

# Keeping the gates open

...The case for free third-level education

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KEEPING THE GATES OPEN:

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### THE CASE FOR FREE THIRD LEVEL EDUCATION

#### 1. Introduction

What is third level education for? More importantly, who is it for?

The answers to these questions, and to the question of how third level education should be funded, depend on our vision of society, of the obligations of the state to its citizens and of the obligations of citizens to the state.

First things first. The current debate about the possible re-introduction of fees for third level education has absolutely nothing to do with investment in third level education, improving access to third level education, or providing better education at first and second level. It is simply a revenue raising device, first mooted at a time when the Government is intent on raising indirect taxes and user charges for a whole range of Government services. The intention is simply to plug a gap in the Government finances. It has nothing whatever to do with enhancing access to third level for anyone. It is a regressive, not a progressive, measure.

The case for free third level education is part of the overall case for free education. When Niamh Bhreathnach abolished fees for third level education, part of her reasoning was that all education should be free and accessible and provide every citizen with the opportunity to realise their full potential. That was also the reasoning behind many of the other mould-breaking initiatives she introduced, the Breaking the Cycle and Early Start programmes, the significant reductions in class sizes in all schools and the dramatic reductions in class sizes in schools in disadvantaged areas. And all this was done before the boom years of the Celtic Tiger.

Why should third level education be free in Ireland? Why should we aim to establish it as a right?

For these reasons:

- Education is the single most important investment any community can make in its own future. It should not be begrudged.
- Third level education transforms society.
- It increases the potential of every citizen – to grow, develop, and contribute. (In his Great Society speech, Lyndon Johnson quoted Woodrow Wilson as having said: “Every man sent out from his university should be a man of his Nation as well as a man of his time.”)
- It enhances competitiveness and strengthens the economy.
- In the great majority of European countries free or very modest fees are the norm, because education at every level is considered an intrinsic part of the social citizenship model deeply embedded in European society.
- Free third level education has already increased participation significantly. We need to do more, not less.
- Charging for education doesn't improve access. That's a fact.
- Loan schemes don't work, and they are neither just nor practical.
- Despite our wealth, we lag behind most of the OECD countries in the amount we invest in education already. And our investment in education hasn't even kept pace with the growth in our national wealth. Asking people who want to go to third level education to subsidise first level education through the imposition of fees is no answer to that situation.

The argument for fees is largely presented as a pragmatic resource priority issue. But as in so many cases with issues presented in this way, it is actually suffused with fundamental questions of values.

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### 2. A Social Democratic Vision

We in The Labour Party believe that a civilised society is one that is organised to ensure that every individual has the opportunity to fulfil their human potential to the full. R.H Tawney argued that:

'A society is free in so far and only so far... as its institutions and policies are such as to enable all members to grow to their full stature'

All too often, however, individuals are constrained from developing their potential by arbitrary restrictions. We believe that the role of the state is to tackle these arbitrary restraints on the individual, which include class, gender and racial discrimination, and family income. Where society puts arbitrary or discriminatory barriers in the way of individual development, it is the function of the state to tackle those barriers in the interest of the individual. This requires social citizenship, which represents the extension of the liberal doctrine of political equality into the social and economic spheres and provides the opportunity for everyone to fulfil their potential.

Citizenship can be thought of as the relationship between individuals and the broader community of which they are part, usually defined in terms of the state. It has at its heart a central notion of equality i.e. that every individual in the community should enjoy, as of right, a defined set of individual freedoms, an equal role in the collective governance of the community, and access to a basic set of services. But citizenship also entails the concept of reciprocity i.e. that just as citizens have rights, so they also have obligations. As they have civic and political rights, they must exercise them responsibly and respect the rights of others. And as they are entitled to certain services, so they must contribute to the cost of those services.

Education is a key element in the process of personal development. That is why social democrats have always been passionate about education. Education is so fundamental to personal development and the fulfilment of individual potential, that it is seen by social democrats as an integral part of the social democratic concept of social citizenship.

Thus access to education to the highest level is at the heart of the project of social citizenship. This raises the important question as to how best to provide access to education and in this case third level education. Education forms part of the core of welfare provision. Over the last sixty years a variety of models have developed in advanced countries for welfare provision, not just in education, but in health, childcare, unemployment entitlement, recreation and a range of other activities that form part of social citizenship in order to enhance the welfare of every citizen.

