

Prof. Dirk Baltzly, FAHA

(I write to you in my private capacity as an Australian citizen who has had experience of teaching university students on three different continents for the past 30 years. While I am Professor of Philosophy at University of Tasmania, the views expressed in this submission are my own and not those of my employer. )

While there is much that could be said about what is wrong with this bill, I will be brief and to the point. The title of the bill is dishonest. It is *not* about producing ‘job-ready’ graduates with suitable skills for Australia’s future labour markets. Rather the complex adjustments to student and Commonwealth contributions have as their aim funding 39,000 additional university places (which will indeed be needed) but without any substantive additional funding from the Commonwealth. If we focus on the net effect of this bill, rather being distracted by its myriad adjustments to fees and Commonwealth contributions, it is simply this: the Commonwealth's overall financial contribution to the cost of university degrees will fall from 58% to 52% while at the same time the share of student contributions will rise from 42% to 48%. This is neither fair nor in the national interest.

It is not fair because this burden of student debt adds to an already-vast level of intergenerational injustice between older and younger Australians. This bill increases the indebtedness of a generation of Australians who are already priced out of the housing market; whose early working lives will be blighted by the on-going effects of the Corona Recession; and whose exposure to the consequences of our national inaction on climate change will be far longer than the lives of the drafters of this legislation.

It is not in the national interest because high levels of student debt are bad for our society and its economy. One need look no further than the United States to see this. Forty-four million Americans collectively owe roughly US\$1.4 trillion in student debt. Research has shown that this level of debt hurts the US economy in a range of ways. It holds back small business formation, home buying, and even marriage and reproduction. Even if it we didn’t care about the fairness of it, this legislation is not economically sound.

That the professed concern of this legislation – job-ready graduates – is not the real point is clear from facts readily available to anyone. A recent report by Deloitte Access Economics for Macquarie University demonstrates that the skills that graduates in Humanities disciplines like Philosophy possess are much sought after by employers. In fact, the skills deficit that is most striking in this report is between employers’ expectations around *communication* skills and the actual performance of graduates. Post-tertiary testing of Bachelors graduates overseas reveals that Philosophy majors out-perform *all other graduates* in analytical writing skills and in verbal skills. So there is no basis in fact in saying that Philosophy graduates are, by virtue of the degree, less ‘job-ready’ than those in, say, Science.

Thus far we have been discussing current labour markets and the benefits Humanities graduates bring to them. What about *future* labour markets? By the Government’s own projections, fields such as Education and Training, Public Administration and Safety, Professional, Scientific and Technical Services, Health Care and Social Assistance and Arts and Recreation Services will all see substantial growth in the coming years. As it happens, these are also the very fields that are top five destinations for Humanities graduates. Their fit into these labour markets will not be in spite of, but *because of*, the skills and knowledge they have derived from their studies. So there is no basis in fact for saying that our future labour markets will require fewer graduates in the Humanities.

But suppose we were to grant merely for the sake of argument the Government’s premise that Australia’s labour markets *do* need more graduates in Science and Engineering and fewer in Philosophy and History. Would the price signals in this legislation produce that mix of graduates? No:

it would not, for there are perverse incentives built into the legislation as a necessary consequence of its *real aim* (creating 39,000 new university places out of thin air).

Suppose that next year's school leavers do what the advocates of this bill suppose: they study areas that are cheaper to study rather than those they've prepared for or are interested in. (Notice, by the way, that there is little or no evidence of student price sensitivity to tuition fees with deferred repayment.) They rush headlong into Science and Engineering because the student fees are lower than they were the previous year. Little do they know, however, the Commonwealth contribution for these subjects has gone down too, so each student in these areas is worth less to the university by nearly \$5,000. Coming on top of the income that they've lost from international students, universities will need to find some way to balance this loss. It must inevitably occur to them that each student in History or Philosophy is now worth roughly \$2,500 more than they were before. They will *have* to offer more places in the Bachelor of Arts and fewer in Bachelor of Science or Engineering if they are to survive. The graduate mix is a result of both student demand and the kinds of university places available for them to take up. The legislation sends mixed price signals to universities and to students.

I urge the Senate inquiry to conclude that this legislation is not fit for purpose. Its true goal is to further shift the cost of educating Australians to students and away from Government. This is neither fair nor in the national interest. The mechanisms by which this legislation seeks to influence students' choice of course of study are unlikely to produce the outcomes that the legislation seeks – *except* that there is somewhat stronger evidence that students from poorer backgrounds who are first-in-family do respond to price signals. It is perhaps significant that an increasingly insecure and underpaid American population is abandoning studies in the Humanities for what are imagined to be more 'practical' subjects. But this trend is precisely the opposite to what is happening in those universities where the privileged few are educated. Enrolments in History are booming in places like Harvard while they decline in publically funded in lower- and middle-tier institutions that working class Americans attend. Any legislation that makes Australia more like the USA is legislation that should be rejected. I think this fact is now obvious to anyone.

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