

A bright light on a bad strategy

Cheap university tuition is one of those public-policy paradoxes: It does the opposite of what it sets out to do, says business dean **ROGER MARTIN**

You round a corner on a country road on a rainy night and see a deer in your headlights. Instinctively, you slam on the brakes — it seems like the right thing to do. Your wheels instantly lock and you hydroplane smack into the deer. It either kills you by flying through your windshield, or you must deal with a damaged car and the guilt of killing Bambi's mother.

Systems-dynamics experts call this "policy resistance." Your chosen policy — slamming on the brakes to avoid hitting the deer — has the opposite effect of what you intended: It locks the wheels rather than having the brakes slow the car, as they would if you had pumped them gently. Sometimes seemingly nifty policy ideas produce exactly the opposite of what they intend, due to factors not considered during implementation.

Rent control was designed to help the urban poor afford a place to live; we now know that cities with rent control end up with significantly higher homelessness than cities without. Why? In rent-controlled cities, builders build condos, or nothing. Affordable housing shortages are exacerbated, not ameliorated.

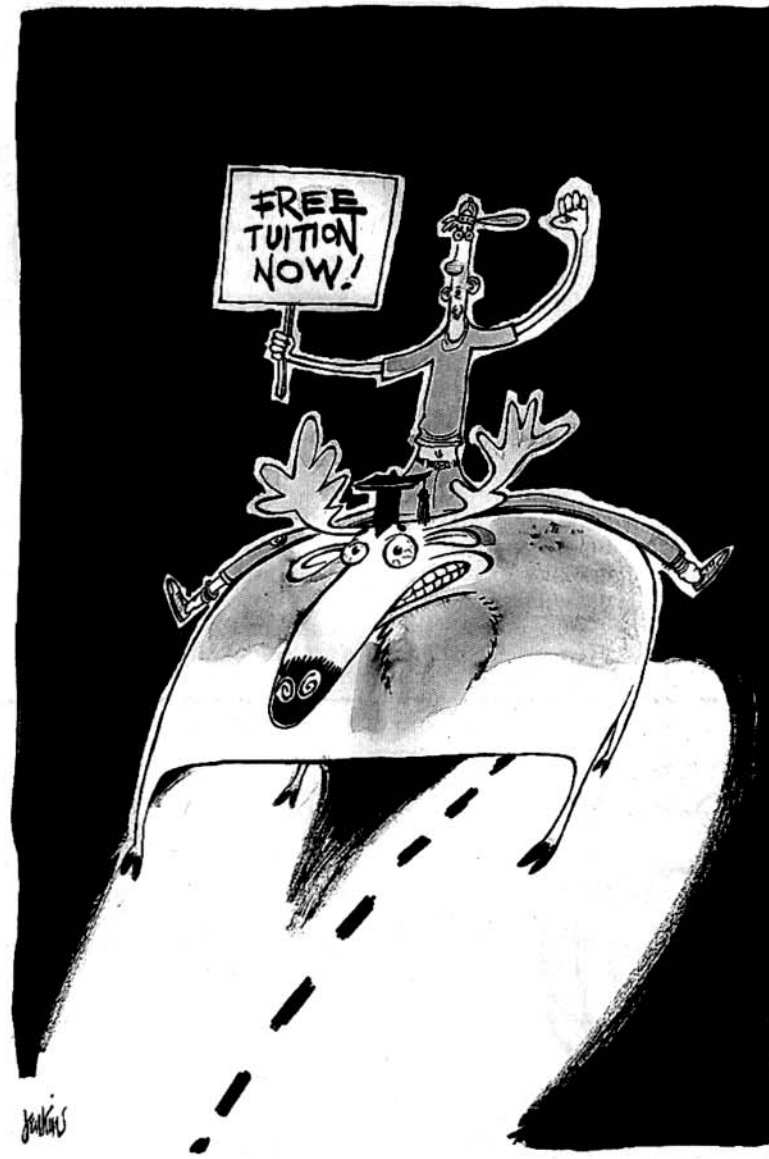
The U.S. Aid for Families with Dependent Children (AFDC) program was designed to help single mothers cope with raising young children alone. Instead, it created an incentive for mothers to kick their husbands out in order to gain the attractive benefits. It increased families' likelihood of becoming trapped in poverty long-term — exactly the reverse of the program's intent.

Ontario has hatched a new case of policy resistance with the recent

decision to freeze university tuition for the stated purpose of increasing accessibility to university education by prospective students from less-well-off families. The idea is to lower the tuition levels so that more students will have access to university education. Freezing tuition polled at more than 90-per-cent positive during the Ontario election.

The problem: Across Canada and the world, the evidence is overwhelming that tuition suppression harms accessibility. The only Ontarians who should cheer are rich, smart kids whose parents can afford to send them to the top high schools to improve their chances of getting into university — because they will get a university education super cheap, and they'll have fewer university graduates with whom to compete when they graduate. Too bad for the less-well-off smart kids at weaker high schools, who were distracted from their studies by part-time jobs to support their families. They'll suffer most.

Such kids already suffer in British Columbia: Its long-time NDP government suppressed tuition to a level about 75 per cent of the Canadian average. In the spring of 2002, the B.C. Liberals finally deregulated tuition. But the legacy of tuition suppression has left the province with an undersized university system. Even allowing for its "university college" system, which graduates a portion of its students into the university system, for each student-aged resident, B.C. provides only slightly more than half the university spaces available in Ontario with its maligned high tuition (23 per cent above the Canadian average). Woe is you if you aren't in the elite top



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16 per cent of high school seniors in British Columbia. You are on the outside looking in thanks to the former B.C. government policy of "enhancing" accessibility through low tuition. If you are lucky, your parents will move to Ontario — or better yet, to Nova Scotia with the highest tuition levels in Canada. That province has spaces equivalent to 39 per cent of the graduating seniors.

Shouldn't we like the kinder,

gentler British Columbians better than the uncaring Nova Scotians? It isn't B.C.'s fault that it can only accommodate 16 per cent of students in its system and slams the university door in the face of the next 23 per cent of students, rather than Nova Scotia, where 39 per cent are welcomed, is it? It most certainly is B.C.'s fault. Suppressing tuition puts the supply of spaces at the whim of politicians because universities don't have a

revenue source with which to build spaces without the largesse of politicians. And for politicians, trading off the long-term benefit of having more university-educated citizens for short-term needs like health care, infrastructure, and social programs is a daily habit.

Throughout the industrialized world, accessibility is strongly positively correlated with the level of tuition — the higher the tuition, the greater the accessibility on average. Naive students march with placards insisting on "enlightened" tuition policy, such as that in Denmark and Germany, where university education is tuition-free.

This is like slamming on the brakes to save Bambi's mother. The reality is that accessibility in Denmark and Germany is the lowest in the industrialized world. In the European countries with free tuition, accessibility is 66 per cent of Canada's. A low-tuition policy restricts the supply of spaces, which severely restricts accessibility.

In this context, the Ontario Liberals' recent tuition freeze is a move toward a less accessible, more elitist education system. The McGuinty government doesn't need to listen to me, it can listen to Karl Marx, an opponent of elitism last time I checked, who once railed against Germany's policy of free university tuition, "If higher education institutions are also 'free,' that only means in fact defraying the cost of education of the upper classes from the general tax receipts."

The simple answer (one the University of Toronto is implementing) is to admit the best students, regardless of financial means, and guarantee them the financial support necessary to attend university. Tragically for its future potential university students, Canada's biggest province has just taken a step in the opposite direction.

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