counteracting the effects of birth and circumstance.

Likelihood of attending university is linked to parental education, which in turn is linked to past advantage. Jenny Chesters' analysis of HILDA data shows that the "likelihood of graduating from university is positively associated with parents' education, net of the effects of sex, birth cohort and type of school attended. Males with university-educated parents were three times more likely and females with university-educated parents were four times more likely to graduate from university than their peers with lower-educated parents". (Emphasis added.)

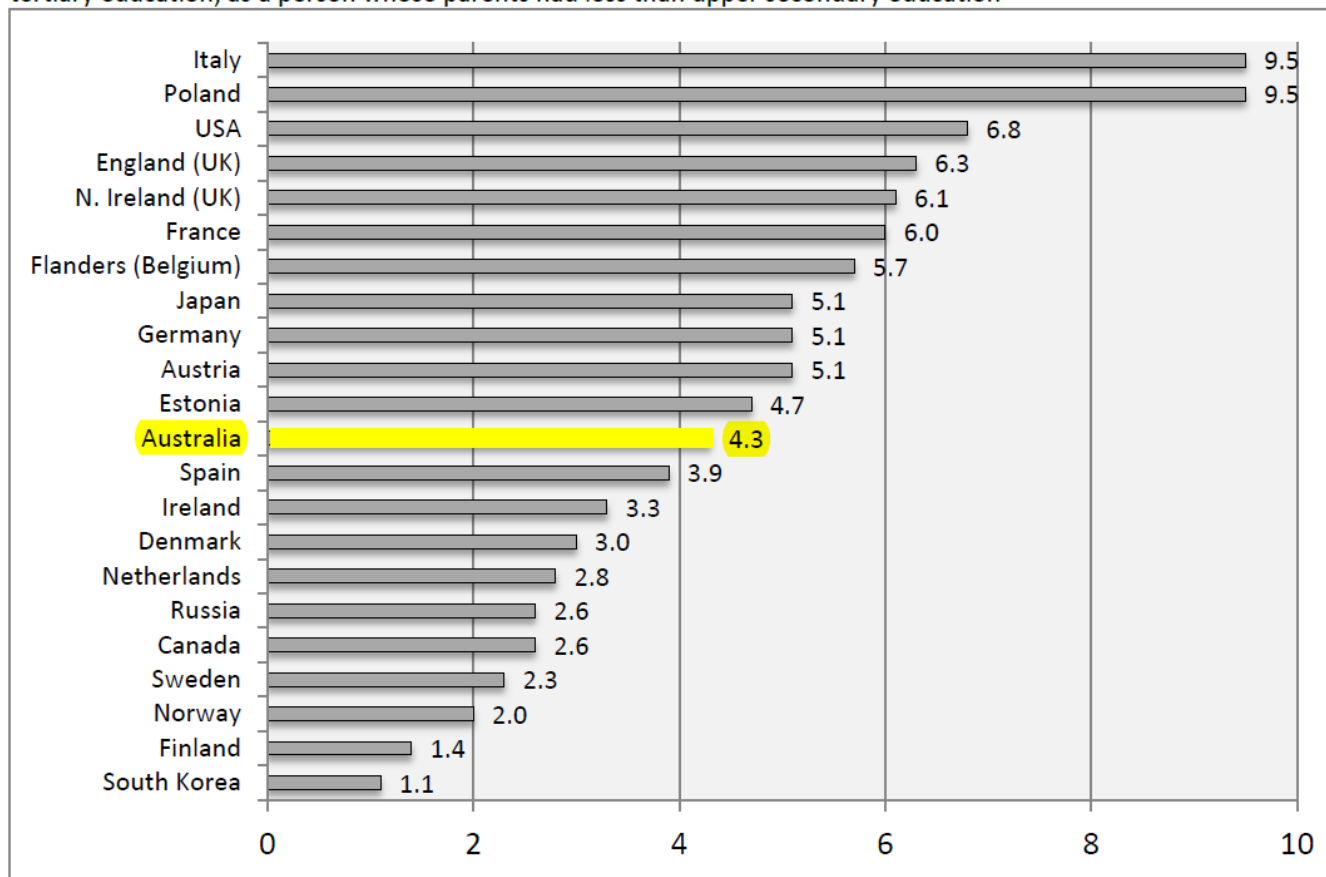
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<sup>15</sup> Above, 313.

