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# From social rights to the market: neoliberalism and the knowledge economy

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Public higher education has a long history, with its growth associated with mass higher education and the extension of a social right to education from secondary schooling to university education. Following the rise in student numbers since the 1970s, the aspiration to higher education has been universalized, although opportunities remain structured by social background. This paper looks at changing policies for higher education in the UK and the emergence of a neoliberal knowledge regime. This subordinates higher education to the market and shifts the burden of paying for degree courses onto students. It seeks to stratify institutions and extend the role of for-profit providers. From a role in the amelioration of social inequality, universities are now asked to participate actively in the widening inequalities associated with a neoliberal global market order.

## Introduction

The British Government's reforms to higher education in England, following the publication of the Browne Review Report in October 2010, represent the most radical transformation of higher education since the Robbins Review in 1963.<sup>1</sup> The latter established the basis for the expansion of higher education in the subsequent decades. It did so with an elaboration of principles of public higher education, including an affirmation of its plural purposes. In contrast, the Browne Review was conspicuous by the absence of any discussion of the wider values of higher education, reducing it instead to a matter of an individual's private investment in human capital, or of its benefits for economic growth. This narrow focus was shared by the new conservative-led coalition government's subsequent White Paper, *Students at the Heart of the System* (2011), and its supporting analyses, which were all concerned with economic issues and with the student as a 'consumer' of educational services.

The publication of the Browne Review coincided with the programme of fiscal austerity undertaken by the incoming Conservative–Liberal Democrat coalition Government. This sharpened the interest in shifting the cost of higher education from direct public funding to student fees, since it effected an 82% reduction in spending on the current account (see Holmwood, 2011a). However, the Browne Review was set up under a previous Labour Government to find a 'sustainable' way of financing higher education, and, therefore, it is appropriate to consider the reforms as not simply a response to fiscal austerity,

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but the consequence of a political consensus among politicians of all parties (the Liberal Democrats being the exception since they opposed student fees at the general election) on neoliberal 'solutions' to public policy 'dilemmas'. These have, perhaps, proceeded more slowly in higher education than in other areas of public policy (with the exception of health services), but they have been underway since the late 1980s.

Thus, changes in the funding and shaping of research have also taken place over the last decades, involving, among other developments, the introduction of the Research Assessment Exercise in 1986 (now the Research Excellence Framework) for the distribution of research funds (QR) directly to universities on the basis of an evaluation of the research contribution of their academic staff. This is one aspect of the 'dual-funding' model of research, alongside funding directly applied for through the Research Councils. In the most recent iteration, this evaluation is to include its economic, social and cultural impact on audiences outside academia. At the same time, Research Councils have also been required to introduce impact into their evaluation of research applications, which must set out 'pathways to impact' (RCUK, n.d.).

For some commentators, these arrangements are a continuation of measures set in train after the Jarratt Report (1985), which recommended that universities adopt an 'internal' market together with associated management structures of cost centres and centralized management decision-making (Finlayson, 2012), which was further developed in the Dearing Report (1997) and in measures such as the introduction of Full Economic Costing and TRAC in 2004 (Holmwood, 2011b).<sup>2</sup> However, I shall argue that although some of the features of the current system can be discerned in policies enacted by previous governments, the current reforms now being put into place represent a thorough-going transformation of the system of higher education in England and the marketization of its different functions.

These developments in teaching and research constitute, I suggest, a neoliberal knowledge regime organized towards higher education's contribution to a global, market-based knowledge economy. The latter is characterized by widening economic inequality, where universities contribute to, rather than ameliorate, widening inequality. At the same time, emphasis shifts from the quality of a *system* of higher education serving diverse needs, to the placing of individual institutions within a rank order of universities in a global market place for education. It is to the nature of these new arrangements and their radical divergence from those initiated after the Robbins reforms in 1963 that I shall now turn.

### **Public higher education as a social right**

I do not claim that a neoliberal knowledge regime has reached completion, nor that the situation in England is unique, although I shall argue that its development there has now gone furthest. To some extent, the new arrangements in England have a lot in common with developments in the USA that preceded them and from which some policies have been adopted. However, the fact that English higher education, since Robbins, has constituted a 'system' rather than a simple aggregate of different institutions and governance arrangements, each

adapting in a piecemeal fashion (as is characteristic of the USA)<sup>3</sup> means that British governments can effect radical *and systemic transformation* in a short space of time. In this way, English higher education has ‘leapfrogged’ the USA to become the leading edge of neoliberal reforms. One simple indicator is that, despite a current wider variation in the level of fees across US universities, students in England will, on average, now pay the highest fees of any OECD country, above the level typical of the USA (though there is no upper cap on fees there).

