

## VIEWPOINT

### Some thoughts on higher education, Browne and Coalition policy

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Two little known publications by Richard Tawney (1922, 1924) set out principles that have guided education policy in the UK for over half a century. His message was that what good parents want for their children a good state should provide for all its children. Through all the vicissitudes of national education policy since the Second World War this principle has been dominant. Even though some have believed that good parents would want all their children to attend similar schools and others that schools should be tailored to individual child's interests and aptitudes the principle of the state as *in loco parentis* has not been seriously questioned.

After the Robbins Report (1963) advocated higher education expansion it was implicitly assumed that the principle could be extended to include the academic education of young adults, as it is explicitly in several European countries. In Germany, for example there have been legal battles over the extent to which the state is constitutionally obliged to provide free education up to first-degree level. When mass higher education arrived abruptly in the early 1990s the principle of state provision was not seriously questioned, though there were concerns in the Treasury that it was proving expensive. In 2010 the Browne Review of higher education funding (2010) and the subsequent expenditure decisions of the coalition have rejected this extension of the Tawney principle. In effect the 'Browne principle' says that after the age of 18, the provision of education for all is no longer primarily the responsibility of the state. People over that age are considered as adults in almost every other way and they should be able to take responsibility for their subsequent education. The state may have other reasons to support higher education, such as ensuring the supply of high-level skills, or promoting more equal opportunities to share the good things of life, but it is no longer accepted as a human right that state funded higher education should be available to everybody. The remainder of this note explores this proposition.

There are good reasons to doubt whether the macroeconomic policy of rapidly reducing the public sector deficit by severely cutting expenditure is necessary or wise, but at any point in time education policy must be seen as part of the overall macroeconomic framework. Looked at in these terms the Department for Education, whose responsibility is essentially the education of people under the age of 18, did quite well in the October Spending Review. It suffered a cut in expenditure in real terms by 2015 of 3.4% compared with a reduction of 8.3% for the public sector as a whole. Only the Department of Health fared better. Not so higher and further education, whose public funding now comes via the Department for Business and Industry. Here the government has explicitly rejected the Tawney principle:

In further and higher education, the Government believes that there must be a shift away from public spending towards greater contributions from those that benefit most and who can afford to pay, to

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maintain high quality provision while ensuring the sustainability of the public finances. (HM Treasury 2010, para 1.47)

In accordance with this new principle the intention is to reduce public expenditure on higher education in money terms by 40% over a four-year period, which probably means a 50% reduction in real terms.

Although there may be doubts about whether a Conservative led government would openly admit to endorsing a principle enunciated by Richard Tawney, even 90 years later, it has clearly accepted that, even in hard times, the state has a responsibility to protect the education of its children. Of course not every educationist would accept all the detailed ways in which it proposes to organise what it sees as the best education for all of the nation's children, but the overarching principle is still there. In contrast, for higher education the principle of state support for all has been explicitly rejected. Individuals taking their own market-oriented decisions is endorsed by Browne as the appropriate way to establish priorities in higher education.

... higher education is neither compulsory nor universal. Access to it is determined by aptitude – not everyone is qualified to enter higher education – and by choice – some people choose not to go even though they are qualified to do so. As a consequence it is reasonable to ask those who gain private benefits from higher education to help fund it rather than rely solely on public funds collected through taxation from people who may not have participated in higher education themselves. (Browne 2010, 21)

How radical is this ideological u-turn? There are reasons for believing it is in fact mainly an acknowledgment that change that was inevitable. A Labour government set up the Browne Enquiry and there is no reason to suppose its recommendations would have been different if it had reported to a new Labour government.

Second, there has always been some ambiguity about the role of the state in providing higher education in the UK. State provision has never been unequivocally recognised as a matter of principle in this country as it has been in most other European countries. British universities have always prized their financial as well as their academic autonomy. They have zealously protected their right to select their students and control what they teach. The creeping universalisation of the Tawney principle to mass higher education was accompanied by growing government interference in the way universities operate and in what and how they teach. The logic of the Browne principle is that state regulation should lessen.