Australia is around the middle of the pack in this, according to Simon Marginson.

**Figure 1. Advantage held by 20-34 year olds with tertiary-educated parents, 2012**

e.g. in Poland, a 20-34 year old person with at least one tertiary-educated parent is 9.5 times as likely to participate in tertiary education, as a person whose parents had less than upper secondary education



Data: OECD 2014a, p. 93

Low SES participation in universities has risen, whichever of the slight variants in definition of low SES one uses, but my interpretation of the data is that the rise has been achingly slow and may have run out of steam. (Parity would be 25%.)

### LSES participation by postcode (2006 Census)<sup>16</sup>

2008	2009	2010	2011	2012	2013	2014
14.99	15.14	15.45	15.75	16.01	16.38	16.61

### LSES participation by postcode (2011 census)

2011	2012	2013	2014
15.75	15.96	16.27	16.43

### LSES participation by SA1 measure (2011 census)

2012	2013	2014
15.47	15.77	15.7

We now have semester 1 data for 2015 and can compare with semester 1 in 2011. In 2011, 15.32% of all domestic undergraduate students were low SES. By semester 1 2015, this had only risen to 16.08%. Admittedly this is of total students so there may be a pipeline effect to show up from rising low SES commencers (the access rate), but it is a small gain for a massive amount of money and strain to the system.

I suspect a reasonable amount of the increase is in Indigenous students, who will be over-represented in the low SES numbers. They rose by 3683 students,

<sup>16</sup> I am grateful to my colleague Dr Michele Fleming, Dean of Students at UC, for collating these figures.

or 37%. (This is one ray of sunshine in an otherwise depressing picture revealed by last week's Closing The Gap report for 2015.)<sup>17</sup>

The annual percentage increases for both groups are interesting. For Indigenous students they are 6.4% (2012 over 2011), 9.9% (2013, the peak year of increase), 8.9% and 7.6%. For low SES they are 5.8%, 7.7% (2013), 4.7% and 4.1%.<sup>18</sup>

In both cases 2013 was the peak year of increase and it is coming down now.

I think the growth will peter out because without measures positively to boost academic attainment in schools their subject marks will be too low.

My conclusion is that expensively, and possibly building up trouble for ourselves, we may have increased low SES attainment rates by perhaps 2% at most when all this settles down.

These of course are real people, with proud mums and dads, and their lives may be changed immeasurably for the better, but when we only focus on the exceptions we lose sight of the norm.

So back to my central question, of whether I am still a believer.

Either higher education is:

- irrelevant to inequality (it might be relevant to many other things, including the economy, but fundamental social structure isn't one of them);
- an improving force reducing inequality (this can't always be so, because we are going through a period when social inequality and higher education have been expanding at the same time);
- a restraining force (things would be even worse without it); or
- a worsening force, directly or indirectly,

Well, I don't think it is irrelevant, at times it is improving, but at other times, including now, it is a mix of restraining and worsening.

It is restraining because there is an increase, albeit slow, in low-SES participation, and this will be transformative of those students' lives.

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<sup>17</sup> Closing The Gap, Prime Minister's Report 2016, Australian Government, 25.

<sup>18</sup> O'Malley calculates it as 3.8%, see B O'Malley, Leap in Indigenous access, general enrolment hits high, The Conversation, 27 January 2016.

But it is worsening in at least two ways.

First, if the economy increasingly rewards graduates, and only 30% to 40% of young people go to university, then over time they will tend to move ahead of the other 60% to 70%. A reasonable benchmark is that the rate of return on education is 10% for each year of study. When tertiary education years are compounded, graduates are likely to earn 35% to 45% more than their non-graduate peers.<sup>19</sup>

Thus, income inequality increases, with the affluent accumulating more property and superannuation, which they pass onto their children, so that wealth inequality increases. The 30% to 40% who do go to university are by and large those already unfairly advantaged in the social system, thus embedding structural inequality and making it positively harder for the disadvantaged to compete in life on merit. Remember I'm measuring the gap, so whilst universities are certainly helping some poor people, they are helping the affluent by more and so they are in this sense a worsening force.

