

New Zealand student debt levels reach \$10 billion mark

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Last month, a national “day of action” was held in New Zealand to mark a new milestone: New Zealand’s collective student debt has reached \$NZ10 billion. Demonstrations and other events took place in many of the country’s main centres and on tertiary campuses.

Student debt has sharply escalated under the Labour government. The most recent NZUSA Student Income & Expenditure Survey (2007) identified significant increases in students’ living costs and indebtedness, with average debt rising 54 percent since the survey was last conducted in 2004, and now topping \$28,838 per person.

In 2000, Prime Minister Clark’s first year in office, total indebtedness—after nearly a decade of the student loan scheme’s operation—stood at \$3 billion. Since then it has risen by a massive \$1 billion per annum. In the same year, the average level of debt was \$10,600. It is now nearly three times that. It is not unusual for students in courses with higher fees, such as dentistry, veterinary science and medicine, to accumulate debts of nearly \$100,000 by the time they complete their studies.

Notwithstanding a temporary fee freeze in 2001-2003, Labour has presided over continual fee rises. While the rate of increase has declined since the 1990s, universities routinely raise fees by the 5 percent annual maximum that Labour’s policies allow, and some apply for and receive exemptions to allow for increases of as much as 10 percent. Fees for a typical undergraduate program range between about \$4,000 per annum for a first degree through to nearly \$12,000 a year in medicine. Books, materials and living costs are all extra.

The present situation is the outcome of the prolonged assault on public education, begun by the Lange-Douglas Labour government in the 1980s, then pursued by governments of all stripes. Under Labour in 1989, tertiary education was shifted onto a market footing, along with the imposition of flat-rate fees. University administration was devolved from government responsibility through the establishment of governing boards based on the private sector, and given wide powers of financial control, hiring and firing staff, investment and fundraising. Funding was provided not according to need, but through a formula based on student numbers.

Since then, continuous cutbacks in government financing have forced university administrations to impose and constantly ratchet up student fees and to seek sponsorship from big business. In 1991, the National government introduced the student loan system and allowed tertiary institutions to set their own level of fees. This

saw fees rise by an average 13 percent through the 1990s, while government funding fell from nearly three-quarters of operating revenue to only 50 percent.

The impact on students has been severe. With only limited access to living allowances, a majority of students are forced into dependence on parents or part-time employment. Allowances are based on parental income, regardless of whether students live at home. Rates of payment can vary between \$25 dollars a week to approximately \$200 per week, with the ceiling for eligibility reached when combined parental income hits just \$71,280.

Working class students are particularly disadvantaged because they inevitably have to borrow more, and because of the harsh and onerous repayment conditions. Repayments, which are administered through the tax system, start when a graduate begins earning just over \$12,000 per year. The repayment rate is set at 10 percent of income, compared with the Australian loan scheme of between 1 and 4 percent.

Nevertheless, the loan scheme has become the main source of funding used by students to underwrite course costs and living expenses. It is not unusual for students to hold jobs while studying full-time and even turning to food-banks in order to survive. Every year, more students are forced into higher levels of debt. Despite making minor changes to the system since assuming office in 1999, the Labour government has kept it, in all major respects, intact.

The purpose of the national protests on April 10, according to the NZ Union of Students’ Associations (NZUSA), was to highlight “the inequity of the student-loan scheme and the unsustainability of a debt-laden generation”.

Far from exposing the role of the Clark Labour government, however, the event revealed the bankrupt role of the various student associations and middle class “radical” outfits which, for nearly 20 years, have used their positions on the campuses to posture as opponents of the tertiary fees and loans system, while systematically steering each successive influx of students into the dead-end of protest politics.

Students and tertiary staff have repeatedly demonstrated their opposition to a “user-pays” education system. Yet at every turn, they have been misled and frustrated by the organic incapacity of the student leaderships and “protest” groups to mount any sustained offensive against these policies and the parties responsible for them. Despite a panoply of “radical” activities involving protest stunts, demonstrations and occupations, the

perspective of applying pressure on university administrations and the Labour and National parties has been an utter failure.

