Inside Left:

Higher Logic

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Now that the privatisation issue has been (perhaps temporarily) withdrawn from the market, the chief item of controversy at the Federal ALP Conference in early June is clearly going to be the government’s latest whizz-bang product — the so-called “graduate tax” on tertiary education graduates. And while it’s not an issue likely to have the labour movement rank-and-file in the same happy state of cross-factional unity as privatisation, it may yet prove to be a serious liability for both party and government.

The Wran committee report in early May did not, or at least should not have, come as a bolt from the blue. It was, after all, set up to “develop opinions and make recommendations for possible schemes of funding which could involve contributions from higher education students, graduates, their parents and employers”. What was interesting, however, was how quickly the second of these options became emphasised to the exclusion of the others — and most significantly, the last.

In fact, the Wran committee report did not exclusively focus on the “graduate tax” as a revenue-raising device for the higher education system. The report does make supportive noises about the proposal in Australia Reconstructed for a National Employment and Training Fund to provide finance for skill formation, training and general education of the workforce. Under this scheme, 80% of industry contributions would be available for firms to provide in-house training (after suitable consultation with the unions involved); the remaining 20% going to a fund for “additional” schemes, of which, as the Wran committee notes, higher education could be one. And the report notes in this regard that “the current review of corporate taxation represents an opportunity for the government to set out a corporate tax rate which includes a notional one percent or two percent contribution towards growth in the education and training systems”.

This is, of course, more or less the same as the alternative to the “graduate tax” proposed by the ACTU executive and endorsed by the ALP left. The difference is that in the Wran committee report the “graduate tax” is a firm recommendation, the Training Fund levy merely an object of study for a new tripartite body. Cynics might say that a tripartite body pledged to raise additional taxes from industry is not going to get very far. Cynics would probably be right.

The beauty of the Australia Reconstructed proposal is that it places an estimable scheme for the funding of the higher education system in the context of an overarching social and economic strategy which, whatever other problems we may have with it (and other contributors in this and the next issue will make those pretty clear), can make a better claim to addressing Australia’s pressing social and economic issues than any of the splenetic outpourings of the employer groups or the right.

In other words, it takes up the terrain of the “national interest” and forces the right and employer groups to explain in public once again just how it is that their unwillingness to pay one penny more in taxes is commensurate with the national good at a time of dire economic peril. (As opposed, that is, to the kind of left position on such matters which consists purely of chanting impossibilist demands about squeezing business until the pips squeak.)

The problem here for the left, however, is that placing the defence of the tertiary education system in the basket of Australia Reconstructed implies a commitment to grappling with all the thorny problems implicit in a strategy which seeks to break down the distinction between higher education and vocational training in the interests of economic restructuring.

Yet the left hardly seems in a position to do this. On the one hand, the architects of Australia Reconstructed in the ACTU have not exactly demonstrated a very deep interest in the integration of thinking around training and post-secondary education in general. (Something which gave the ACTU’s otherwise admirable stand on the “graduate tax” issue a decided air of unreality.) Rather, they seem to have put the concept of “general education” into the too-hard basket, thus incidentally leaving the conventional definitions of training and skilling more or less untouched.

Meanwhile, the quite sizeable portion of the left connected by interests or sympathy to the academy has failed to shift much beyond simple defence of the status quo on education funding. It has acted, in other words, as a vocal and highly effective interest group in much the same narrow way as trade unions were always thought properly to act. But it has not really taken the idea of a broader educational/training/skilling strategy seriously; nor has it moved to build the kind of wider alliances which might ensure such a strategy broad community support. And, perhaps most crucially, it has left the initiative on the question of participation levels almost solely to the right.

On both of these counts, the situation has now become urgent. The graduate tax will undoubtedly become (if it has not already become) and electoral liability for Labor — if only because tertiary students past, present and future are a socially well-placed and vocal lobby group. But the imperative generated by the government’s commitment to the expansion of participation in the tertiary education sector will not go away.

The government will have to raise the money from somewhere. And, given its other priorities, a massive influx of public funds is patently not going to be one of the options. The task ahead is to shift the terms of the debate so that a bad option — the graduate tax plan — is not replaced by a worse one — a form of, to borrow Senator Walsh’s phrase, “privatisation by default”. And the key to this is to take a deep breath and leap into the Australia Reconstructed age, an age in which the gentle breezes of the traditional liberal conception of the academy, like much else, are swept into the maelstrom.