### 3. Three models of social citizenship organisation

The development of the welfare state involved a significant development of the concept of citizenship. The state developed new roles in supplying services to its citizens, who in turn were required to contribute to the cost of those services. Broadly speaking, this relationship has been developed using three different models. These are the universalistic welfare model, the insurance-based model, and the targeted-residual model.

In the first model, society supplies goods and services to all citizens who fulfil certain criteria, and the cost is re-couped through general taxation. In the insurance-based model, citizens make insurance contributions to a state-fund and receive benefits in return when certain contingencies arise. In the targeted-residual model, minimal state services and benefits are supplied only to those in the most need, on the basis of a means test or similar procedure

Elements of each of these models are present in the Irish welfare state. The system of

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unemployment insurance and state pensions is, notionally at least, organised around a compulsory insurance model, where those in employment make PRSI contributions and receive non-means tested benefits in return. At the same time, there is also a social assistance system, which provides means-tested benefits to those in the poorest circumstances. There are also some elements of the universal model, most notably in the case of child benefit. In the case of the medical card scheme, a universal approach is applied to those over 70, while a heavily means-tested approach applies to the rest of the population. In general, however, the Irish welfare state leans more heavily on the targeted-residual model than most other European countries. The range of services provided is narrower than in most European countries, giving Ireland one of the least developed models of social citizenship.

In deciding on the appropriate model to apply in any particular instance, it is important to have regard to a number of factors or principles. These include efficiency and equity, but also social solidarity and reciprocity.

### 4. Universalism versus Means-Testing

The relative merits of universalistic and means-tested structures have formed the main basis of the debate on 'free fees'<sup>1</sup>. In the case of the universalistic model, citizens enjoy access to services as of right, which are funded through general taxation. This approach is particularly suited to the provision of services which the community feels should be available to all on an equal basis. Reciprocity is achieved through the tax system. Thus, everyone has the right to a service, and everyone pays through the tax system. This type of structure relies on a sense of community, and the realisation that acting together we can achieve more than we can as individuals. Often, the community as a whole benefits from the provision of the service. Hence, in the case of education, it is now well understood that a modern economy requires skilled people, and that the community as a whole benefits from education. The common good is best served when there is universal access to, and take up of, education at all levels.

Universal systems have the further advantage that everyone in society comes to have a stake in their success. This is in contrast to means-tested structures, where the majority often feel that they have no stake in the service provided, and may resent any taxation they perceive to be directed at its funding. Means-tested systems essentially divide recipients and non-recipients against each other.

Means-tested or residual systems encourage a cheese-paring approach, where there is a constant tendency to under-resourcing. Weakly funded public provision is continuously contrasted in disparaging tones with well-funded private systems. Indeed so pervasive is this view in Irish social and political discourse that the word 'private' is continuously used to denote 'superior' in much general commentary. It is a use of language that does not form part of social and political debate or even part of the lexicon of the chattering classes in many European countries. Most policy and managerial effort in means-tested systems is devoted to keeping a semblance of service intact, continuous penny pinching and minor adjustments rather than providing quality service.

Ireland is well noted as having poorly developed service provision in a range of areas of social policy. The countries with the most developed universal free entitlement systems in education, health and a range of other services are the Scandinavian countries. They always rank at the top or near the top of the UN annual survey on equality/ inequality in developed countries. Ireland on the other hand is always located at the other end of the spectrum, close to the US, among the most unequal societies in the developed world. In our choice of social policy the FF/PD government continuously shifts social policy towards the 'Boston' model.

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<sup>1</sup> 1 The insurance-based model has not featured. This is probably because insurance-based models depend on individuals being in a position to make contributions (usually for several years) to a designated fund before a benefit is payable.

### 5. Universalism in Third Level Education

For those who can benefit from it, a third level education offers an enormous opportunity for personal development. Because of its importance in determining life-chances in a whole range of areas, third level education should be available as of right to all citizens. Making that right a meaningful one, means making third level education free to all who can benefit from it.

Failing to do so means preserving another arbitrary barrier to individual development and progress. It means telling people of all ages that their talent, ability, drive and energy must be frustrated because they were born into a low-income family, or because they cannot afford to pay for a second chance at third level education. Apart from the loss to the economy and to society from this wasted potential, it is profoundly unjust. Yet this was exactly the position which prevailed in Ireland for many years, and which has not yet been fully resolved.

