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# Markets Versus Publics: The New Battleground of Higher Education

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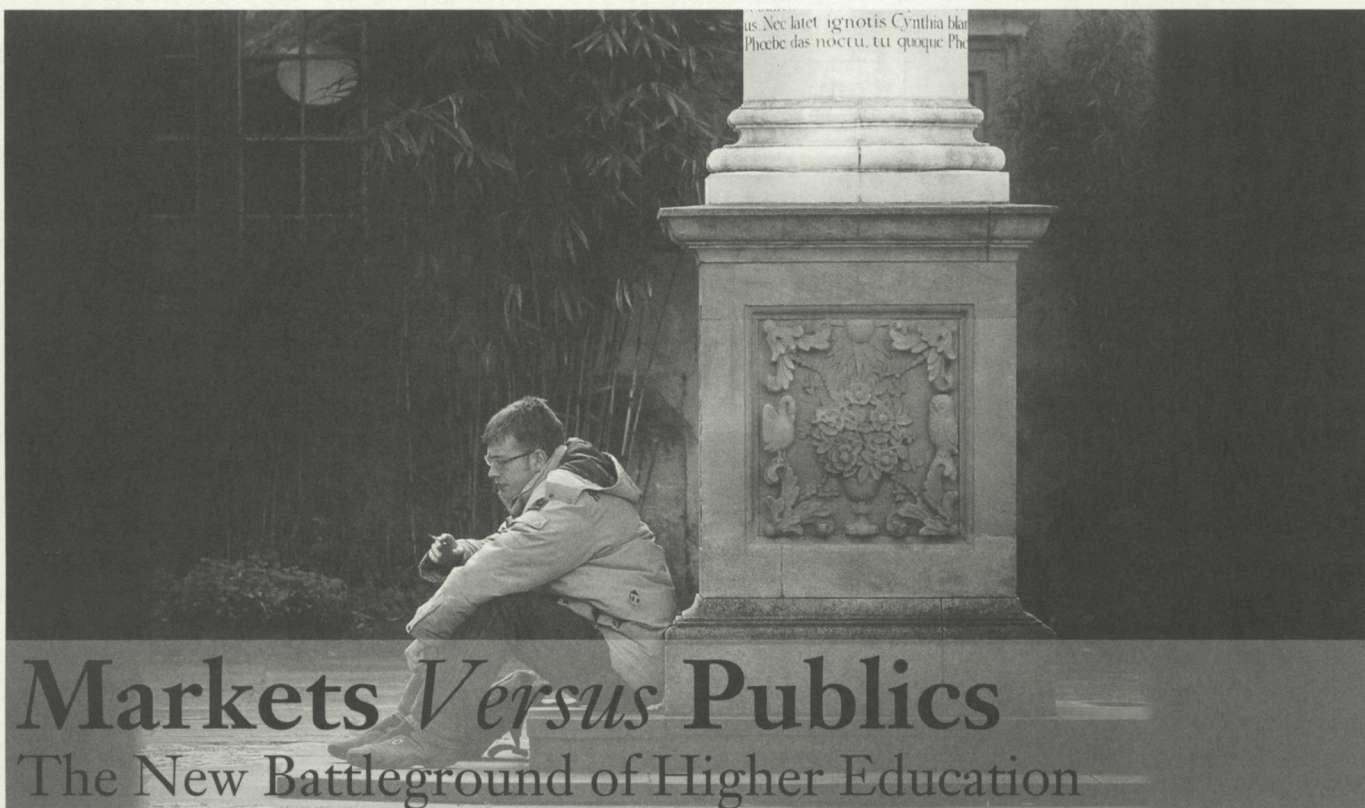
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**R**ecent policy changes initiated by the British Conservative-Liberal Democrat coalition government represent a paradigm shift in the organization of higher education. In 1963, the Robbins Report on the long-term development of higher education in Britain and the principles which should inform it inaugurated mass higher education and a public university system in the UK similar to that of the California Master Plan at about the same time. The architect of the latter, Clark Kerr, called the modern university a “multi-versity” for its multiple functions and roles. The announced changes to higher education in the UK derive from a radical, neo-liberal approach that now seeks to transform the multiversity into a market-based monoculture. As with all monocultures, the problem is not only the value of what is lost, but also the effective reproduction of what remains. The policies, I shall suggest, are self-defeating, but they are also deeply damaging to the university’s democratic mission.

