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Rethinking Higher Education: Why Universities Must Earn Their Place

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Australia is facing a productivity crisis, and the nation's higher education sector, one of its most heavily subsidised industries, must be held accountable. With billions in taxpayer dollars funneled into universities each year, the return is increasingly poor. Graduates, especially from non-technical disciplines, are struggling to find meaningful work, and the degrees they paid handsomely for are delivering diminishing value.

For decades, successive governments have expanded university access far beyond labor market needs. While the intent was to broaden opportunity, the result has been credential

inflation and what complexity scientist Dr. Peter Turchin calls *elite overproduction*, a surplus of degree-holders whose job expectations can't be met. These frustrated, underemployed graduates now face rising debt, stagnant wages, and shrinking opportunities.

Prime Minister Anthony Albanese's plan to raise the number of university-educated Australians from 45% to 55% by 2050 ignores these realities. The policy lacks clear evidence and seems rooted in political idealism rather than economic logic. In practice, it will likely create more disillusioned young people with expensive degrees but limited prospects.

Meanwhile, vocational education, critical to Australia's infrastructure and economy, remains underappreciated. Trades such as plumbing, electrical work, and mechanics often offer higher incomes, better job security, and less debt than many university paths. Yet policy and prestige continue to push students away from these practical, high-demand fields.

Universities have also drifted from their original mission. A growing share of funding now supports bloated administrative structures rather than teaching or research. According to various reports, nearly half of university salary expenditure goes to administration. Simultaneously, politically charged departments focused on identity and grievance have grown, stifling open debate and academic rigor.

Economists such as Joseph Schumpeter and Thomas Sowell warned of this trend. In *Capitalism, Socialism, and Democracy*, Schumpeter foresaw a class of overeducated, economically unproductive intellectuals turning against the very system that sustained them. Sowell noted that many intellectuals operate without feedback or consequence, making their influence potentially harmful when left unchecked.

Australia now finds itself in that reality. Graduates sold the promise of secure, fulfilling careers feel betrayed. Their discontent is not just personal, it has become a political and cultural force. This structural imbalance is driving societal division, policy dysfunction, and a loss of faith in once-respected institutions.

To restore purpose and value to higher education, Australia must act. Funding should be linked to graduate outcomes. Vocational education must be treated as a first-class pathway. And universities must be compelled to focus on skills, substance, and national value, not ideology.

Only by demanding excellence and accountability can we restore faith in our education system and secure a future based not on inflated promises but on real opportunity.