

## **Graduation address – Mark Cully**

### **University of South Australia, 30 March 2006**

Earlier this year I attended the 40<sup>th</sup> anniversary of the founding of my high school. It was the first time I had returned since my last day of lessons over 25 years ago.

Walking across the hot asphalt, full of memories ground to dust, I bumped into the Hon. Jane Lomax Smith, there as Minister for Education to do the official pleasantries. “What are you doing here?”, she hooted at me. “Don’t tell me you went to this school.”

This vignette is, I think, quite revealing.

I am a former student of Salisbury East High School. Like those claiming convict ancestry, there is a certain inverse snobbery in parading one’s working class roots – at least, among those who mix in the circles of Labor government Ministers.

It was a tough school – during my first week a crowd gathered at lunchtime to watch two boys in a make-to-do cell of two hockey goals joined together beating the bejesus out of one another – but it was also highly disciplined. It ran to a strict regimen. Dissent was not tolerated.

When I was in Year 10, a chap from Holdens came along in search of apprentice boilermakers. Nothing wrong with that, except that was the full extent of our career counselling. The message was unequivocal or, rather, the messages were. First, it was not for the

likes of us to want more. Second, the role of the school was to serve the interests of the surrounding factories by transforming us from grubby, fractious boys into a quiescent proletariat. This was abetted by a one in five teenage unemployment rate.

When Johnny Rotten spat out “there’s no future” I pogoed hard and high. But punk was nihilistic and could offer only despair. It was not until I went to university in my early 20s that my teenage fury at the iniquities of the world gave way to a concentrated anger to do something about it.

I had long found beauty and solace in novels; now, in the Barr Smith Library, I found wisdom. My first year at university was one of enlightenment. I sensed possibilities, a world opening up. Attending university allowed me to realise my identity. It shaped who I am; without it, I would be a different person. I am grateful for the experience.

My message to you, simply stated, is this: a university education is a privilege, one which bestows upon its recipients an obligation to honour and recompense the society which granted it. As teachers you have a special duty: we are entrusting you to bequeath our knowledge from this generation to the next.

My sentimental account of the virtues of a classical liberal education might seem at odds with what you have just passed through.

I studied at a time when there was no Higher Education Contribution Scheme, when casual work described your own part-time job and not that of your tutor's, and when student unions were a refuge for dysfunctional individuals, many of whom, regrettably, are now members of Parliament.

Let me put the changes since I attended university into perspective.

Even after the introduction of the Higher Education Contribution Scheme, the rate of participation in higher education in Australia is at an all-time high. The number of people with a university degree in Australia took until 1991 before it reached one million. One decade later it had doubled. It continues to grow because a university education is still an individual's best bet for a rewarding future.

Reward, to an economist, is measured by earnings. Those with a university degree are much more likely than those without to be in paid employment, and where both are in work, those with a degree average considerably more earnings. This is the, sometimes derided, theory of human capital.

Human capital theory is held by all economists to be true. To be precise, there is uncontestable evidence, from what now number hundreds of studies, that education causes earnings to rise. Education adds to earnings over and above whatever benefits accrue from natural ability, parental background, school attended, and all the other myriad factors that affect people's pay.

The amount that education adds to earnings over and above other factors is substantial. In raw terms, the weekly earnings of persons with a degree who are employed is, on average, around half as much again compared with those who left school at Year 12 without going on to any further education.

Human capital is a metaphor. Resources, principally time rather than money, are invested in its acquisition. It yields a return in the form of a higher earnings trajectory than what would otherwise have been the case. This can be expressed as a rate of return after offsetting the costs, and can be compared with returns on other investments.

But is it the same as other investments? It would be if financial institutions were prepared to offer loans to individuals to cover the costs of their education at an interest rate lower than the projected rate of return, so that both parties benefit from the transaction. Funnily enough, banks are disinclined to do this.

Thank goodness, then, for the Australian government. Much as you might rue the debt that accompanies your piece of parchment, the Higher Education Contribution Scheme is the fairest approach yet devised for promoting equal access to the benefits and costs of higher education.

To be sure, free education combined with a more progressive income tax scale would achieve much the same ends, but we are in the midst of an irrational phase in our national polity about

taxation. A new social class has come into being: the deserving rich. The deserving rich are those who believe that their income reflects their own endeavour, and taxation is a burden which weighs heavily upon it.

The discourse of human capital, of individualism run rampant, has so pervaded public discussion that we have lost perspective. Let me try to shift it by reconfiguring the metaphor.

I was the first member of my family to attend university. Had I been raised in Ougadougou I would never have got there. What, from Australian eyes, might be seen as due reward for merit and hard work is, from a world perspective, a mere accident of birth. It is not just an accident of birth place, but also of birth time.

Isaac Newton famously wrote, "If I have seen further it is by standing on the shoulders of giants." We borrow from the stock of human knowledge and add to it incrementally. If we cannot uniquely claim our own human capital, neither can we claim sole attribution to its rewards.

A better metaphor to adopt is a knowledge bank, from which individuals make a loan. How is that loan to be repaid?

There are many different ways of doing so. Upon leaving university I went to Canberra. I joined the public service because I wanted to right what I saw as the economic and social wrongs around me.

My journey has taken me from Canberra to London and back to Adelaide. One of the things of which I am proud was to be part of the group that introduced into Britain in 1998 a minimum wage. But I have learnt that there is an endless supply of economic and social wrongs and that I can remedy them only in small measure. My revised goal is to do what I can by adding to the knowledge bank. I believe, perhaps naively, that governments are less likely to make daft decisions when they are furnished with solid evidence.

In your choice of degree you have opted for a different and much more important role. You are the tenderers and tellers of the knowledge bank.

I applaud you on your ambition and achievement, and wish you god speed with your endeavours.