The Robbins Report set out the principle that higher education should be available to all with the ability to benefit from it, and none should be dissuaded by reason of cost. The expansion of higher education had an economic rationale, but it was also promoted for its wider social and

political value in contributing to culture and an inclusive democracy. In addition, universities were provided with a social mission to facilitate social mobility and to help dissolve existing status differences. This was so in three respects: first, university education would no longer be the preserve of a social elite; second, publicly funded higher education would mitigate the effects of a mixed system of private and public secondary education that provided educational advantages to those prepared and able to pay; and finally, although status differences would remain associated with particular institutions, the same undergraduate degree course would be similarly funded at all universities, so those differences would be diminished in their social effects.

With the caveat that university education would be available only to those with the ability to benefit from it, higher education assumed the status of a social right. The universalization of the aspiration to higher education in subsequent decades has been a testament to the success of the Robbins principle. A recent survey of new mothers reported that 98 percent aspired that her child attend university. Of course, the opportunity to do so is restricted both by the number of places as well as social and educational disadvantages. However, the wider public’s endorsement of the role and importance of higher education is significant. The British

Social Attitudes Survey in 2005, for example, indicated that 70 percent felt that the value of a university education was greater than simply the prospective economic return associated with it.

The basic framework of UK higher education remained relatively unchanged across the decades since Robbins, albeit with a student contribution to fees introduced in 1998. However, this remained at a flat rate across all institutions and was accompanied by continued public funding. It is this expected contribution that has now changed in much of England. There will be no public funding for the arts, humanities, and social sciences, although high-cost science and medicine courses will retain a limited public subsidy. The existing student loan system is to be extended with income-contingent loans, where students will be required to repay their loans only after reaching an earnings threshold of 21,000 pounds, with remaining debts discharged after 30 years.

Universities will also be allowed to charge differential fees. Currently, these are capped at 9,000 pounds, but it is likely that, at some time in the future, the cap will be

tivities. The proposals, then, represent the thoroughgoing marketization of higher education, albeit state-directed, to secure a hierarchy of universities and qualitatively different education. Top-tier universities will increase their funding compared to the present situation, while other universities will experience a reduction, notwithstanding that all students will pay more than they do at present.

Some of these changes may not look very significant to an international audience. After all, the United States has a mixed system with private colleges (to which a new "elite" of English universities now aspires) charging high fees as well as public universities and for-profit providers charging lower fees. There has also been a slow atrophy of public funding. Nonetheless, the changes to English higher education represent not only a destabilizing market shock to an established and successful system, but also a radical experiment that is unprecedented in its scope and reach.

The data is stark. At a stroke, English students will pay, on average, the highest fees among all countries in the Organization for Economic Cooperation and Development

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removed, so that some universities will charge higher fees (in the order of the levels currently charged to overseas students). At the same time, the government has taken steps to lower fee levels at other universities to a target of 6,000 pounds. In this way, a new hierarchy in higher education is being created, with the new "elite," selective universities likely to draw a significantly higher proportion of students from socially advantaged backgrounds, thereby better resourcing privately funded secondary education. This is done despite research by the Sutton Trust, an independent think tank, that shows that the academic advantage of privately educated students over students from publicly funded schools disappears once they enter university where, currently, courses are similarly funded and where the latter achieve better results than their privately educated peers.

The removal of all public funding for the teaching of arts, humanities, and social sciences is designed to give for-profit providers access to the new student loan system. The intention is that they will provide less expensive degrees and apply competitive pressure on universities, de facto those that cater to students from less privileged backgrounds. London Metropolitan University, for example, has more black and ethnic minority students than the 20 "elite" Russell Group universities combined. To this end, the government has proposed to make changes to allow the university title to be used by for-profit providers with no obligation upon them for the wider functions of a university. It also wishes to enable existing universities to engage in for-profit ac-

(OECD). At the same time, public investment in higher education will be among the lowest and well below the OECD average. The first cohort of students will enter the new system in the next academic year. Already, applications from English students are down by 9.9 percent as students contemplate future indebtedness, with greater impact on those from poorer backgrounds, reversing a steady increase in applications from such students. These trends are compounded by two other factors. There was already evident unmet demand for student places, and the government further reduced the number of places available, in part because of worries about the future costs of the loan system. However, youth unemployment has risen significantly as a consequence of the recession, so unmet demand is considerably greater than in previous years. The overall proportion of the age cohort going to university rose to around 48 percent but is now falling, while EU reports recommend that a higher participation rate is necessary to maintain international competitiveness.