Providing third level education as a right also has a powerful symbolic significance. It has the effect of making our third level institutions, with all of their symbolic importance, emblems of an egalitarian society. Rather than symbolising privilege and elitism, they can make an important statement about how we see ourselves as a society. Our third level institutions should be places which are colour-blind, gender-blind, age-blind and class-blind. The only test we should want to apply to applicants for third level is 'what is your potential', and can you benefit from being here.

### 6. Free third level fees and the international context

It is often implied or assumed that fees are the way forward and that most countries are moving in this direction. This is not the case. In most European countries free fees or very modest fees are the norm. Third level education is considered an intrinsic part of the social citizenship model so deeply embedded in European society.

In the Scandinavian countries, France and Germany there are no fees. Belgium charges fees of €500. The only countries introducing or significantly increasing fees are Austria, Portugal and the UK. In Austria fees were abolished in 1972 by The Social Democrats. They were re-introduced in 2001 by the right of centre Peoples Party in coalition with the right wing Freedom Party of Jorgan Haider. The annual fee is now €725. Prior to their reintroduction there was a student registration fee of €12.

In the UK fees of £1,100 were introduced a few years ago. However in Scotland this measure was rescinded. There is now a discussion on more substantial fees and related loan schemes for the rest of the UK, but no changes are expected until 2006 at the earliest.

It is noteworthy that the countries with the most egalitarian societies, namely the Scandinavian societies charge no fees.

### 7. Free third level education and the Irish context

The argument in this paper for free third level education rests largely on the principle of the merits of the concept of social citizenship, but it must also be located in the particular context of the evolution of Irish education

It is useful to reflect briefly on how Irish education has developed historically. At independence we had a comprehensive system of primary education, which compared favourably with that of other European countries. In many cases children continued in primary school until the age of 15, as distinct from the current more common age of termination of

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primary education today of 12 years. The curriculum was much broader than that which currently pertains. A second level fee paying system, small in scale, with very low levels of participation existed. This second level system grew very slowly over a forty-year period. Eventually, in the 1960s, the government implemented a free education scheme at second level. This is now presented as one of our great leaps of foresight and imagination. The reality was quite different. While it was novel in the context of what existed up to then in Ireland, it was in fact a very late development by European standards. We were playing catch-up. Its basis and rationale, however, was very clear. It was a requirement for economic development and in social policy terms was largely rooted in the concept of social citizenship.

Nobody argued that those who were well off should pay. There was wide acceptance that a free system was an essential part of providing equality of opportunity. The participation rate for completion of second level moved upwards rapidly and has plateaued at about a level of just over 80% since the late 1980s. In fact the national average figure of 20% non-completion at second level masks much greater inequalities. It is estimated that 30% of males in the Dublin area do not complete second level education. Yet nobody argues that the 20 % nationally who do not benefit are a cause for introducing fees for those who do participate and have consequently much greater income earning potential.

8. The mythology in the arguments for fees

It is useful to consider the arguments now being put forward in favour of the introduction of significant fees. At the heart of the debate on fees is a difference in political philosophy and worldview. But the arguments for fees are masked in vaguely populist social policy argument disguising an abhorrence of the concept of universal entitlement and its under-pinning political philosophy.

MYTH 1: Free fees have not improved participation rates among lower socio-economic groups.

'It is well established that the patterns of inequality, which are manifest at the point of entry to third level, are the result of a cumulative process of disadvantage which first manifest themselves much earlier in the educational cycle. The source of educational disadvantage is rooted in differential economic, social and cultural capital of families.. It is reflected in unequal access to pre-school education, and in differential participation and performance at first level with similar consequences at second level'

Clancy Report, pp 75

As the above quotation makes clear, participation in third level education is the result of a complex interaction of numerous factors, of which fees are only one factor, but an important factor. Free fees were only introduced in 1996, and it was always likely that the full impact of this initiative would take some time to be felt. It must be remembered that it took almost twenty years for the full effects of free fees at second level to impact fully on second level participation. The most recent 'Clancy Report' - the authoritative study on higher education participation - analyses data for 1998 and compares the results with that of previous studies. The fact that the latest data available relates to 1998 makes it difficult to assess what impact the 1996 'free fees' initiative may have had. The report does, however, provide very striking evidence that free fees may be a very major influence on participation.

This paper, like most commentary, has used the expression 'Free Fees' to denote the policy initiative of the Labour Party Minister of Education, Niamh Bhreathnach, of providing free fees to all full-time undergraduates in higher education from 1996 onwards.

