

Fees-free university for underrepresented groups

Advice to the Minister of Finance
Treasury University Challenge 2014

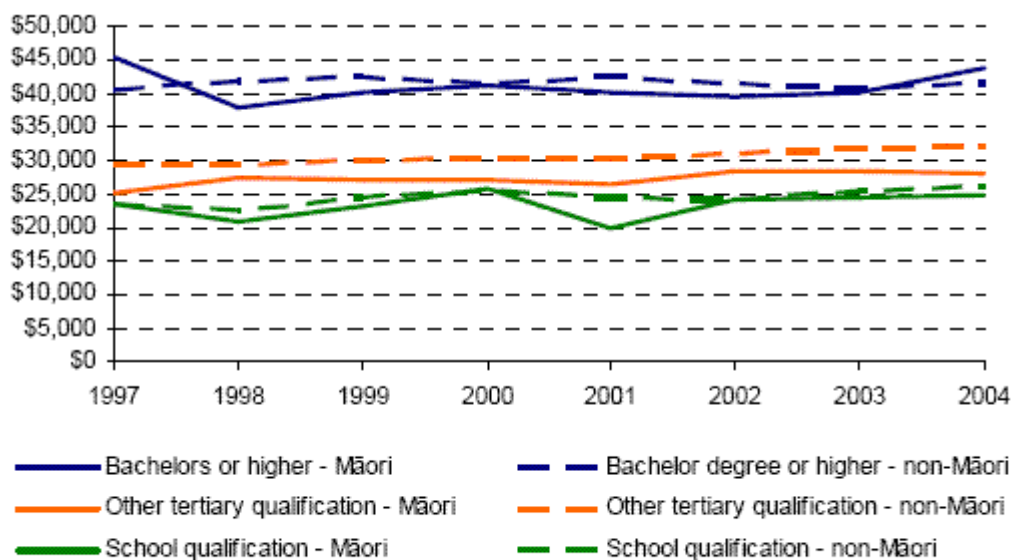
1502 Words

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Introduction and statistical overview

On the surface, tertiary education has a significant effect on an individual's ability to participate economically. While significantly lower than in the rest of the OECD, recent data suggests that an undergraduate degree on average is associated with a 24% increase in earnings in New Zealand (Ministry of Education, 2013). As such, given that equality is largely considered (all things being equal) a worthwhile societal goal, it is to some extent disquieting that certain groups have lower level of degree attainment and associated lower wages and employment levels – the focus of this document will be Māori and Pasifika.

In 2012 Māori and Pasifika levels of undergraduate study for those aged 18-19 were 13% and 16% respectively, compared to 26% for the population as a whole in 2012 (Ministry of Education, 2014). Given that there is no significant difference between incomes of Māori and non-Māori with Bachelor degrees or higher (Ministry of Education, 2005), increasing undergraduate participation in underrepresented ethnic groups seems like a valid strategy for increasing economic equality that merits consideration – one way to do this would be some level of full subsidisation of fees targeted at Māori and Pasifika as long as they are unrepresented.



Source: Statistics NZ, New Zealand Income Survey

The philosophical and legal issues around affirmative action

Relevant legislation in New Zealand includes the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990, in addition to the Treaty of Waitangi. While the HRA and BORA largely explicitly focus on ensuring that no individual enjoys preferential treatment on the basis of characteristics including race, which may seem at odds with affirmative action, affirmative action when pragmatically focused at a disadvantaged group is exempted. Some argue that affirmative action targeting Māori is consistent with the Treaty of Waitangi in regards to ideas such as “The Principle of Redress” (released as a policy principle by the Labour Government of 1989), but in general only very specific cases of what may be considered as affirmative action have been legally justified using the Treaty, such as targeting education of Te Reo as taonga (Magallanes).

Philosophically, most arguments for and against affirmative action are rooted in equality. Those in favour of affirmative action cite previous injustice (generally marginalization of indigenous cultures or women, with the textbook example of slavery and the Jim Crow era in the United States, and in New Zealand with historical oppression of indigenous Māori) combined with current levels of achievement in society as evidence that affirmative action is needed – while everyone may be treated as equal under, for example,

the law, lingering societal effects mean that equality of opportunity does not exist and must be rectified. On the other hand, many view such “reverse discrimination” as objectionable on the same grounds as previous injustices which while unfortunate, should not be resurrected with a similar legacy. Another argument regards integration – given that (it is hoped, or at least targeted) in the future no ethnicity should suffer disadvantaged participation in society, we must ensure that the cohort of leaders we are training now represents the diversity of the populace. (Stanford Encyclopedia of Philosophy, 2013).

Education as signalling – potential inefficiencies of subsidisation

“The signalling model says that the value of education mostly comes from the little piece of paper certifying not that the graduate has learned anything but rather that the graduate is the kind of person who is able to put up with a few years of grinding pointless work without quitting, can complete assignments on time, and is smart enough to have made it through. While it would be easy to provide cheaper signals of intelligence, there isn’t a lower-cost way of signalling the ability to put up with years of grind-your-way-through assignments. So it isn’t implausible that much of what goes on at university is providing that signal.”