A crucial question remains: was public higher education in England performing badly enough to warrant wholesale reform? As Oxford Professor Howard Hotson has shown, writing in the *London Review of Books*, international rankings suggest otherwise, especially when accounting for per capita spending and population size. Nor does the currently greater marketization evident in the United States contribute to better performance through the injection of additional funds. A few US institutions – typically small, private ones

– dominate the international rankings, but, overall, the US system performs significantly worse than that of the UK. At the same time, when the size of the student population a university serves is considered, it is also public universities in the United States that are most effective. Supposed high quality Ivy League colleges primarily serve a social elite. Indeed, a 2009 report for the European Commission on the efficiency and effectiveness of public spending on higher education placed the UK university system at the top of its rankings for both teaching and research.

What, then, explains the paradigm shift in policy in the UK? The immediate occasion was a need to drastically reduce a budget deficit brought about by the bailout of the banking system following the 2008 financial crisis. Ironically, the marketization of public higher education is taking place in order to address the consequences of neo-liberal policies toward regulation in the financial sector. Seemingly, removing the public funding of undergraduate degree programs would cut higher education spending by 82 percent and make a saving of some 2.7 billion pounds, while universities would not lose income if it could be recouped from student fees.

However, it is evident that any saving is largely an accounting device, taking spending off the current account in the short-term and representing new student loan expenses as investment. The return on this investment is contingent on the future income of students. The government estimates it

will need to write off 30 percent of the total amount loaned, though many other commentators suggest that this estimate is too low. Therefore, once the system begins to mature, the cost to taxpayers will reappear on the current account and will be in excess of the immediate saving. For this reason, the government has decided not to discount the predicted loss as a “write-down” in the year a loan is made, but to wait until each year of loans closes after 30 years. In this way, a massive future cost to taxpayers is hidden, and the government claims financial prudence.

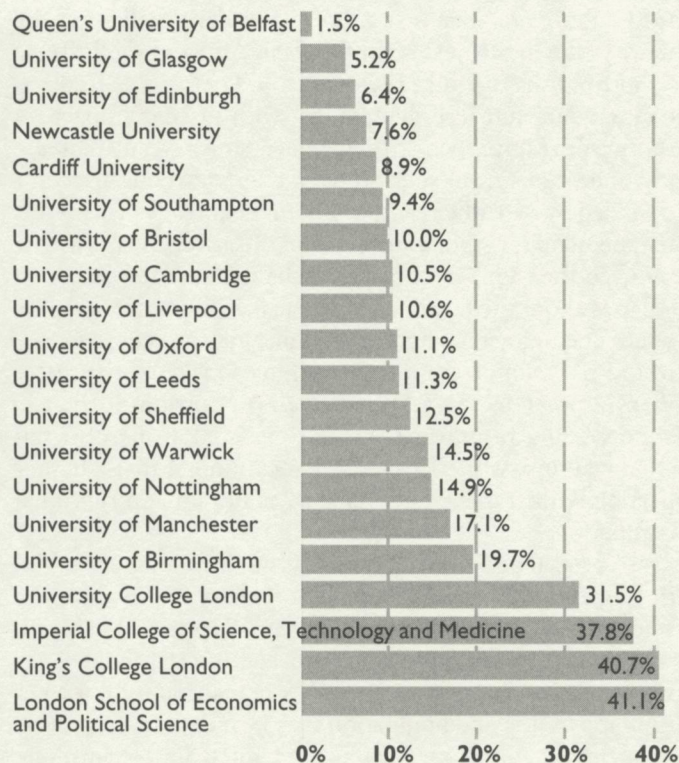
However, the government must find ways to reduce this looming future cost. The only possibilities for doing so within the logic of its position are to restrict the number of university students, to find ways of reducing the level of fees – and thereby resources going to universities – or to reduce the income threshold for loan repayments. The first measure is underway, with places restricted despite both unmet demand and the claim that what is being introduced is a market based on student choice. It is intended that for-profit providers will help to secure the second, alongside transferring a significant number of loan-supported places out of the university system to cheaper, further education colleges. This intervention will involve an attendant reduction in the quality of provision, exacerbated by the fact that for-profits assign a significantly greater proportion of their revenues to administration and marketing, not to mention share-holder and executive returns, than do public universities, though they must also take on greater marketing costs. The third of the possible solutions is now being openly advocated by think tanks like Demos, which argues that the threshold of 21,000 pounds is too generous and ought to be reduced in order to expand the number of places on an affordable basis, places having been reduced in the light of the high cost of the student support system.