Third, it has long been recognised by serious higher education researchers that the public subsidy of higher education has in practice been largely a transfer of resources towards people who are, and who will be, relatively wealthy. It was recognised in the Robbins Report (1963) nearly 50 years ago that, while at the level of participation in higher education at that time, (about 8%) it was appropriate for the state to meet most of the costs, the question needed to be revisited when participation expanded. There has for at least half a century serious political concern that despite massive expansion serious inequalities in social class participation remain. Much of the political rhetoric has laid the blame for this on the universities. OFFA was invented with this in mind. However, as Galindo-Rueda and Vignoles (2004, 2005) have shown, a large part of the differences in social class participation in higher education can be attributed to differential performance in secondary education. The most effective way of widening higher education participation is to reduce inequalities in nursery, primary and secondary education. Back to the original Tawney principle!

Third although there has been much rhetoric about the removal of teaching subsidy for Band 3 (non STEM) subjects while public subsidy of the latter is to be continued, little attention has been paid to the antecedents of this decision. One is that STEM subjects are intrinsically more expensive to teach. If they were not subsidised, either their fees would need to be very high, or some of the fees paid by non-STEM students would need to be used to cross-subsidise them. In

either case there can be little doubt that without continuing subsidy many STEM subjects would disappear from many universities. This is what a pure market solution would decree. The other is that the rise in UCAS applications over the period 1990 to 2010 has been entirely concentrated in arts humanities and non-science vocational subjects. The UCAS figures show that in STEM subjects between 1996 and 2009 the number of UCAS applications declined by 11%, while the number of applications for arts, humanities and social studies rose by 63%. One does not have to be a manpower planner to recognise that higher education in scientific subjects in this country needs support if they are to remain viable in market oriented higher education.

A different matter that needs be recognised is that the government, as well as its opponents, has wilfully misinterpreted what is being recommended for tuition fees. On the government side it is claimed that the changes are necessary to help reduce the public sector financial deficit. In accounting terms an extended student loan scheme will do this but in terms of the real economic effects there will be little difference from a graduate tax, which even student representatives have agreed would be an equitable way of funding higher education. In arguing against a graduate tax Browne opined that it would do nothing to reduce public expenditure in the short term. Though it will be recouped in later decades this does nothing to reduce the immediate deficit.

The proposed loan scheme also requires expenditure now. The university tuition fee is paid by the government and then recovered from graduates once their income reaches a certain threshold. Under the EU Resource Accounting and Budgeting rules this is not considered to be public sector borrowing if all the loan plus interest is expected to be repaid. The debt of graduates is a government asset, which can be offset against the cost of the fees paid immediately by the government and thus not appear to be a deficit. In economic logic the long-term loan and the graduate tax amount to almost the same thing, but because of accounting conventions one can be said to reduce immediate public expenditure while the other does not.

It should be said, however, that UUK has won at least a minor victory in helping to persuade the government to opt for the loan scheme rather than the graduate tax. At least universities can be sure of receiving the income from any fees they charge, whereas if it was subsumed in general taxation there would be no guarantee that the Treasury, which is dogmatically opposed to earmarked taxation, would make an equivalent sum available to universities in the future.

For similar reasons, those who are opposing the proposed repayable loan scheme are equally guilty of misunderstanding the reality of the proposal. No student will be required to pay any fee until after they have graduated. Only graduates whose income exceeds the median for all employees will be required to repay the government for the fees that have been paid on their behalf. It is, thus effectively a form of progressive tax surcharge on graduates, almost identical to a graduate tax. Indeed in the long term, because of the concessions to low graduate earners, and the various scholarships for lower income students that have been agreed to sweeten the pill the proposed loan scheme will be much more expensive in public funds than would a graduate tax.

There are, of course, other reasons for public subsidy of higher education besides the Tawney principle. There are issues of equity. It is unfair if some people are unable to obtain a higher education of their choice if they cannot pay for it. There are also issues of economic efficiency. But in all such cases the benefits that higher education brings need to be compared with other measures to promote social equity outside education, such as welfare benefits and SureStart programmes, or other measures to promote economic growth such as investment allowances.

Where it can be shown that higher education brings economic benefits that would not be forthcoming if it depended on private contributions then a case can be made for subsidy. But it needs to demonstrate that it provides benefits to society greater than could be obtained from using those resources in other ways outside of education. In a very large and diverse higher

education it is not sufficient to claim that something like the Tawney principle should apply to justify public funding for the whole of the sector.

## References

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