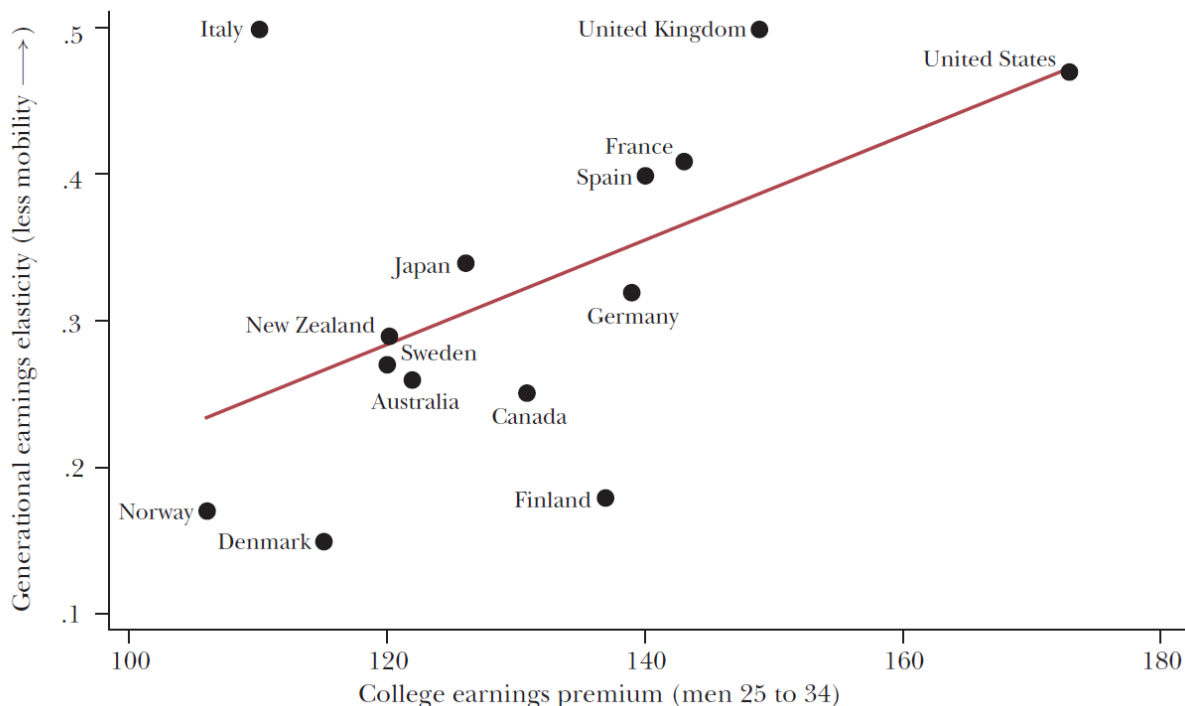
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<sup>19</sup> See, for example, R Cassells, *Smart Australians*, AMP.NATSEM, 2012.

Look at the following graph, which if valid, may be profound, by a leading

Figure 4

**Higher Returns to Schooling are Associated with Lower Intergenerational Earnings Mobility**



scholar in social mobility.<sup>20</sup>

What this may show is that the higher returns there are to “schooling”, which includes tertiary education, then the lower the social mobility, with the US the worst in these comparators. Possibly this is because unequal access to education repeats itself across a generation and the more the education premium the more that graduate parents can invest in their children’s education.

So one way in which we are unwittingly part of the problem is because we belong to a system where educational qualifications increasingly divide the population. But we didn’t create the system. We don’t control the tax-transfer system, set the minimum wage or create the deep gravitational waves that drive global capitalism.

The second way in which we are a worsening force is, however, under our control to some extent.

<sup>20</sup> See Corak above, p87.

This relates to the internal stratification of the university sector.