Prior to 1996, however, there was a free fees policy for certificate and diploma courses in Institutes of Technology, funded by the European Social Fund. This was initiated in the mid-1980s and continued until 1996 when it was effectively incorporated into the comprehensive free scheme. As shown in Table 1, between 1986 and 1998 participation among lower socio-economic groups increased dramatically – in other words, when the cost of entry was removed, the numbers entering increased dramatically.

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Table 1:

Estimated proportion of age cohort entering full-time higher education by father's socio-economic group

Socio-Economic Group	1998	1992	1986
Other non-manual workers	0.31	0.26	0.11
Skilled manual workers	0.32	0.28	0.13
Semi-skilled manual workers	0.23	0.19	0.11
Unskilled manual workers	0.21	0.12	0.04

Source: Clancy pp.70

It is established that ITs attract a higher proportion of lower socio-economic groups than universities and IT enrolments increased dramatically during this period in question. The increased participation for the above groups was much higher than the national average increases or the increases for higher socio-economic groups. While the participation of the above groups is still below the national average of 0.44, it is difficult not to conclude that the major driver of this very significant increased participation was the ESF funded free fees scheme and that free fees are crucially important in improving access.

From the table above we can see that for the lowest socio-economic group, unskilled manual workers, there was a fivefold increase in participation and for the other three groups at the lower end of the socio-economic scale, a two to three fold increase in participation.

The presence of a third level fee is a direct disincentive for those from low-income backgrounds who wish to take up a third level course. The removal of fees for certificate and diploma courses had a very significant effect on participation. The reintroduction of fees would be an obstacle to participation in third level, the impact of which would be directly related to family income.

It is particularly important to bear in mind as well that not all third level entrants are young school leavers. If we are seriously committed to an egalitarian society and to life-long learning, then it is vitally important that access to third level be opened up for 'mature students' and those seeking a 'second chance' at education. The most recent figures for 1998 show that only 5% of third level entrants fall into this category. Making progress in this area requires a range of initiatives including provision of part-time courses and courses which provide for more flexibility than the traditional full-time programmes. For mature students, however, many of whom have family and other obligations, third level fees may form an even greater disincentive than they would do for younger school-leavers.

### MYTH 2: Re-Introducing Fees Would Improve Access to Third Level

The argument that re-introducing fees would improve access to third level is based on the suggestion that savings accruing from abolishing free fees might be recycled into a more generous means tested system. It would, however, result in the abolition of universal entitlement. Moreover, means testing in Ireland is notoriously open to abuse. This was conclusively illustrated in the de Butleir report, on the means testing of the then existing grant scheme for fees, published in the mid '90s. It is clear that those who would suffer in such a scenario would be those on modest incomes, particularly those on PAYE. While the better-off may be able to bear the cost of fees, and others would be able to manipulate the means-tested system, middle-income and lower-income families above the means-testing threshold – would face exclusion from third level.

### MYTH 3: A loan scheme would reduce impediments for those obliged to pay fees.

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The mere existence of a fee for participation in third level will be a disincentive to go to college. The lower your income, the greater the disincentive will be.

It is easy enough perhaps for those from well-to-do backgrounds to look at the loans proposition with equanimity. Those young adults whose parents have been to third level can see at first hand the economic benefits which it brings. They may look at their parents' income, and consider a loan a reasonable proposition, in the expectation that their own incomes will be similarly high. But those whose parents have not had that direct experience will not be as confident. If you come from a low-income background it is difficult enough to face the prospect of three or more years of full-time study rather than entering the workforce, without the further prospect of significant loans to repay after it.

The sums of money involved will be significant. Before fees were abolished, the annual fee for most colleges for an arts course would have been in the region of €2000. It would be a mistake, however, to think that that is the level of fee which will be payable if the Government has its way. The full economic cost of third level courses is, of course, significantly higher. The fees charged for non-EU students in Trinity College Dublin for the 2002/2003 academic year, for example, range from €10,309 for an Arts course, to €13,508 for a Science course, to €20,316 in the Health Sciences Area. These are annual fees, payable each year for four years in most cases. Of course, there may be an element of revenue-raising in the setting of those fees for foreign students, but the fees above approximate quite closely to actual costs.