The government has claimed that its policies are fair and that those who will be the beneficiaries of higher education should pay. However, even in terms of a narrow economic justification, this argument is weak. As the OECD reported in 2010, “public investments in education, particularly at the tertiary level, are rational even in the face of running a deficit in public finances. Issuing government bonds to finance these investments will yield significant returns and improve public finances in the longer term.” The UK government is reducing its investment in education and leveraging investment from private individuals, namely, future generations of students. The public good will now be privately subsidized, but not by corporate beneficiaries. Of course, significantly increasing the indebtedness of students – roughly half the age cohort – will have further negative consequences. Indeed, in the United States, indebtedness as a consequence of college fees has spiraled beyond sub-prime mortgage debt and credit card debt, which are argued to be depressants on economic growth.

One issue of fairness that has been part of the UK government’s justification of a stringent approach to deficit reduction has been the idea that a deficit is unfair to future generations. This is because present beneficiaries of the

## Race in the Russell Group

Proportion of students from ethnic minorities studying at Russell Group Universities, 2007-2008



..... Race for Opportunity; 2010.

spending that gave rise to the deficit leave the cost to future generations. Yet, this is precisely what government policies for higher education are designed to do as well. First, students are indebted through what may be called a “private bond” to provide universities with fee income. However, given the estimated default on full repayment, there is also a cost to them as future taxpayers, one that is designed to mature 30 years hence. Any “savings” accrue to present taxpayers, including those who were the beneficiaries of previously free public higher education.

The UK policies are based upon an intergenerational injustice, but they also attenuate the social mission of the university. Universities are enjoined to secure greater social mobility, but the changes are all designed to make social mobility more difficult. Indeed, most evidence suggests that the greatest obstacle to social mobility is widening inequality, itself an outcome of neo-liberal policies. With its social mission reduced to the single objective of facilitating economic growth in the knowledge economy, the university’s role is no longer the amelioration of inequality. Students are to think of education as a positional good.

The government called the white paper setting out its policies “Putting Students at the Heart of the System”. However, in truth, they have “put” the market at the heart of the system. What has raised considerable concern is the very figure of the student as a consumer whose choices should drive the direction of higher education. Both the white paper and the Browne Report on the financing of higher education that preceded it were striking for their absence of any discussion of the wider public values of higher education and the purposes of a university degree. To have included such discussion would have called into question the very premise on which the policies were based – namely, that because higher education had a private benefit, it should be privately funded. However, the marketization of higher education also represents its instrumentalization.

An important public benefit of universities is that they provide a space for argument and the deepening of public debate. At the same time, by developing in students the skills that they will use in future employment, they also provide an education for citizenship. Students are not simply consumers of education; they are developing critical understanding and locating themselves in a world of other people. In this way, universities have hitherto served a public function, in the sense articulated by John Dewey in the 1920s. According to Dewey, a public is brought into being by the ramified consequences of private actions; a public is defined by dialogue and debate. By contrast, the market is non-dialogical, organized

as it is by the aggregation of self-oriented choices. Publics, for Dewey, are the basis of properly democratic government. It is, then, no accident that mass higher education should be associated with democratization, or that mass higher education would be served primarily by public universities.

In this context, it is also significant that the current financial crisis has elicited a response in the form of the Occupy movement. A number of commentators have expressed puzzlement that it has made no concrete demands other than the demand for spaces of dialogue and debate. Yet, in this respect, it is the symbolic antithesis of the market. The neo-



**A demonstrator stands over students at the grounds of the Senate House at Cambridge University as they protest rising tuition charges in 2010. Despite such protests, the government has cut levels of funding for universities and raised caps on tuition.**

liberal drive to render all activities to the market is precisely what is at issue. The question of public funding is often put in terms of the state versus the market. Yet, more properly, the neo-liberal project seeks to reduce the scope of politics and we might better think of the opposition as being that of the market versus publics. It is the very nature of our democracy that is at stake in the future of the public university. On the one hand, the university is asked to serve the requirements of a knowledge economy and to be an engine of widening inequalities. On the other hand are the needs of the knowledge society and the claims of social justice.

We are frequently asked to support the idea of evidence-based policy, but advocates of the market brook no counter-evidence. The market is a fiction against which all other social claims are represented as deviations from what is “rational” and “necessary,” but this rationality is not inclusive. Rather, it serves a privileged minority.

As the late Tony Judt has argued, one of the great achievements of the twentieth century was democratically won social rights. In the face of what we stand to lose, it is urgently necessary “to remake the argument about the nature of the public good.” Higher education is the new battleground where that argument must be forged. ■