

# Let us not kick away the ladder

**I**T has come as no surprise that mainstream middle-class economists have distanced themselves from student demands for free university education. That, at least, is what the business section of the Sunday Times reported at the weekend.

The shortest summary of their conclusions, without caricaturing them, was that free university education was not “equitable”, that it was “unsustainable”, and that the debate around the issue was marked by “unfairness”. There was not a lot of clarity on the unfairness part. Never mind.

So, notwithstanding the parading of numbers and figures, which the economists may insist are incontrovertible – there may be some truth to the numbers and figures in a world without state investment in human capital, or technological innovation, for that matter – I would suggest that the economists’ responses are shaped by more than a tinge of ideological bias.

This is the ideology that began, more formally, with the neo-liberal revolution of the Reagan-Thatcher era, and which found much of its intellectual impetus in the scholarship and policy advice of the economist Milton Friedman.

He was a curious fellow, Milton. Like the Austrian, Friedrich Hayek, whom the New York Times once described as the right-wing Tea Party’s ideological guru, Fried-

man thought inequality was necessarily good, and that standard regulatory interventions in economic activity had an inherent tendency to snowball into “serfdom”.

As economists, Hayek and Friedman may have had good ideas, but in their political tendencies they were, well, rather right-wingers.

Before discussing the responses from otherwise respected economists, I should make a couple of points. In February this year, the South African government provided an estimated R467-billion in guarantees to state-owned enterprises. When those who petition for free education read about such vast amounts of money sloshing around, they feel emboldened and justified in their appeals.

Also, I am a member of staff at Nelson Mandela Metropolitan University. Whatever I write in these columns does not reflect the views of the institution or its management. I actually do not come out on any side of the debate in this column. This brings me back to the statement on ideology, above.

The position that mainstream

## Economics and Reality



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unpleasant

economists put forward, drawing as it does on the crude conservatism of the likes of Friedman, ignores the gains that historically have been made by governments that invested in higher education.

This, of course, makes Friedman especially disingenuous.

He, like other renowned

economists in the US (notably Kenneth Arrow, 1972 Nobel Laureate for Economics) were beneficiaries of free (state-funded) higher learning.

A couple of years ago, an associate reminded me that Friedman boasted publicly that he went to a state-funded university in New Jersey, and that his higher education was paid for by the taxpayers of the state. Friedman boasted, further, that the taxpayers were fools to finance his education. After graduation, he left New Jersey and never paid tax to reimburse the state for his education.

Friedman would later use his own example of free higher education, and not giving anything back to society, as the basis for his argument that university education was, actually, an investment in personal human capital.

Except, he argued that like all investments, higher education should be funded by borrowing from banks and financial markets – and not by the state. He said this, of course, only after his own education was paid for by the state of New Jersey.

There is a tendency, then, to kick away the ladder once people

have achieved higher standing in society. If we paused then, and considered the role that the state has played in funding higher education, notably in the US, home of some of the best universities in the world for more than a century.

At its height, in the “golden age” of US higher education, during the mid-to-late 1970s, before Ronald

Reagan came to office in 1981, state and local government expenditures in higher education amounted to 60.3% of all federal, state, and local government and personal expen-

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**REAGAN-ERA IDEOLOGY:** The economist Milton Friedman, who received state-funded university education in the US, later argued that higher education should not be funded by the state

ditures on higher education in the US.

With the US having chosen the path led by Friedman, so it seems, anyway, the Wall Street Journal reported that the graduating class of 2014 was the most indebted in the history of higher learning in that country.

With the state having abandoned investment in human capital (higher education), throwing young people to the vagaries of the free market, young people have been saddled with debt which they may battle to repay for much of their adult lives.

The long view insists that we consider, deeply, what so-

ciety we want to live in . . .

I said, above, that I would not come out on any side in the #FeesMustFall debate. I lied, a little.

My view is that we do not have time. New money can be introduced into the system (the US did it with quantitative easing after standard monetary policies failed), but new or more time is hard to find. Somebody has to sit down and work things out – and that takes time.

What we cannot do is fight until we like each other. We don’t have time for that, either.

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