Public examinations and school assessment can directly reinforce one another if used in conjunction...

graduated in 3 years, one in 4 years, one in 5 years; two were doing at least one subject in 1989, ten were not. Of twenty 1970 entrants, two graduated in 3 years, one in 5 years, and only two were still taking
subjects in 1989. One can conclude that the social factors which had initially prevented these students from matriculating were still affecting their enrolment rate.

The Faculty of Engineering at Adelaide, in spite of attempts to
encourage female applicants, had very few in 1986. Cut-off scores (out of 100) ranged between 95 for Civil Engineering and 375 for Civil Engineering. If they had had a 50% female quota, they would have had to take female students on the minimum matriculation mark (295), and the marks for male students would, of course, have risen, by how much they could not say. No doubt this situation would have been worse in those years, but one wonders what would have happened to the quality of engineers in the nation.

The one proposal of Marquiaux which seems to merit support is his fifth: the one-year preliminary general course. This pat tern is similar to that followed at the Australian National University, and has this year been introduced by the Adelaide University Law Faculty. If it is admini
stratively and financingly possible, it clearly has merits; but it runs contrary to Marquiaux' first proposals, since these students will now be selected mainly on the basis of university examination rather than the more conventional school assessment/public examination.

It is clear that the radical proposals of Vaucorbiere cannot gain a place in the price of abolishing private schools would be large
ly financial; a probable additional price, paid in loss of excellence, is less obvious. For his proposed reforms the reverse is largely the case; the direct cost would be lowering of standards and decrease of the graduation rate; the financial cost would consist mainly in overall quotas were raised the staff/student ratio improved in order to restore these matters. It cannot be assumed that this money would be available, and if it is, there may well be better ways of spending it.

Socio-economic problems must be tackled where they are, e.g. by a policy of positive discrimination in funding disadvantaged schools (as that currently applied to Commonwealth grants to primary schools).

The case for the present system

Efficacy and resource allocation

The present system is inefficient because the method of remunerating teachers encourages certain types of behaviour, i.e. attempting to obtain returns which are higher than that required for normal activity taken place. Although the argument is technical it can be explained by considering the operations of a university. The output of a university can be considered to comprise the following components:

(i) educational output — increases students' knowledge and skills, both cognitive and social, which enhance productivity and therewith their ability to earn income;

(ii) informational output — the report ing of students' attributes and educational attainment to students and prospective employers, which may influence career choice and hiring decisions; and

(iii) research output — increases in knowledge, development of new logical concepts and creations of new works of art, which may directly or indirectly increase the national productive capacity.

The problem is to decide whether this output has been produced efficiently, i.e. has it been produced at minimum cost and is it higher than its opportunity cost. The problem is compounded because there is no way to measure directly this output.

As well as the output of the university is not sold there is no external in
fluence on the price of students' output. It is valued by the consumers of the university. This contrasts starkly with private firms or companies which has to sell its output in order to meet its costs or go bankrupt.

What happens in universities now is that judgments about the value of output are made on the basis of input criteria which will be adequate process for output measures if only if two conditions are met: that the measure of education services on a market-oriented approach. Such a policy is likely to be more humanitarian than the current proposals to deliver foreign aid through education as proposed in the Jackson Report.

The case against the present system

2. Current Affairs Bulletin 68.3 (January 1984), p.22-51
5. West suggests an error of from 10 to 21 ag
9. Quality of Education in Australia (Canberra, 1985), p.47 cites figures which shows that...
THE DEREGULATION OF UNIVERSITIES AS PROPOSED WOULD ALLOW EACH UNIVERSITY TO ENTER THE INTERNATIONAL MARKET FOR THE SALE OF EDUCATION SERVICES ON A MARKET-ORIENTED APPROACH.

Test examinations can be marked by hand or by computer — and there are different ways of producing output — students may not need group tutorials or by large lecture classes. When universities focus their attention on maximising their output, by increasing the number of students and the number of teaching hours, the quality of teaching and research is not necessarily improved. The number of teaching hours is increased, but the quality of teaching is decreased. This has been demonstrated in many studies. The quality of teaching is decreased, but the number of teaching hours is increased. This has been demonstrated in many studies.