Parental education has typically had an influence not only on whether a child attends university but also on the type of university attended. If one parent went to university then it is more likely that the child will graduate from a Group of Eight research-intensive university. When type of school attended and pathway into university are included, parents' education no longer of itself predicts type of university but parents' education predicts type of school and likelihood of completing secondary school, so it comes together.

Low SES students are distributed unevenly amongst different types of institutions, which goes to my point about a class system within the university sector.<sup>21</sup> Below are commencing student numbers, not total participation, related to the group to which universities belong. Group of Eight universities have the lowest percentage of low-SES students. The distributions do not change much between 2007 and 2014. Much of the change is attributable to regional universities, who do most of the heavy-lifting in improving access to higher education, followed by the outer urban universities. The inner urban universities (Group of Eight and Australian Technology Network) are in this sense the most elitist, although the postcode method distorts things.<sup>22</sup>

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<sup>21</sup> In the UK this is now comprehensively documented from its Great British Class Survey and discussed in M Savage, *Social Class in the 21<sup>st</sup> Century*, Pelican, 2015, chapter 7.

<sup>22</sup> Because statistical methods change and university groupings evolve, there is a slight apples and oranges issue with this table, but it is broadly right.



## Domestic Undergraduate Commencing Students from LSES Backgrounds

	2007	2014				
Network	% LSES (postcode measure) (2001 SEIFA) 2007 <sup>a</sup>	Low SES (postcode measure) (2011 SEIFA) 2014	Low SES (SA1 measure) 2014	All Commencing Domestic Undergraduate Students 2014	% LSES according to 2011 SEIFA Postcode Measure 2014	% LSES according to SA1 Measure 2014
Go8	10.9%	6043	5056	54054	11.2%	9.4%
ATN	16.3%	7106	6139	42761	16.6%	14.4%
Regional/RUN <sup>b</sup>	26.1%	7923	6702	24798	32.0%	27.0%
1960s & 1970s	21.1%	12201	10633	61029	20.0%	17.4%
Post 1988	19.7%	20440	18827	97438	21.0%	19.3%
IRU	N/A	7379	6280	33205	22.2%	18.9%
Non-Aligned	N/A	18450	17699	95742	19.3%	18.5%
Grand Total	17.4%	46901	41876	250560	18.7%	16.7%

So what is going on and why the somewhat melodramatic tone?

I take a cyclical or dynamic view of the continuing race between technology and the economy on the one hand, and education on the other. When technological and economic change accelerates, governments expand higher

education to upskill the workforce. It seems that only when demand from the upper and middle classes has been satisfied does access by lower class people expand (the so-called “maximally maintained inequality theory”). As Jenny Chesters puts it, only when the privileged class have reached the saturation point in education will it then reach down to the less privileged, if the places exist. However, if the rich dominate the elite institutions this will accentuate and entrench hierarchy amongst places, moving the rich relatively further up the distribution.<sup>23</sup>

And then when the next phase of the cycle occurs and higher education expansion runs ahead of technology (which is arguably the case at present, with declining graduate employment rates and starting salaries) the premium on a degree declines and competition for prestigious places intensifies as privileged elites seek to consolidate their position in a toughening market. They pay for the most expensive schooling, secure access to the most prestigious universities and if necessary invest in graduate study.<sup>24</sup>

Then, when technology takes off again, those elites are best placed to take advantage of it, and divergence increases further. And if the very form of economic change is in itself driving inequality, that stratification is further entrenched.

Like a blood pressure balloon, with each squeeze of the hand the pressure increases but when the hand pulls back at the end of each squeeze the pressure doesn't come down again. It is a pump inflating inequality. I think we are in real danger of returning to a situation when the son or daughter of poor parents who lack tertiary qualifications has no realistic prospect of entering a prestigious profession or a secure, well-remunerated career. They might as well hope that they have a long-lost distant relative who leaves them all their money, or “marry up” if they can, (in that order) as in Jane Austen’s day.