One of the difficulties in drawing a neat contrast between a new, neoliberal knowledge regime and what preceded it is that universities have a long history and are subject to different influences in different countries. In arguing that a distinctive feature of the development of higher education in the mid-twentieth century (earlier in some countries, later in others) was the emergence of mass higher education and the public university, I shall be linking it with a phase in the development of democratic inclusion associated with the expansion of social rights of citizenship (Marshall, 1950). This went furthest in Scandinavian countries, but nowhere has been immune to its influence, including the USA and especially with regard to education (see, Holmwood & Bhambra, 2012).

Frequently, the development of education systems has been associated with the importance of ensuring social mobility and the gradual extension of access to education from primary to secondary and university education and the replacement, or supplement, of elite, private systems of education with public education (Ball 2008; Simon & Rubinstein, 1969). Within this overall development, the role of universities has been significant since they were frequently strongly associated with the reproduction of elites and the expression of national culture, albeit in many cases, also in the context of colonial and imperial ambitions and the provision of the personnel for colonial rule (Anderson, 2010). From this perspective, the development of public higher education can be thought of as a process of the democratization of social and cultural reproduction and a shift from what, at the moment of its accelerated development, Turner (1960) called (elite) ‘sponsored’ mobility to (meritocratic) ‘contest’ mobility. The latter was most pronounced in the USA and laggard elsewhere (Britain, with its system of elite private schools exemplified the ideal type of ‘sponsored’ mobility), though most concrete systems had mixed elements, with the features of contest mobility coming to predominate and being reinforced to the extent that public higher education also became institutionalized.

In emphasizing the significance of social rights of citizenship for the development of public higher education, and the latter as the primary means of their realization through mass higher education, I do not mean to suggest that universities do not also manifest other historical traditions and, indeed, other functions. Kerr (1963), for example, called the modern university a ‘multiversity’ to capture these different functions and the different communities of interest they expressed.<sup>4</sup> Nor do I mean to imply that public universities are to be thought of as ‘state universities’ or that older universities, which were established as private foundations, have not also come to serve public functions. Indeed, at least part of the current debate in England is about the possibility of detaching older universities from that later development to create a new equivalent of the US ‘ivy league’.

While public funds have been very important in the growth of contemporary universities, they have always attracted other sources of funding, ranging from research under private contract to international student fees, more recently.<sup>5</sup> Indeed, the ‘research university’ was strongly associated with the emergence of the ‘civic’ university of the late nineteenth century, which, for many of them, but by no means exclusively so, was strongly oriented to local elites and the local economy. In many cases, civic universities also predated the extension of the suffrage to women (and also their admission to university education), as well as predating concerns about wider social participation, too.

The Robbins Report of 1963 was written in the wake of the 1944 Education Act for England and Wales, which was designed to extend opportunities for secondary education, albeit still within a selective model that Turner (1960) suggested bore all the hallmarks of a ‘sponsored’ system. Robbins described those changes as ‘momentous’ and posed the question of whether similar changes were now necessary for higher education (para 17). Selection in secondary schools, however, was also being transformed in the 1960s by the extension of the idea of non-selective, ‘comprehensive’ schools, which was also part of the background for changes to higher education. The Robbins Report addressed the ad hoc nature of higher education, distributed as it was across old elite institutions like Oxford and Cambridge, the Scottish universities (which Robbins regarded as having a more ‘Continental’ ethos), newer ‘civic’ universities and Colleges of Technology. It suggested that it was necessary to think of higher education as a *system*, in much the same way as had occurred with the 1944 Act. To do so would mean addressing disparities between institutions and the different experiences, aspirations and opportunities of potential students.