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of these disciplines. One example of this is the old assertion that study of the classics was essential for the development of good citizenship, viewed with the advantage of hindsight! I would maintain that this assertion was specious in two main ways. First of all, it ignored the fact that government subsidisation of universities and this case must extend to private universities.

An estimation of student fees under deregulation

It is interesting to ask what undue graduate fees be levied under a deregulated system; in doing so it becomes apparent that this is a complex question involving subsidiary questions of how expansion in universities would be financed and how much of the benefits of university education are in fact social and ought to be financed by government. It is not possible here to consider all of these issues in detail but it should be possible to give some indication of the kinds of fee structure that might be appropriate. Keeping in mind that if deregulation were to increase efficiency it requires that fees be levied on a cost basis at department or faculty level and not on average costs over an institutional basis or over the whole university. In other words, a “balki” fee structure might not be feasible. If you could provide some offset to the capital costs which would have to be met by the private university.

A consideration of the case against private universities

One of the opposition to deregulation rests upon the premise that university education is special — university education is not a commodity — and should not be considered in economic terms. The response to this opposition is that the fact that the provision of university education does use economic resources on a large scale, and that the social benefits of university education do exist and of the order of 20-25% of all costs, would be fit in with an indication of range of approximately $330 to $400. An indication of fees in the “medium cost” range of $330 to $400 would be of the minimum order of $10,000 to $20,000 a year, and in the process of establishing the faculties of Medicine and Science something of the order of $15,000 to $20,000. It would have much less con- fidence about these figures than the “low cost” estimates in which area we have a much better feel for the costs involved and because capital costs are far more im- portant in the other areas and reported costs will depend critically on how these costs are accounted for. These figures are indicative of the private costs imposed by students in the system which should be recoverable by those students from private income in the future.

Could we expect that these fees might be reducible under deregulation? The answer is yes, though there are a number of factors which would work against it. Firstly, for government subsidisation of universities and this case must extend to private universities.

1. J.D. Stanford, “Public Policy Towards Higher Education — The Case For A Market Oriented Approach.” ZAAS Master University, Palmerston North.
3. Academic perform three major roles: they are agents of socialisation and social benefits to the community which are not captured in the market mechanism on one hand, they are for the purposes of the argument; I am willing to concede, although as I have indicated earlier, there is likely to be an additional margin of those benefits from those arising from research but by itself this proposi- tion suggests that at least some greater than the market which the private sector is likely to provide. And in addition academic may even further recommend subsidization. The position would then be similar to that of many universities in Australia. References

Section of the economy such as banking, domestic air transport and broadcasting. The benefit of deregulation would be more effective in lessening the burden of these universities and private universities to provide financial support of the public universities. This would in turn reduce the cost of the education of their children. It would be possible to develop financial plans to ensure the fees can be met. It is also clear that transition to a deregulated system would impose costs on groups in the present university system; among these would be those who have not benefitted from the new system. Although we do not yet have a clear idea of the numbers of those who would benefit. Students who at present cannot obtain a place but are will- ing to pay for one; students generally who would receive better instruction and the community which would pay less for more and better education.

Conclusion

While there still remain a number of issues to be canvassed in the debate on deregulation, there would be little doubt that there are considerable gaps in our em- picral knowledge of the benefits of university education and of university costs, structures and functions, there is a clear enough case for deregulation.

The case of deregulation rests on two grounds that: (a) a deregulated system would be more efficient in providing less cost: and (b) a deregulated system would be more equitable in providing opportunities. It may be met by those who ob- tained these benefits.

in their education. In the meantime it is felt that these universities should be encouraged to develop new study or employment opportunities, and that financial support for new students would be necessary to help meet these needs.

The Economics of Education in Australia 1962-1977
15. J.D. Stanford, “The Economic Case For Internationally Traded Market Oriented Education”, 1970, Queensland Executive Research Unit, University of Queensland.
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