## **“TAXMAN”**

In April 1966 The Beatles recorded “Taxman” as the opening track of the Revolver album. It picks up the realisation at the time that the Welfare State

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<sup>23</sup> J Chesters, “Maintaining Inequality Despite Expansion: Evidence of the Link Between Parents’ Education and Qualitative Differences in Educational Attainment”, *Higher Education Quarterly*, Vol 69, 2015, 138 at 141.

<sup>24</sup> Chesters, above, 142: “In order to maintain their advantage during this era of mass higher education, students from higher social classes need to enrol in higher-quality (sic) programmes in higher quality institutions and consider undertaking postgraduate study.”

costs real money. None of the proposals below necessarily requires an increase in the higher education budget, although personally I think income taxes are too low and real political leadership would persuade people to vote for a more progressive taxation system if it were to bring about a better society.

If we are serious about negating the effects of birth and class to someone's life chances through higher education, then we need to do more than tinker at the edges. Every proposal below will be confronting to someone in the sector; as will be my starting point.

The unholy trinity of tertiary entrance rank (ATAR or OP in Queensland) as the dominant selection method, research evaluation exercises (the ERA) and the quest for world rankings, in the context of global markets in education and plutocratic capture of policy agendas by elites, is a recipe for social disaster. This is especially so in combination with lazy practices by employers, who assume that a graduate from a selective university has been carefully selected, and status-seeking professions who inflate educational entry requirements.

### *1. Can the ATAR<sup>25</sup>*

To expect a single index to capture a person's achievement to date and their potential for a particular course of study is simplistic and reductionist.

It is the very act of reducing apples, oranges - in fact all fruit - to one number, which then drives so much else, that is the problem.

It had some weak logic to it when places were rationed. Now that they are not, and now that we all have apps for direct entry, and we are using more nuanced selection methods, it causes more problems than it solves and it suits elites the most.

My focus today is on equality and from that point of view ATAR has become a bitcoin that is manipulated by those who already have the most bitcoins.

No amount of fiddling with bonus points, or whatever, seems to do much good. In the words of the Queensland Senator and former Canberra resident, Glenn Lazarus: "You can polish a turd for as long as you want, it's always going to be a turd". Supplementing the ATAR is polishing the turd.

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<sup>25</sup> I include in this the Overall Position (OP) ranking in Queensland, despite some differences.

I can't describe better the contortions that the ATAR leads us to than High-Wired in *The Australian's* Higher Education Supplement on 4 February:

It's not just would-be students we're short-changing here; it's part of a broader orgy of delusional self-congratulation that inflates our feeling of self-worth like an oxytocin IV. Like believing that we really do punch above our own weight; that every research claim is true; that P [standing for Proposition] really *is*.

The ATAR is a gift to the media, enabling it to portray nuanced admission methods as hypocritical discounting, and persistently confusing a rank with a mark. So, if a newspaper wants to compare a generation of young Australians against each other, let them try to get hold of the results and come up with a valid method of ranking people around a vast country, with different backgrounds and taking different Year 12 subjects.

The ATAR could also become a real barrier to social mobility. If school attainment improves because the school system does, we would still have rank ordering and the pernicious optics of ATAR will make it hard for a university to admit a student with, say, an ATAR of 50 even though that student is much better educated than one with an ATAR of 50 a decade earlier.

I think universities should simply advertise the minimum subject marks they require for entry to a particular course, whilst requiring passes in a range of other subjects to ensure a general level of education (we could even call it matriculation!). These marks are already moderated. I don't think we should be adding bonus marks at source, but there should be ways of students improving marks where they fall short: it should be the student that adds the bonus marks, however, by further study, not the university. I will come back to this.

The focus should be on those subjects relevant to the course of entry. Whilst I would like scientists to be imaginative, I don't see why a student's Creative Writing marks should help them get into Chemistry, which the ATAR system enables: it should be their Chemistry marks. We also need to do more work on admission tests, which occasionally flower and then seem to die in Australia, on portfolio assessment and old-fashioned interviews.

## *2. Re-cap the Undergraduate Domestic System and divert the savings to effective access measures*

I believe we need to re-cap undergraduate HECS places, claw back some real money and divert funds into redressing disadvantage and raising aspirations and confidence.