Much is now made of the low proportion of the age cohort entering the older universities, which stood at around 4% when the Report was written, as part of the contrast between the context in which the Report was written and present-day rates of participation. However, as Robbins observed, the participation rate rose to 15.1% when other colleges and part-time education were taken into account (1963, para 49). Notwithstanding, even with the higher figure, Robbins believed that there was an unmet demand for higher education alongside inequalities of access and in the modes of education available. For example, male students exceeded female students by a ratio of 3:1. An expansion of higher education was desirable, then, but so, too, was the need to transform the ad hoc arrangements into a system (paragraphs 18–20) under the axiom that ‘courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so’ (1963, para 30).

Robbins was clear that to argue for higher education as a system was not the same as arguing it could be reduced to a single principle or aim or that it should be centrally run. Rather, decisions ‘should be coherent and take account of the interests of all sectors of higher education, and that decentralised initiative—and we hope there will always be much of this—should be inspired by common principles’ (1963, para 20). The Report goes on to suggest that ‘there is no single aim which, if pursued to the exclusion of all others, would not leave out essential elements. Eclecticism in this sphere is not something to be despised: it is imposed by the circumstances of the case. To do justice to the complexity of things, it is necessary to acknowledge a plurality of aims’ (1963, para 23).

In this context, the Report identifies four aims, or public benefits, that warrant public higher education. These are the public benefit of a skilled and educated workforce (1963, para 25), the public benefit of higher education in producing cultivated men and women (1963, para 26), the public benefit of securing the advancement of learning through the combination of teaching and research within institutions (1963, para 27) and the public benefit of providing a common culture and standards of citizenship (1963, para 28).<sup>6</sup>

Robbins's articulation of the plural objectives for higher education do not directly map onto a concern with education as a social right and nor was Robbins the obvious person to Chair a committee making a recommendation that they should. After all, Robbins was a member of the Mont Pèlerin Society, founded by Hayek to promote classic liberalism and the free market (see, Mirrowski & Plehwe, 2009). However, he was by no means opposed to state intervention or bound to the doctrinaire neoliberalism of its founder and some of its other members.<sup>7</sup> The axiom that higher education should be available to all who are qualified by ability and attainment is a clear endorsement of a social democratic view of education, as, indeed, is the emphasis upon the public benefit of education as the cultivation of the mind and the role of higher education in facilitating cultural and democratic participation.<sup>8</sup> Taken together they entail the recognition that liberal economic, civil and political rights require an underpinning of social rights to ensure their realization for all citizens.<sup>9</sup>

This is not only extended to individuals and the varied interests they might have in higher education, it describes a public interest in higher education that goes beyond the role of citizens as taxpayers and potential funders of it. The Report states,

this ... is perhaps especially important in an age that has set for itself the ideal of equality of opportunity. It is not merely by providing places for students from all classes that this ideal will be achieved, but also by providing, in the atmosphere of the institutions in which the students live and work, influences that in some measure compensate for any inequalities of home background. These influences are not limited to the student population. Universities and colleges have an important role to play in the general cultural life of the communities in which they are situated. (1963, para 28)

Indeed, the fact that Robbins argued for the public funding of higher education as the culmination of a wider system that remained divided between publicly funded and private education was itself a compensation against the inequalities of home background (albeit a compensation that would continue to confront the inequality of access to higher education that such a divided secondary system would maintain). In this way, while the Report acknowledges status differences among institutions, and, therefore, the 'positional' aspects of higher education, the Report's recommendations were explicitly designed to mitigate their effects (see, especially, 1963, paras 34 and 37).

Robbins did not argue that the multiple functions of higher education require all institutions to be the same, but he was emphatic that they should be properly funded in the different balance of functions that constitute their

variance. And, it is important to recognize that it is precisely these different functions or principles that must be properly funded (not, for example, a concentration of funds upon particular institutions): ‘our contention is that, although the extent to which each principle is realised in the various types of institution will vary, yet, ideally, there is room for at least a speck of each in all. The system as a whole must be judged deficient unless it provides adequately for all of them’ (1963, para 29). As we shall see, it is this that is missing in the proposed neoliberal regime where investment in higher education is to be left to the market, whether in terms of the choices of students bringing with them a fee supported by a publicly funded loans system, or in research funded to have an ‘impact’ (Holmwood, 2011b), or in the ‘public–private’ activities that universities are enjoined to embrace by opening their activities to collaborations with for-profit companies or private equity investment funds from which share-holder value and dividends are to be drawn.