Once a policy is adopted of charging fees on the basis of economic costs, a system of charging different fees for different courses is a likely development. In particular, the cost of science and engineering courses will be significantly higher than the cost of Arts courses. So, in an economy which depends for its prosperity on having skilled technologists, and where significant problems already exist in terms of the numbers choosing to study science and engineering, a new disincentive would now be put in place. Not alone would fees per se discourage people from taking up science course, but a loans system will encourage them to immigrate.

MYTH 4. Fees would allow the Government to invest in the primary sector and in educational disadvantage

The government has argued that money raised by fees would be used to tackle disadvantage at primary and second level. It has also argued, however, that the money raised would be used for a wider based means tested system at third level. Clearly the same money cannot be spent twice.

The Government's case is based on the proposition that the only money available for tackling problems at primary and second level must come from the existing overall education budget. This is a profoundly flawed argument. The basic problem in Irish education is a lack of overall funding.

Ireland has one of the lowest levels of public expenditure and educational expenditure as a percentage of GDP in the EU15. In 1999, the most recent year for which OECD figures are available, public expenditure on education at all levels in Ireland was 4.3% of GDP. This was the second lowest level of expenditure in the European Union.<sup>23</sup> As shown in Table 2, in the

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<sup>2</sup> No figures are available for Luxembourg

<sup>3</sup> It may be argued that, for well-rehearsed reasons to do with the structure of Irish GDP, a more appropriate comparison would be one based on GNP. GDP, however, is a measure of the productive output of the Irish economy, rather than of income. To the extent that education is an input to the productive process, the ratio of expenditure on education to GDP is of equal, if not more significance, than the ratio to GNP. This is an example of one of the consequences of the structure of Irish GDP i.e. that a productive infrastructure is required to be put in place to support productive activity, part of the value of which does not accrue to

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OECD only Greece, Korea, Turkey and Japan spent less on education than Ireland.<sup>4</sup>

Table 2:

Public expenditure on Education as a percentage of GDP, 1999

Country	% GDP
Denmark	8.1
Sweden	7.7
Norway	7.4
Austria	6.3
New Zealand	6.3
Finland	6.2
France	6.0
Canada	5.7
Portugal	5.7
Belgium	5.5
Switzerland	5.5
Poland	5.2
United States	5.2
Australia	5.0
Netherlands	4.8
Germany	4.7
Hungary	4.7
United Kingdom	4.7
Italy	4.5
Spain	4.5
Czech Republic	4.4
Mexico	4.4
Ireland	4.3
Slovak Republic	4.3
Korea	4.1
Turkey	4.0
Greece	3.6
Japan (1)	3.5
OECD Average	5.2

Source: OECD.

Notes: Public expenditure presented in this table includes public subsidies to households for living costs, which are not spent on educational institutions.

(1) Figures for Japan exclude public subsidies to the private sector. The effect of this is to understate Japanese public expenditure on education.

Perhaps of more importance, however, is the trend in expenditure on education. Table 3

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GNP. On the other hand, to the extent that education is a form of consumption, the GNP ratio may be of more relevance. Even expressing expenditure as a share of GNP, however, and without adjusting for the age structure of the population, puts Ireland below the EU average.

<sup>4</sup> Cross-country comparisons should also have regard to the age-structure of the population. Figures on expenditure per student for 1999 show Ireland in the bottom half of the EU15 league for spending at third level. At primary and secondary level, however, among the EU15, only Greece spends less per student than Ireland. Again, no figures are available for Luxembourg

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shows total expenditure on education by the State as a share of GDP from 1990 to 2002. From a high of 5.4% in 1994, the ratio fell to 4.1% in 2000 and then edged upwards in 2001 and 2002. The main driving force behind this pattern has been the pace of growth in GDP during the 'Celtic Tiger' period, which exceeded 9% in real terms in the period 1994-2000. While expenditure on education did increase in real terms, it did not keep pace with the growth of the economy. While this may have been understandable in the early years of the boom, in recent years it has become increasingly obvious that an opportunity to rectify the historic under-resourcing of Irish education has not been seized. The pattern in expenditure since 1997, in particular, has reflected the stop-go approach of the Fianna Fáil/PD coalition to the management of public expenditure. While expenditure was restrained immediately after the election, a major expansion in expenditure occurred in the eighteen months before the election. Even so, the ratio of spending on education to GDP was lower in 2002 than in 1997.