In particular, we need to use some of the funds diverted to increase means-tested income support, whether through the existing Youth Allowance, Austudy and Abstudy schemes or through a new system of maintenance grants, so that students from poor backgrounds do not need to engage in paid work during their studies and are not foregoing crucial immediate income by enrolling for a degree.

In addition, the diverted funds, combined with existing funds for enabling places, should be used for University-run colleges offering foundation or year 13 courses at the end of which a completer's GPA can be compared fairly with the Year 12 results of those applying for entry direct from school. Means-tested maintenance grants should be available for this stage too. Students eligible for maintenance grants should incur a HECS debt liability during this year, but if they complete successfully their debt should be expunged so that they are on a par with Year 12 entrants in competing for university places. We have to help level a playing field that the school system on its own is not doing.

There is good evidence that these pathway programs can be effective to help low SES students reach university. They dilute the effect of social origin on educational attainment. But there is no national system, there is a perverse approach to allocating "enabling places", and the whole thing needs tidying up.

Because the pathways system is patchy but full bachelor places have been uncapped, we now have too many students entering the first year of a degree who do not have sufficient numeracy and literacy skills, and perhaps academic methods, to have reasonable prospects of success. It is distorting what universities are there to do and putting a strain on standards.

These are big proposals in themselves which would reduce the size of the higher education sector (at least in relation to domestic undergraduate students) but would use finite resources in a way that promotes social mobility: a person's demonstrated ability (at Year 12 or 13) not origin should

be the allocating mechanism for university places and we are only scratching the surface of this at the moment.

### *3. Experiment with alternative pathways to material success*

We need to loosen the tight grip that a bachelor degree has as the route to success. University has become too dominant a route to material prosperity, and the funnel will become a bottle-neck to mobility. We need alternative kinds of institutions and a fresh focus on new pathways such as higher apprenticeships.

The Australian university system does very well in world rankings. Most of us are in one or more of the major series. This enhances our brands and makes us attractive to international students in an increasingly discerning market, without whom we would go bust. Our research performance makes us more attractive to the best academics at a time of intense competition for talent around the world. It is a treadmill we cannot afford to jump off, and it distracts from full attention on teaching.

I say it distracts us from teaching. A better word might be “diverts”. Andrew Norton's analysis of how teaching funds research in Australian universities raises real questions about whether the quest for rankings ends up short-changing students and the Government.<sup>26</sup>

We should experiment again with new higher education institutions which devote themselves to practical learning at the highest level, making graduates truly work-ready, and which eschew the siren calls that are so alluring to universities.

I have been writing and speaking about the potential for a Polytechnic Model in Australia - modernised versions of what was introduced in the UK in the 1960s and in Finland in the 1900s, and arguably akin to the CAEs in Australia.

A recent book by John Douglass at Berkeley, called The New Flagship University: Changing The Paradigm from Global Ranking to National Relevancy, will be influential I believe and possibly re-set national discussions.

We should also come back to work-based learning. Siemens in Germany, for example, trains through to professional qualification as mechanical engineers.

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<sup>26</sup> A Norton, The cash nexus: how teaching funds research in Australian universities, Grattan Institute, 2015.

Basically, society is putting too many eggs in the basket of higher education. We need to offer alternative pathways to well-paid satisfying careers other than through universities. A beneficial consequence of this would be to bring the university sector back to people who not only want a good career – that is legitimate – but also feel that their formal education isn't done yet and they have more learning to do, more literature to read, more ideas to explore.

#### *4. Reward "learning gain" or "distance travelled"*

To incentivise universities, funding should be partly based on "learning gain" or "distance travelled", in other words, on the demonstrated value that has been added to the demonstrated for student. A focus on assessing student outcomes has not been particularly welcomed by the sector, and at times proposals have been met with passive-aggressive resistance, but they won't go away and the tools are becoming more sophisticated.

A study of Brazil published by Stanford University is interesting. Brazil first introduced standardised tests at the beginning and end of university study in 1998, so there are many years of data. The study suggests that learning gains are significant and can be validly measured.