The only address of these wider social issues in either the Browne Review or the Government White Paper is the suggestion that there is an ‘injustice’ in the public funding of a private benefit, where this involves higher future returns to graduates through higher salaries. For Browne, this is an issue of distributive justice and is the reason for recommending income-contingent loans as its solution. The Robbins Report also addressed this issue (1963, para 642),<sup>10</sup> and Robbins (1980), himself, did later come to think that income-contingent loans might be appropriate as a way of generating a contribution from students who, on graduating, would benefit from higher earnings.

However, from the point of view of the Robbins Report, this could only be a *partial* solution and did itself face considerable difficulties in implementation, some of which have become evident in the recent report by HEPI (2012) that suggests that the calculations by the Government of graduate salaries and, thus, of the likely default on loans is flawed. Thus, objections are twofold: ‘In the first place, it is said that the connexion between higher education and individual earning power can be over-stressed. Not all forms of higher education produce a large earnings differential and, as higher education spreads, such differentials may tend to diminish’ (1963, para 644). The second is that, ‘it is a bad thing, it is argued, for young people to emerge from the process of education with a load of debt. It is an anxiety and an incentive to caution at a time when willingness to take risks is desirable. In such circumstances, it is said, the loan plan, in contrast to the present system, might tend to diminish the supply of talent coming forward and so lead to a social loss out-balancing any gain in apparent justice’ (1963, para 645).

The Robbins Report seems to have been guided by two considerations in arguing for a system of student grants, both relating to social considerations linked to the idea of social citizenship. First the report comments that, ‘as we have seen earlier, the social advantages of investment in higher education may vastly exceed the commercial return; and to apply to higher education in general criteria of capacity to repay that only apply, and that only partially, in certain parts of the field is to risk as much injustice as the grant system is liable to create’ (1963, para 644).<sup>11</sup> The second is that of an expectation that higher education contributes to a general adaptive upgrading of jobs through economic growth. It should be remembered in this context that the period from 1944 to the 1980s was also one in which there was a general narrowing in the range of

economic inequalities and that it was not until neoliberal policies were applied to labour markets and other areas of welfare provision that this trend was dramatically reversed from the 1980s onwards (OECD, 2011). The wider benefit provided by higher education suggests a public interest in it, and it would be an injustice of a different sort if this was to be met as a 'side effect' of private spending (as well, of course, as there being no guarantee that the benefit would be secured if there was no direct provision made for it).

### Higher education and the neoliberal knowledge regime

It is precisely the expansion of student numbers recommended by Robbins, which, according to the Browne Review, necessitated the current reforms, not least because of the cost of meeting a more recent government target of 50% of the age cohort participating in higher education. This concern first emerged in the earlier Dearing Review's (1997) recommendation that, alongside direct public funding of undergraduate degree programmes, there should also be a student contribution in the form of a fee (a contribution which had already risen to a basic level of £3250 by the time of the current reforms to the system).

It is not clear if the Browne Review would have recommended the continuation of Dearing's co-funding system (a parallel, perhaps, of the dual-funding system for research) had it not been for the election of a new coalition Government in 2010 and its determination to reduce the budget deficit brought about by bailing out the banking system after the financial crisis that began in 2008. Notwithstanding, senior figures within British universities lobbied strongly for the replacement of direct funding with fees in order that savings to the government budget were not transferred to universities, or at least, not to those perceived as elite, research-intensive universities (Smith, 2011).

The Browne Review recommended that direct funding of undergraduate programmes should end for the arts, humanities and social sciences (and should be reduced for other subjects), with student fees being the sole means of funding of subjects that did not meet the criterion of being strategically important. At the same time, it recommended the reduction in controls on places and the entry of for-profit and other new providers to generate competition.<sup>12</sup> Indeed, the ending of direct public funding of courses was necessary precisely to provide a level playing field to facilitate the entry of for-profit providers who did not qualify for such funding, but were to be allowed to recruit students who qualified for student loan support (as well as others who do not). These measures, it argued, would increase efficiency and teaching quality and, therefore benefit students, notwithstanding that it was also planned that the income for some universities would be reduced despite the student fee contribution being increased.