Table 3:

Public expenditure on Education as a percentage of GDP, 1990-2002

Year	Spending/GDP
1990	4.8
1991	5.0
1992	5.2
1993	5.3
1994	5.4
1995	5.0
1996	4.8
1997	4.7
1998	4.5
1999	4.2
2000	4.1
2001	4.2
2002*	4.3

Source: Dept of Education and CSO, Figures for 2002 provisional

Decisions about funding primary and secondary education, therefore, cannot be confined to the education budget. Everyone agrees that there is a need for extra funding in health. But nobody suggests that severe deficiencies in one area of health should be funded by cuts in another area of health. Rather, in considering extra resources required for educational disadvantage or funding for primary and second level education, the full range of options must be on the table, including the value of other government expenditure in other Departments relative to the value of extra funds for primary and second level education, and in particular the revenue forgone in a range of financial measures which give significant benefits to wealthy people. The FF/PD Government has systematically reduced taxation on the better off, including reductions in capital gains and capital acquisitions taxes. It has also allowed a range of tax loopholes to remain in place which allow wealthy individuals to pay little or no tax. Yet, these policy decisions are not mentioned when it is argued that fees are necessary to fund investment in other areas of education. Free fees are estimated to have cost €240 million in 2002. This is 0.19% of GDP.

The suggestion that revenue raised through fees would be used to fund investment elsewhere lacks any credibility. Throughout the late 1990s, when the Exchequer had huge surpluses, there was no attempt by the FF/PD government to address these issues.

In 1997, in its General Election manifesto, Fianna Fáil stated that "There is no excuse for sub-standard school buildings", and promised to tackle the problem if they were elected. Yet by 2002, it was obvious that the problem with sub-standard primary school buildings was getting worse, not better.

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Nor do they have any interest in educational disadvantage. Otherwise they would not have cut funding for access programmes, school retention schemes and Back to Education programmes since their re-election in 2002. They have similarly failed to invest in innovative programmes such as those that supply free school meals. In its pre-budget submission the Combat Poverty Agency called for an allocation of fifteen million Euro to fund an improved and expanded school meals programme. When it is considered that this year the Government will spend a total of thirty-eight thousand million Euro, fifteen million is not a lot to ask for. In fact, it is hard to think of a better way to spend that money. The benefits of school meals programmes are enormous, particularly for children from disadvantaged backgrounds. They help to tackle nutritional problems, allow the students to concentrate better at school and help to reduce behavioural problems. Yet the Government's response to Combat Poverty was to allocate a mere €2 million.

There is simply no basis to believe that money raised from fees would be invested in either the primary sector or in educational disadvantage. Nor is reasonable to argue that one form of educational disadvantage should be tackled by creating another one. While there is an important debate to be had about the relative funding attached to education at various levels, it is spurious to suggest that funding for one sector can only be improved at the expense of another. The total level of resources available for education is a matter for Government, which makes choices with regard to how much it will spend in any one area, how much revenue it will raise in tax and from whom. These considerations are more relevant to the debate on fees than any attempt to set one educational interest against another.

MYTH 5: Providing free fees to the wealthy is unfair

Those arguing for fees have regularly deployed the 'Mrs Rich Person argument'. Why should the children of Mrs Rich Person, (some named wealthy individual), get free third level education? Why should they get child benefit? In fact, why should they get any state service without paying for it? It is a superficially powerful argument that ignores the reality that there are very few such wealthy individuals. But the answer to the question is – yes, the well-off should get those things. Why? Because they are citizens. Rich or poor, citizens have rights. And third level education is one of those rights

That does not mean that there shouldn't be reciprocity. Quite the contrary, but it should be achieved through the tax-system. A fair and equitable tax system is the place to re-coup a fair share from the better-off. Again, if the Government were serious about investment in education, there are plenty of places they could find the money. A whole range of measures have been put in place in recent years to reduce the amount of tax paid by high earners. This was manifested in a study by the Revenue Commissioners of the 400 highest earning taxpayers which showed that in 1999, 18% paid less than 15% of their income in tax, and many paid no tax at all.

In fact it is highly likely that in introducing fees the government will for political reasons provide a further tax break for those not eligible for free fees through the means-tested system proposed. Such a tax break already exists (largely availed of by those in private colleges) and would become a lot more significant if fees were re-introduced. Such tax breaks almost always confer the most benefit on those with the highest incomes. It is worth recalling that before the 'free fees' initiative of 1996, tax breaks in the form of the covenanting system were costing the Exchequer almost as much as was being collected in third level fees.