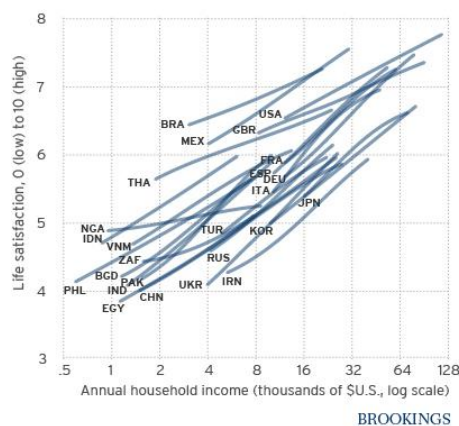
Eric Crampton – University of Canterbury Economist (Townsend, 2013)

A notion recently gaining traction and associated concern is “degree inflation”/“credential creep” – that degrees are becoming less valuable, and requirements for entry into different professions are increasing. An explanation for this is the signalling theory of education – that while education may indeed convey skills conducive to economic productivity, much of the economic benefit to the individual comes from signalling the pre-existing skills of the student to employers.

Indeed, Gibson (2002) finds that up to two thirds of the returns to a degree may be due to signalling rather than actual

increases in human capital in New Zealand – even more so for Māori and Pasifika, hypothetically due to employer biases that need reassuring. This challenges the idea that there may even be economic societal benefits of increasing levels of educational attainment, especially focused on Māori and Pasifika in the current cultural climate. The international trend of students struggling to find work utilising their chosen degree (Telegraph, Forbes) does indeed lend support to this theory, or at least suggests that many degrees undertaken are not economically viable.

Recommendations



While legally accepted and with credible philosophical basis, given the troubling evidence regarding education as signalling especially around Māori and Pasifika students, it would be unwise to undertake further subsidisation of tertiary education in an attempt to reduce ethnic inequality. Indeed, it may perversely have the opposite result intended, further marginalizing Māori and Pasifika with lower levels of education; this is especially troubling given the diminishing returns to wellbeing from income (consensus being that wellbeing increases with *logged* income as opposed to linearly with earnings); and the correlation between low parental income, low educational attainment and low wellbeing

(Mayer, 2002) in the context of social mobility – who are, in regards to redress for past oppression of Māori at least, those suffering most acutely arguably by definition (indeed, this hints at a case for a general reduction of levels of subsidisation for tertiary education, but such discussion is beyond the scope of this document).

The exception to this may be vocational degrees with shortages (such as in the Long Term Skill Shortage list), for example Anaesthetist training (a targeted Bachelor of Medicine or Surgery), where the direct applicability of the skills learned to eventuating careers likely reducing the impact of signalling and the associated shortages will minimize controversial negative impact on those not eligible.

Alternatives

Access to education

While direct subsidisation may not be ideal, consistent with the equitable spirit behind affirmative action is ensuring that anyone who views paying for further education as beneficial in net has the ability to do so, especially given the lower levels of parental income for Māori and Pasifika. While there have been recent entrepreneurial developments in human investment programs such as income sharing contracts (Griswold, 2014), these are still in global infancy, and may be problematic in regard to investor biases around ethnicity and imperfect information—much in the same way that sick people being more likely to buy health insurance lends credence to universal health insurance, private knowledge regarding earning aspirations lends support to the government's role in providing universal economic access to education. As such, there is a strong case for the government continuing to ensure that all can afford tertiary education through universally available student loans and student allowances in the case of anticipated hardship.

Targeting the core issues

Research from Victoria University regarding Pasifika Student Success (Davidson-Toumu'a & Dunba, 2009) suggests a level of cultural disconnect between Pasifika students and a university environment perceived as “Western”, with students struggling with different cultural perspectives for example regarding time management, or respect being perceived as shyness or lack of drive. Government initiatives to bridge these disconnects and improve awareness in educators may prove to be a cost-effective way to ensure students (Pasifika or otherwise, given the likelihood of similar issues being present across students to some level) achieve and contribute in New Zealand to their potential, benefitting society as a whole and improving equity.

The Tertiary Education Strategy 2014-2019 also recognizes the role of Tikanga Māori, mātauranga Māori, and Te Reo in facilitating Māori education success and meeting Treaty of Waitangi Responsibilities.

Combatting Bias/Racism/Stereotypes

As mentioned, Gibson's work around the effect of signalling in education wage effects across ethnicities suggests there may indeed be meaningful bias against Māori and Pasifika in employment, supporting the continued importance of entities such as the Human Rights Commission and its focus on diversity and race relations.

Entry Quotas

Alluded to regarding the philosophy of affirmative action, there is an argument that it is important to ensure that population distributions in positions with particular aspects of leadership and community contact are representative of society as a whole, which lends support to entry quotas in some training, as are generally already present in degrees such as medicine and law. Areas potentially worth focussing on are explicitly linking quotas to the benefits of diversity and including a cultural element in selection criteria, in order to make explicit the benefits of such affirmative action in regards to society as a whole rather than certain ethnicities as opposed to others.

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