In fact, in contrast to other reports on higher education, no evidence was presented in support of any of the recommendations made by the Browne Review. Some research had been conducted on public attitudes to fees and loans, but was suppressed because of the discovery that the public was opposed to the substance of what the report would recommend (*Times Higher Education*, 2011). Indeed, similar findings could have been derived from the British Social Attitudes Survey, which had been asking questions on higher education for



some time prior to the Browne Review. Indeed, 70% of respondents thought going to universities conferred more advantages than simply being paid more, 75% thought that going to university left students with unaffordable debt, and 65% thought fees should be the same at all universities (McKay & Rowlingson, 2011).

Elsewhere (Holmwood, 2012), I have referred to the reorganization of higher education in the UK as an ‘experiment’. The absence of any consideration of evidence reflects the axiomatic status attributed to the assumptions of market rationality. A competitive market for higher education would, of necessity, provide superior outcomes. There was apparently no need either to address the perceived problems of for-profit higher education in the USA (including companies seeking to be active in England) that were increasingly a matter of comment and were to be subject to a damning Senate Report (Harkin, 2012).

In the proposed new fees regime recommended by the Browne Review, there was to be no upper cap, with the idea that competition would stretch the range of fees charged. Most universities, it was believed, would be pegged at a lower fee by the entry of for-profit providers and, therefore, would face reduced resources (approximately £6000 compared to the £7250 basic co-funding aggregate income per student of the preceding arrangements), with other universities able to rise above £9000 and stretching out to create a well-funded elite. The implication of this proposal was that this would create an English ‘ivy league’, where high student fees would also fund other activities (including research) that would enhance the status of the institution. This, in turn, would facilitate the charging of high fees in the future since higher education would increasingly function as a positional good (against the mitigation of positional effects sought by the Robbins Report). At the other end, universities forced to charge lower fees would face competition from other providers that did not seek to fulfil the wider functions of a university, and, thus, those universities would be forced to strip out those functions, too.

The stratified system of fees advocated by the Browne Report as a means of creating a market, alongside competition from for-profit providers would necessarily have the effect that those in the bottom tier would lose the distinctive functions of a university (as set out by Robbins).<sup>13</sup> Instead, they would be redirected towards providing education oriented towards the preparation for entry into middling-skilled jobs in the labour market, precisely those jobs which are unlikely to be associated with high earnings, or even rising earnings over the next decades, since it is by no means clear that a neoliberal knowledge economy will produce widely distributed benefits (Brown, Lauder, & Ashton, 2011). At the same time, greater investment in higher education is to be leveraged from higher student fees and is to be concentrated in upper tier institutions. In this way, the comparatively low level of investment in higher education in the UK is to be resolved by leveraging higher funding out of private, student investment.

In the event, the proposals came up against the reality of coalition politics. As those who are familiar with British politics will know, the coalition Government contained a minor partner, the Liberal Democrats, who had campaigned on a manifesto pledge to abolish tuition fees. They insisted on a fee cap and a, supposedly ‘progressive’, publicly funded loan system to underpin the fee system alongside a cap on fees at £9000. These modifications have had two effects. Most universities have gravitated towards the top of the £9000 fee ceiling, with the

further consequence that student numbers have been restricted in order to reduce the potential cost of the loan system.<sup>14</sup>

For some commentators, this means that the market in higher education recommended by the Browne Review has not been realized. However, this is misleading for two reasons. First, it is clear that the direction of travel is towards the lifting of the fee cap at the earliest opportunity—it is lobbied for strongly by those vice-chancellors who believe that their institutions will benefit—as well as some modification to the loan system to reduce its costs to enable a future freeing of controls on student numbers (HEPI, 2012). In the meantime, however, the latter provides what, from the Government's point of view, may be a beneficial period of 'creative destruction'. With controls on student numbers, competition has been turned into a zero-sum game (constituted by the so-called core and margin system) involving competition for students at the 'upper margin', as well as competition at the 'lower margin' with for-profit and other new providers, without those 'losing' students being able to replace them from the core.<sup>15</sup> Data from HEFCE suggest that (disregarding the unmet demand for places) an overall fall in student numbers of about 2% has given rise to falls of between 10 and 15% at a significant number of universities.<sup>16</sup> At the same time, there is also greater volatility in the distribution of numbers across subjects within universities.