In an influential lecture last year to the UK's Higher Education Policy Institute, Andreas Schleicher, the Director for Education and Skills at the OECD in Paris, persuasively argued that the time has come. Globalisation requires us to be able to compare graduates from different countries. Accountability requires us to assure the tax-payer that their money is being well-spent. Students need to be able to show employers what they have really learned. And employers need to know that the student has acquired what Schleicher calls "transversal skills" and not just discipline knowledge.

An international movement to this effect is gathering pace and Australia should be at the vanguard. In short, the incentive should be to add the most to the student. This actually provides a reason for universities to seek out those who are academically ready but for whom they can do the most good rather than those who need the least work put into them.

To finish off this point, I quote from Simon Marginson in a short piece on how higher education will be different in 15 years.<sup>27</sup>

[T]he real game changer will not be vocational education. Still less will it be the wholesale adoption of massive open online courses in place of pedagogies. Neither the lecture theatre nor the campus will fade into history. There will be one big transformation: viable measures of student learning outcomes, including value added between enrolment and graduation. ... And instead of trends towards grade inflation and lighter workloads to prop up satisfaction indicators, we will all have incentives to continually improve actual cognitive development.

#### *5. Have a massive program to encourage mature age (25+) to go to university*

Jenny Chesters has analysed HILDA data in a way that shows the importance of attaining a degree after 25 for within-generation mobility. As she says:<sup>28</sup>

Having the opportunity to return to education at any time during the life course allows Australians a second chance of overcoming disadvantage related to family background. Apart from the social benefits associated with higher levels of education, the completion of new qualifications after the age of 25 years is associated with acquiring jobs with higher levels of occupational status and earnings.

As I understand it, at present income support for 25+ study (Austudy) is practically non-existent because of the exacting nature of personal income and assets tests for people at that stage of life.

Professor Peter Radoll, now Dean of Indigenous Strategy at UC, with a PhD in information technology, was a motor mechanic until he went to university (my University) at the age of 27. He was the first in family, but other siblings followed him, and it transformed all their futures. A serious initiative to bring first in family people over 25 into higher education could have a similarly transformative effect socially.

#### *6. Take a holistic approach to the education system*

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<sup>27</sup> The Times Higher Education, 24/31 December 2015, 37.

<sup>28</sup> J Chesters, "Within-generation social mobility in Australia: The effect of returning to education on occupational status and earnings", *Journal of Sociology*, Vol 5, 2015, 385.



We need to develop a more integrated sense of the education system, from Kinder to Doctor, K-20 not K-12, rather than horizontally segment the stages as we do now. Universities need to take more interest in schools; and if that isn't welcomed then there needs to be a conversation about why.

We know that university-school partnerships are important in widening participation, but they are ad hoc, and often funded by equity program grant schemes which could disappear at any moment.

### *7. Urge employers to change their recruiting practices*

We need a mature conversation with employers, and encourage them to screen off an applicant's university of graduation and in some instances the fact of a degree.

This might also include a nuanced discussion about what "talent" really is. If employers are lazy and assume that a graduate from an elite university is talented because that university is highly selective, but those universities themselves are lazy by assuming simple entry ranks reflect the best ability, and if those ranks include perhaps 10 points groomed onto them by an advantaged schooling experience, how will we ever break the cycle?

As it was put in a report last year from the British Social Mobility and Child Poverty Commission, a tendency to recruit the majority of new entrants from a narrow group of elite universities, where students are more likely to have attended selective or fee-paying schools, or come from relatively affluent backgrounds, results in elite firms being dominated at entry level by people from more privileged socioeconomic backgrounds. "In addition", the authors say, "elite firms define 'talent' according to a number of factors such as drive, resilience, strong communication skills and above all confidence and 'polish', which participants in the research acknowledged can be mapped on to middle-class status and socialisation".<sup>29</sup>

We are hearing about some developments in other countries where employers agree to screen out whether the applicant has a degree or where it is from. Universities should be part of a conversation about this.

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<sup>29</sup> L Ashley, J Duberley, H Sommerlad, D Scholarios, A qualitative evaluation of non-educational barriers to the elite professions, Social Mobility and Child Poverty Commission, 2015, at 6.