At the time of a previous national “mobilisation” in early 2000, the *World Socialist Web Site* issued the following warning; “No amount of appeals to the government for education reforms will resolve the fundamental issues at stake. One of the lessons that must be learned from the bitter defeats inflicted on the working class over the past 15 years is that without an alternative political perspective, the students’ movement too will be dissipated and end in disillusionment. There must be a complete break with the present ...leaderships” (see: “New Zealand students begin nationwide campaign for free state education”).

This prognosis has been fully verified. In proportion, as the blight of indebtedness has worsened over the period of the Labour government, so the student movement has become increasingly moribund. This was especially evident on April 10.

The NZUSA’s prior advertising of events at the University of Otago said students would be marking the occasion “with a protest on the registry lawn in the form of a massive birthday party for the student debt monster”. As well as a variety of “party” related activities, including free food and a “horizontal bungy”, students were invited to register their protest by completing a birthday card with their name, year of study, and student loan debt and sending it to the parliamentary offices of Pete Hodgson, Labour’s minister for tertiary education.

The perspective underlying these stunts is to subordinate students to the Clark Labour government, and the utterly exhausted program of national reformism. Such infantile antics also have a related purpose: to lower the general intellectual and political level on campus and repel those students looking for a genuine solution to the assault on free education, leaving them with no alternative to the present set-up.

The futility of any program based on appealing to Labour was underscored by Hodgson’s vicious response to the NZUSA’s demands. The “lot of the individual student” was “better than it was 10 years ago” Hodgson declared. Student debt, he claimed, was rising more slowly than the average wage, and loan payback times had reduced. According to Hodgson, various measures—all cosmetic—introduced by Labour since 1999, such as abolishing interest on loans, had “made a difference”. The main reasons for the increase in total debt, Hodgson claimed, were that “more students are accessing education and more students are studying to a higher level”.

Hodgson’s arrogant contentions are entirely false. Students are not “better” off than they were 10 years ago. Far from matching the rate of wage increases, the Student Loan Scheme Annual Report series reveals an increase in the level of student loans of 18.2 percent over the period 2004-2007. During that time, according to the NZ income survey, there was an increase in average weekly incomes for employed people of 16.9 percent.

Contrary to Hodgson’s claims, total enrolments at universities have, in the past year, peaked and begun to decline, particularly among domestic secondary school graduates.

That students are borrowing more is due to increased living and tuition costs. According to the *Dominion Post*, there are now 500,000 current and former students carrying loans, at an average

level of \$16,000. This is growing every year. For many university graduates, tuition debts are now a crushing burden, blocking access to a home loan or to starting a family. At the last count, some 58,000 graduates have simply gone overseas.

Yet in spite of Labour’s record, the various radical groups continue directing the opposition of students behind Labor. Speaking to the rally at parliament, Joel Cosgrove from the pro-Maoist Workers Party and president of the Victoria University of Wellington Students Association (VUWSA) called on the Clark government to show “some positive action ... indicating what they plan to do and the priority they put on it”.

Both Cosgrove, and Massey Wellington Students Association president Alex Sorenson called on students to vote for whatever bourgeois party they could identify as the most sympathetic to students in the forthcoming 2008 elections. The rally ended with the speakers leading protestors in empty chants of “We’ll be back!”

The bankrupt perspective of the VUWSA/Workers Party leadership was further illustrated in the main banners which read: “1991-2008, I can’t believe we’re still protesting against this shit”; “I don’t know what we’re demonstrating about, I just know that I’m poor”; and “Students are the only people borrowing to live”—an indication of the vast gulf that separates these elements from the conditions of life affecting the bulk of the working class.

For those students who are serious about taking up the struggle to defend the right to a free tertiary education for all, it is critical to begin to advance an alternative perspective. The intensive assault on public education in New Zealand is intimately bound up with a pro-market offensive against the working class, which has been unleashed all over the world during the past two decades. Education “reforms”—increasing privatisation, “user-pays” systems, funding cuts—have been imposed by governments in every country and of all stripes, driven by the demands of the financial markets that costs be reduced and “international competitiveness” enforced. The Clark Labour government is no exception.

Only when students begin to turn politically to the working class, and actively seek to develop an independent political movement armed with a socialist perspective—that is one that starts from the needs and aspirations of ordinary working people, not the profits of the few—can the struggle to defend the right to an education go forward. This is the perspective for which the International Students for Social Equality fights.



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