This is also taking place in a context where the Government declared in its White Paper that it will not step in to guarantee the position of any university. Thus, the White Paper states, 'Providers that perform poorly under the new funding arrangements will primarily be those that fail to recruit enough students. Like its predecessors, the Government does not guarantee to underwrite universities and colleges. They are independent, and it is not Government's role to protect an unviable institution' (2011, para 6.9b).

In this way, the unintended consequences of coalition compromise are likely to accelerate the very competitive 'sorting' favoured by market ideologues, at the same time as they can claim that a market is not fully operative. The Think Tank, Policy Exchange, for example, disagrees with the White Paper only to the extent to which this is viewed as a change of policy, 'In the new system outlined by Lord Browne, universities will face a harsher competitive environment. In the past, the Government has simply kept struggling universities afloat. A much better solution is to make use of the capital and expertise in the private education sector, and encourage private providers to step in and take over the failing university, in whole or in part' (2010: Synopsis).

It is notable that no definition of 'failing' is provided, except those institutions whose failure is produced by the very reforms being introduced; reforms which create the opportunity for for-profit undertakings to take higher education into private ownership. In this way, a thinning of the ranks of subject representation within universities and of whole universities is the likely outcome and, indeed, consistent with Government policies for *concentration* (of resources) and *selectivity* (where universities need not offer a full or wide range of subjects, but should specialize in their areas of 'excellence'). Indeed, in November 2012, university title was conferred on the College of Law, which became a single subject university (at the same time, it also transferred its status from a charity to a for profit-provider owned by a private equity firm).

A similar focus on concentration and selectivity is also evident in the ‘impact’ agenda for research, which is applied to both sides of the dual-funding process, that is, to both the QR element that is distributed in terms of the evaluations of research outcomes conducted through the Research Excellence Framework (formerly, the RAE) and the distribution of funds through the Research Councils where research must demonstrate its ‘pathways to impact’. And, of course, the same elite universities that have lobbied for the new system of fees also lobby for a concentration of research funds among their number (Russell Group, 2012).

The impact agenda has an interesting and significant evolution that can be traced back to the 1970s and the enunciation of the ‘customer–contractor’ principle in the Rothschild Report. This sought to direct more research towards applied topics where the beneficiary should pay.<sup>17</sup> In other words, there was a wish that more research should be applied, but a concern that, by that token, public funds might be diverted towards private benefit. It is this concern that gave rise to the development of audit systems to fully cost the university facilities and staff time that entered into research projects in order to be able to charge them out. This has now entered a third phase. All research should have an impact and, thus, the distinction between pure and applied research is blurred.<sup>18</sup> More significantly, however, public funding is now justified *only in so far as there is a beneficiary*. In other words, public funding is directed towards private beneficiaries, but there is no longer an expectation that they should pay. Full economic cost is only paid by the public funders of research and not by those with whom it is co-produced.

What seems to be of most concern to the proponents of a neoliberal knowledge regime, including the vice-chancellors who are among its keenest advocates, is that some British universities should be able to compete within a global system of higher education. The national, public interest that the Robbins Report addressed is elided. The interests of individual universities, as expressed by their senior managements, become paramount and wider public interests become subordinated to a new coalition of politicians, policy-makers and leaders of ‘elite’ universities using position in an international rank order of research universities as the proxy measure of success. Since US universities dominate that system of rankings, it is argued that the funding of universities should emulate that which produces US success.

Yet, once the international rankings of universities are properly understood and account is taken of population size, the number of students that are catered for within the particular universities, etc. US universities lose their dominance within the rankings to be replaced by UK universities, and those from Hong Kong and the Netherlands (Hotson, 2011). At the same time, within the US, public universities, in general, outperform private, not-for-profit universities and do so to the benefit of a greater number of students from a wider range of social backgrounds.<sup>19</sup> Indeed, an EU-commissioned ‘Study on the efficiency and effectiveness of public spending on tertiary education’ (St Aubyn, Pina, Garcia, & Pais, 2009) found that the UK university *system* outperformed all other systems in terms of both teaching and research and did so on the basis of lower levels of public investment.