Thus the re-introduction of fees has nothing to do with asking the well off to pay their fair share. Instead, if fees are brought back it is not the rich who will suffer. It will be the children of low and middle-income families and people seeking a second chance at third level education.

MYTH 6: Those going to college become high-income earners and should pay for their education.

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There is well-established data that, in general, more education leads to higher income. As stated earlier, however, this also applies at second level, where significant numbers do not benefit from full second level education. In the adult population, 40% have not completed second level education, yet no proposition is made that those who have benefited should make specific contributions to the cost of their second level education. In addition the income benefits to those obtaining third level education vary enormously despite the general income benefit accruing. For example nursing education is now fully integrated into our third level system. Yet nurses' income would hardly be regarded as exceptional. The loans proposition would therefore entail nurses, through a loan scheme, starting their nursing career with very significant debts.

It would also be anomalous if a person on say €60,000 per year with a degree were to effectively pay greater taxation than a person without a degree earning the same money because of some other benefit of ability, chance, luck or whatever.

Perhaps as important is the reality that the benefit from third level education extends beyond those who participate themselves. There is a broader benefit to the economy and society as whole, which benefits from the skills and expertise acquired through third level education. This benefit ranges from the importance of training teachers and doctors to the need for a modern economy to have high levels of skill in the technological area. Everyone in society benefits from the skills passed on at third level.

This principle – that working together we achieve more than we do as individuals, is central to the social democratic concept of social citizenship.

### 9. The proposed loan scheme

The government have given clear signals that they are disposed towards the introduction of a loan system, and have been looking favourably at the Australian model. While the details of their proposed scheme are not yet available, it is important to be alert to the disadvantages of such a scheme. A loan system, apart from its regressive social consequences, presents numerous operational difficulties, particularly in the Irish context.

As was discussed above, a loan scheme will not remove the disincentive to participation at third level which the re-introduction of fees would create. While those from better-off backgrounds may face such a prospect with confidence, those from less-well off backgrounds and those seeking a second chance at third level education would find such a scheme a significant obstacle. Once the principle of a loans system is adopted, the Government can raise or lower the notional level of fees from year to year, making it difficult for an individual to predict what their final liability arising from participation at third level would be. In addition, there are practical difficulties associated with the implementation of a loans scheme in the Irish context. Labour mobility has traditionally been a significant characteristic of the Irish labour market. It may be further accentuated by increased labour mobility in the EU. Thus enforcing pay-back obligations will present significant difficulties. As noted earlier, a loans system provides an incentive for skilled people to emigrate, despite the need for the Irish economy to develop and retain such skills.

The problems associated with loans schemes are reflected in the Australian system. The HECS (Higher Education Contribution Scheme) involves three different fee bands for different courses. Thus, the full-time full-year fee for Arts and Humanities course is AU\$3680 (€2060), for science engineering and business is AU\$5242 (€2934) and for Law and Medicine is AU\$6136 (€3435). The fee which students pay is based on the actual units they take in each year. So, for example, a student doing economics and French pays higher fees for every economics course they take compared to what they pay for French courses. The result is a real and present disincentive to take more expensive courses, including science courses which attract higher fees. Repayment in the Australian system starts when a graduate's income exceeds AU\$24,365 (€13,639), less than 60% of the average wage. Repayment is

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initially 3% of income, rising in seven bands to 6% when income reaches AU\$43,859 (€24,551). Payments made at the time of study attract a 25% discount, an option which favours better off students. As a result of the incentive to migration HECS entails, loan defaults have reached 15%. While HECS loans only attract interest equal to the rate of inflation, the Australian Government is currently examining proposals to allow universities to charge further 'top-up' fees and to charge commercial rates of interest on these.

### 10. Conclusion

The proposed reintroduction of third level fees is a regressive move. It is rooted in a political philosophy hostile to the concepts of social citizenship, equality and fairness. It is a proposal nominally dressed up in concerns for disadvantage and inequality, while at the same time ignoring a vast array of alternative options for dealing with inequality.

Education is the key to an equal society. It is also one of the primary drivers of a dynamic economy. At every level, Ireland needs more investment in education, not less. The more we can guarantee access, the better we can guarantee our future.

When fees for third level education were abolished, it was the first step in forcing open the gates of many institutions – institutions whose gates had up to then been effectively closed to people below a certain level of income. Ireland's future, as an inclusive society and dynamic economy, depends on those gates being kept open.