### *6. Require particular professional degrees to be graduate entry only*

It may be harder now for a low SES young person to become a doctor or a judge than a generation ago.

Medical places have not, as far as I know, expanded in line with the population, and skills shortages have been filled by migration.

Medical schools are dominated by students from high SES schools.

We need to consider requiring all elite, high demand professional degrees to become postgraduate.

Aside from any other educational and personal development arguments this allows the undergraduate degree to overcome less supportive schooling, and it should promote diversity in the kinds of people in the profession.

There is no need to do it across the board, but there is nothing wrong with a Government saying that if it is funding these courses it wants to level the playing field and promote diversity, so it will only fund at PG level.

However, before we get carried away, are we actually sure that a pre-entry degree is needed for all the professions that currently require it?

### *9. Urge professional bodies to justify current educational requirements*

We need a similar conversation with professional bodies about the validity of degree requirements in the context of a profession's actual needs.

As a university educator from a professional background, I can't put my hand on my heart and say that only a university degree is a sufficient foundation for all non-scientific careers. If employers choose their recruits well, provide in-house apprenticeships and release for study in approved, but not necessarily degree programs, this will provide another route to the top for those who, for one reason or another, have not entered a university after school.

### *10. Have a serious chat with philanthropists*

There are some great, well-intentioned philanthropists willing to give to universities. I detect, however, a trend towards scholarships for the very brightest or for the causes that are at risk of being squeezed out of the system

through falling student demand. It's not for me to tell people what to do with their money, but a conversation about the transformative effect on their lives of helping low SES students go through university without having to do paid work is needed. There is no point in going off to Davos, bemoaning inequality, and then coming back to support elites.

## **“THE END”**

Returning to the 1960s, where our story began, the last song that all four Beatles recorded together was “The End”, which contained McCartney’s couplet:

“And in the end, the love you take is equal to the love you make.”<sup>30</sup>

If what goes around comes around, then aiding and abetting an increase in inequality will rebound on us. We will get the society we deserve: permanently divided. In an age of extremist ideologies, no one knows where things end up. If we keep playing the Ultimatum Game in social policy, some will say they would rather reject the \$1 offer and find a living outside the law.

Universities are good at many things and make a huge contribution, as a recent Deloitte Access Economics study for Universities Australia has demonstrated.<sup>31</sup> At times we have also made great contributions to social justice, but the times are changing around us. The forces that are creating greater inequality are making us accomplices, and unless we do more where we can, we start to aid and abet.

Simon Marginson in a reflective essay in 2015 wrote:<sup>32</sup>

The lesson of the last fifty years is that higher education does not trigger egalitarian societies on its own, though it can facilitate them. We should set aside the old hubris that higher education is the principal maker of society, whether we live in innovation societies, or knowledge economies, or somewhere else. In aggregate, what happens with incomes, wealth, labour markets, taxation, government spending, social programmes, and urban development, are overwhelmingly more

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<sup>30</sup> John Lennon agreed that McCartney wrote this.

<sup>31</sup> Deloitte Access Economics, The Importance of Universities to Australia’s Prosperity, Universities Australia, 2015.

<sup>32</sup> S Marginson, The Landscape of Higher Education Research 1965-2015 Equality of Opportunity: The first fifty years, SRHE 50<sup>th</sup> Anniversary Colloquium, 26 June 2015.

important. This suggests that as researchers into higher education we take a closer interest in the larger intellectual and policy conversation on inequality, especially by focusing on the junctions between higher education and other social sectors.

Universities Australia has called its 2016 Policy Statement, “Keep It Clever”. In 2017, I’d like to see “Keep it Fair” and a closer interest in precisely these questions.

Nor is there a moment to lose. With automation and more digital disruption heading our way,<sup>33</sup> there will be some winners and many losers. If the members of each group are determined by their social origins rather than talent and effort, then truly the good vibrations of 50 years ago will cease.

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<sup>33</sup> See in particular Committee for Economic Development of Australia, *Australia’s Future Workforce?*, CEDA 2015