## Conclusion

Just as the US private health system has higher investment for worse outcomes than are found in comprehensive health systems (Commonwealth Fund, 2012; Pritchard & Wallace, 2011), so the same is true of higher education. In the same way, there can be no doubt that the US has some fine hospitals, just that they serve a narrow segment of the population. It is this distortion that is now being introduced into higher education. It is being done at the behest of those with an interest in deriving profit from education activities, with little evidence of any broader advantage, either in terms of efficiency or of quality.

But why would students accept this situation? The argument is that students should pay because of a graduate premium in incomes, but this premium is insecure. As Meister puts it, in his discussion of public education in California,

the core assumption of privatization-as-financialization is that rising income inequality increases the fear of falling behind and thus the willingness of middleclass students to borrow more. If this reasoning is correct, ... students should be indifferent to the choice between paying for the education premium up front (as equity) or taking on debt—higher tuition would simply move some students further up what financial economists call the ‘efficient frontier’ between being an investor and being a borrower. ... By following the logic of financialization, [universities] could theoretically raise revenues from enrolment growth for as long as [students] were more willing to incur debt than to pay higher taxes. (2011, p. 134)

As Meister shows for the US, there was a significant premium in the early 1990s for the top 20%, but that has not been the case since the late 1990s when all income growth has been in the top 1% (significantly a group in which university leaders are now found). The stagnation of ‘middle class’ incomes calls into question such a model. As Meister argues ‘a potentially greater income gap has appeared among recent college graduates, whose unemployment rate is now approaching the national average. Of those who are employed, 50% have jobs that do not require a college degree and that pay on average 40% less than jobs requiring a degree’ (2011, p. 130; see also, Brown et al., 2011).

At the same time as the system encourages spiralling tuition costs and reduced quality in teaching, it dramatically increases indebtedness. Fear of debt coupled with a perceived lowering of returns to a degree, encourages prospective students, especially those from lower income backgrounds, to enrol at lower cost for-profit providers, and, of course, this is the intention. The majority of universities become squeezed between for-profit providers and the elite universities. Students from low income backgrounds end up paying more for degrees, which will do little to advance their social mobility. Students at elite universities are willing to pay significantly higher fees once education becomes a ‘positional good’ that provides greater chances of getting one of a reduced number of graduate jobs. In fact, this is already evident in changes in public attitudes as indicated in the most recent British Social Attitudes survey (2011). Whereas, 42% of respondents with graduate level qualification now express a positive

attitude towards the raising of fees and 30% support a reduction in student numbers, the corresponding proportion of those without qualifications supporting fees is 11% while only 19% support a reduction in student numbers.

The emphasis on social mobility and increasing the recruitment of students from disadvantaged backgrounds is part of the rhetoric of the reforms, but this takes place in a situation where 27% of the UK's children live in poverty (Aldridge, Kenway, Macinnes, & Parekh, 2012). The strong emphasis is upon encouraging aspirations, rather than addressing disadvantage and inequality in the resourcing of education via the continuation of private fee-paying schooling. In this way, an internationally oriented social elite secures its own reproduction, while the social inequalities of the global, knowledge economy are reproduced in local settings, where the university system can no longer serve the amelioration of social inequalities. We are returned to a new system of 'sponsored' mobility.

