Privatisation: a critical perspective

1. Introduction

The Australian higher education system is a planned non-market system, and is consequently an output maximiser subject only to budgetary and quality constraints. The planning of higher education therefore becomes a necessary part of the public and open debate. Such debate provides a guide on how quality is maintained in the system. The classical goals of public services should be, and on what budgetary restraints apply to its operation. Goals are access and a contribution to economic growth are given considerable weight in the planning process. The major goals established for higher education planning in this country have been the balanced development of universities and other tertiary institutions, including a pattern of higher education provision capable of overcoming geographical and regional disparities, the achievement of greater equality in educational outcomes, the expansion of

Access to higher education

In May 1983 the Federal Government announced its intention to divest itself of its education institutions to market their services to overseas students. This development has sparked a wide-ranging national debate, amongst policy-makers, academics, students and others about the privatisation of higher education. The policy change represents a response to emerging non-conservative pressures for broader changes to the higher education system: - the deregulation of central funding and planning arrangements; - the introduction of new non-market user-pays financing, including tertiary education loans and student grants; - the establishment of private and semi-private universities and colleges; and - the deregulation of the academic labour market.

This paper critically examines market models of higher education service delivery, and the deregulatory impulse in the Australian higher education system. The analysis draws upon existing development propositions and is offered as an alternative view to the privatisation principle, which includes a defence of the public sector role in higher education. The paper aims to limit and control the undesirable effects of the education export policy.

2. General principles

The Australian higher education system is a planned non-market system, and is consequently an output maximiser subject only to budgetary and quality constraints. The planning of higher education therefore becomes a necessary process of public and open debate. Such debate provides a guide on how quality is maintained in the system. The classical goals of public services should be, and on what budgetary restraints apply to its operation. Goals are

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Market models of delivering higher education services operate in a quite different manner and with profoundly different social and economic consequences. Market based systems, by their nature, seek to maximise the return on capital and labour invested and therefore tend to skew resource allocation to areas which generate the highest rate of return. In demand and resource allocation are exclusively mediated by the price system and the logic of the profit motive is dominant. Some neo-conservative theorists have developed elaborate free-market models for higher education service delivery, in which market signals and transaction pricing have actual responsibility for determining both demand and resource allocation. The assumption is that individuals and households act in the market, and that individual needs are adequately reflected in the price information.

This perspective is flawed as it takes no account of the beneficial social relations inherent in the market. The market will tend to produce social and economic outcomes which reward those consumers (students) and those producers (higher education institutions) who maximise efficiency and productivity. The socially desirable outcomes, the achievement of greater equality of educational outcomes, the expansion of the average costs of student education, and the growth in the number of students and the variety of disciplines offered in the college system in particular, and recent initiatives such as the removal of special educational opportunities in mathematics and the elimination of the OSS scheme have all contributed to an increase in the number of students and the variety of disciplines offered in the college system in particular, and recent initiatives such as

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1. Nationally, the Australian higher education system cannot divorce itself from the needs of business and industry. The economic role of higher education is to prepare students who have the skills and knowledge necessary to function in the global marketplace.

3. Recent developments

3.1 Tertiary tuition fees

Recent developments in the funding of higher education have either on a comprehensive or limited basis is the cornerstone of the free market approach. A more systematic evaluation of the impacts of these developments would be desirable. The Australian system has been relatively successful in its attempts to allocate resources in accordance with the perceived needs of the community. The economic role of higher education is to prepare students who have the skills and knowledge necessary to function in the global marketplace.

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However, the problem of social inequality in higher education will not be solved by the reintroduction of tuition fees or the application of market principles. Calls for this radical experiment in social engineering via the five-market system pose an acute danger for the development of equality in higher education. If the analysis of tuition fees is, in any case, fundamentally flawed in several key areas:

- The argument misconstrues the link between access to higher education and economic and social power. There are costs associated with gaining a higher education, particularly in terms of income foregone during the period of study and direct costs in the form of food, transport and general living requirements. Those from privileged social backgrounds are undoubtedly better able to meet these costs, partially while the inadequacies of student allowances continue to weigh heavily on a vulnerable group of students, especially on new students, and it is precisely these social benefits which have historically given rise to an extensive state subsidisation of higher education. Moreover, if the market view that employers are the true purveyors of income and that the private sector, which acquires substantial private benefits from the education of its employees, is trivialised and highly productive labour force is the ultimate component of the costs of higher education. Therefore, it is not even possible to introduce a modern market system in the service of the Commonwealth's stated educational ideals.

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family backgrounds, from low-income families and from minority or disadvantaged groups. The most reputable and authoritative studies conducted on the impact of the reintroduction of tuition fees, almost all found a significant decline in student numbers and in the declining real value of student allowances.17 The most studies underly the argument for fees is that the public sector should not bear the full cost of a residual social safety net with all the anxiety being required to meet direct costs through fees. To the average advocate, the user-pays system is really an argument between market principles and public sector subsidisation.
A further deregulatory impetus provided by the move to overseas marketing of education services is the establishment of a new system for the accreditation of universities. This has set the scene for the rapid developments in the sector. Australia, like many other countries, has a system of higher education universities that are regulated by the government. This system is designed to ensure that universities provide high-quality education services, and that academic standards are maintained. However, the system has been criticized for being overly bureaucratic and for stifling innovation.

3.2. Future of the existing subsidised quotas

The existing system of subsidised quotas has been in place for many years and is widely considered to be ineffective and inefficient. Under this system, universities are given a fixed number of places, and students must apply and be accepted into these places. This system has been criticized for being overly bureaucratic and for stifling innovation.

3.3. Private institutions

Private institutions have also played an important role in the development of higher education in Australia. These institutions are not subject to the same regulations as public universities, and are therefore able to offer a wider range of courses and programs. However, they are also subject to competition from other private institutions, and are therefore under pressure to provide high-quality education services.

3.4. Internationalisation

Internationalisation is another important aspect of the development of higher education in Australia. This has involved the expansion of the sector into new markets, and the development of partnerships with universities in other countries. This has provided opportunities for universities to expand their horizons, and for students to gain experience in new and different cultural environments.

3.5. The future of higher education in Australia

The future of higher education in Australia is likely to be shaped by the developments in the sector that have been discussed in this report. It is clear that there is a need for a more flexible and responsive system of education, that is able to adapt to the changing needs of students and society.

The internationally recognised quality and reputation of Australian courses is a major factor in attracting students to Australian universities. This reputation is based on the excellent quality of teaching and research, and the high level of international collaboration. It is clear that the future of higher education in Australia will be shaped by the continued development of these strengths.
As in the Yanchep case, this project is largely a real estate development in disguise..."
Footnotes and Supporting Data

Both were ACTU representatives on the Australian Government's 1985 Export of Education Services Trade Mission to South-East Asia.

The Employment of Women at ISM is not the title of a specific publication. It is a reference to an ongoing study or project at the Australian National University.

For a detailed discussion of the employment of women in the Australian National University, see "Women in Academia: A Statistical Profile," Australian Women's Strategic Network, 1996.

This statement is a quote from a submission to the Employment of Women at ISM.

The note on page 29 of the reference is not visible in the image provided.


This is a reference to a specific chapter in the Australian Women's Strategic Network's publication, "Women in Academia: A Statistical Profile."