### Notes

1. Although enacted by the British Government, higher education is a devolved responsibility of the separate Parliaments and the reforms have only been fully adopted for England.
2. TRAC is an audit of individual staff time measure over a series of weeks during an academic year, in order to assess time assigned to research, teaching and administration (<http://www.hefce.ac.uk/whatwedo/lgm/trac/governanceandqa/#tracdevgroup>). This enables the estimation of estate, IT and other costs to be attributed to these activities in order properly to charge for them. Whereas the implication is a concern to reduce a 'hidden' subsidy to private beneficiaries, these costs are primarily charged to public bodies like the Research Councils (and a block grant paid by the Government on behalf of certain charities for the research they fund). Indeed, the impact agenda implies that publicly-funded research should seek private beneficiaries, at the same time as RCUK seeks no return on patents derived from the research it funds, which are allowed to accrue income for individual researchers and their 'employers'.
3. The exception in the USA is California and its Master Plan for public higher education which was also first initiated in the 1960s and is now widely judged to be dismantled. See Meister (2011).
4. For a recent discussion of Clark Kerr's legacy see the special issue of *Social Science History* 36(4), 2012.
5. Brown and Casson (2012) argue that the introduction of higher overseas student fees in 1980 represented the first step in the marketisation of university education. Over the last decade the proportion of sector income deriving from overseas student fees has increased dramatically.
6. Similar aims are found in the Dearing Report (1997), but are absent in the Browne Review and subsequent White Paper. For the authors of the latter documents, advocating market mechanisms seemingly obviates any need to address the Robbins requirement that account should be taken of 'the interests of all sectors of higher education'.
7. For his part, that other doyen of neo-liberalism, Friedman (1955) recommended 'securitised loans' only for vocational education, while liberal education that created a 'neighbourhood effect' (i.e. was a positive benefit for wider education and citizenship) should remain publicly-funded.
8. The first axiom is referenced at the start of the Brown Report, but there is no analysis of the potential consequences of its recommendations for its realisation. And nowhere else in the report are the wider public benefits of higher education discussed since to do so would undermine the argument being made that the costs of degree programmes (except strategically significant, STEM subjects) should not be publicly supported and the entry of for-profit providers encouraged. Robbins's axiom is addressed entirely in terms of the system of student loan support. This remains the most unstable part of the new system with arguments that the threshold for repayments needs to be lowered, or that the loan default rate for different courses and institutions should be calculated in order to press down fees for those courses and institutions that do have graduates with high earnings.
9. Means-tested subsistence grants were recommended by the Anderson Committee (1960) and were adopted by the Robbins Report.

10. 'Higher education, it is argued, is an investment that, in many cases at least, carries with it the prospect of earnings substantially higher than the earnings of those who have not had it' (642), and this may justify a loans system, or graduate tax. The subsequent paragraph raises the issue of moral hazard and that an individual who pays for education through a loan is likely to have a greater sense of responsibility.
11. Of course, one paradox of the current proposals when compared to what has previously been argued by powerful neo-liberal voices like that of Friedman, is that the costs of education for high-earning fields like medicine, where future high earnings are likely to be stable, is to retain some direct public funding, despite it being an area that Friedman had specifically identified as appropriate for funding through securitised loans to individuals.
12. The 'logic' of the Browne Review's stress on competition suggests that it would have made this recommendation, not least because the direct funding of undergraduate places through the funding agencies would be a barrier to the competition it was endorsing since such grants would not be available to for-profit providers.
13. Of course, the Brown report anticipated an increase in student numbers, which would, to some degree, mitigate these effects. However, it remains the case that a reduction in the unit of resource per student was being recommended for what would have been a significant proportion of universities.
14. Of course, this puts the 'progressive' nature of the loan system as a potentially early victim, though probably not until after the next election in 2015.
15. Universities were provided with core student numbers based on the qualifications of students previously recruited. The number equivalent to those achieving qualifications at AAB (subsequently lowered to ABB) and above were removed from the allocation, to be competed for by all universities, in a zero-sum game, where an institution 'losing' or programme 'losing' students from the 'margin' could not compensate by recruiting from the 'core'.
16. See, HEFCE Higher Education Students Early Statistics Survey at <http://www.hefce.ac.uk/data/datacollection/heses-highereducationstudentsearlystatisticsurvey/>. Accessed, 25 July 2013.
17. The Rothschild Report states that '[it] is based on the principle that applied R and D, that is R and D with a practical application as its objective, must be done on a contractor–customer basis. The customer says what he wants, the contractor does it (if he can) and the customer pays. Basic, fundamental or pure research ... has no analogous customer–contractor basis' (1971, para 90).
18. For further discussion of full economic cost and the impact agenda, see Holmwood, March 2011, 'TRACKed and FECKed: How audits undermine the arts, humanities and social sciences'. [http://exquisitelife.researchresearch.com/exquisite\\_life/2011/03/tracked-and-fecked-how-audits-undermine-the-arts-humanities-and-social-sciences.html](http://exquisitelife.researchresearch.com/exquisite_life/2011/03/tracked-and-fecked-how-audits-undermine-the-arts-humanities-and-social-sciences.html). Accessed, 25 July 2013 and Holmwood (2011b).
19. See links at, <http://publicuniversity.org.uk/2011/10/06/evidence-based-policy-the-evidence-supports-public-higher-education-but-the-government-isn%e2%80%99t-listening/>. Accessed, 25 July 2013.

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