

SRHE CONFERENCE 2011

MARKETS RULE OK? THE 2011 WHITE PAPER IN CONTEXT

Roger Brown, Liverpool Hope University and Helen Carasso, University of Oxford

Abstract

The 2011 White Paper *Higher Education: Putting students at the heart of the system* (Department for Business, Innovation and Skills, 2011) sets out the Coalition Government's vision for English higher education. The plan is to transfer most of the costs of teaching to graduates in employment whilst increasing competition by encouraging new private providers to enter the market. The argument in this paper is that can be seen both as the continuation of an historical process of marketisation and as part of a wider reform of publicly provided services by the Coalition Government.

Markets and Non-markets

A genuine market in higher education would see autonomous universities and colleges competing for students and income on the basis of [information about] price, quality and availability (Brown, 2010). Barriers to entry would be low, with providers entering and leaving the market subject only to basic viability tests. Teaching would be funded through tuition fees which would approximate to the average cost of provision. The cost of the fees would be met entirely by the students, their families or their employers. Students would also meet their living expenses whilst studying. Where not privately financed, research would be subject to quasi-market (Le Grand and Bartlett, 1993) competition between institutions. Regulation would be minimal and directed to basic consumer protection. Such a system of coordination can be contrasted with "non-market" coordination (Wolf, 1993), where competition is muted, subsidies are common and suppliers dominate consumers.

The Marketisation of UK Higher Education

The provision of higher education in Britain does not yet approximate to a true market and it remains to be seen how far it can and will move in that direction. However the period since 1980 has seen a number of developments that have taken it much closer to what an economist would consider to be a "perfect" market. These include:

- The introduction of full-cost fees for overseas (non-EU) students in 1980;
- The introduction of research selectivity with the first Research Assessment Exercise in 1986;
- The increase in the value of the (still publicly financed) student tuition fee and the reduction in the block grant to institutions in 1989;
- The introduction in 1990 of state-backed loans to supplement and replace (between 1998 and 2006) maintenance grants;

- The abolition of the binary line in 1992 and the near doubling of the number of institutions with a university title (with a further tranche of universities in 2005-6);
- The development, also from 1992, of sector-wide performance indicators (and, from 1999, individual institutional statistical benchmarks);
- The introduction, in 1998, of “top-up” tuition fees and, in 2006, variable tuition fees (backed by state-subsidised income contingent loans);
- The development, from 2001, of a more market-oriented quality assurance regime with, from 2005, a national student satisfaction survey (NSS).

Moves to strengthen university governing bodies and weaken academic governance after 1985 can also be seen in this light.

The 2011 White Paper

The 2011 White Paper is explicit about the Coalition Government’s intention to make higher education in England more like a conventional market by increasing competition and empowering students as consumers, e.g.,

Institutions that can attract students, by showing them that they offer good quality and good value for money, should grow and prosper, and may well increase their overall income. Institutions that cannot attract students will have to change. (Department for Business, Innovation and Skills, 2011: paragraph 1.6).

Its main proposals are:

- The ending of the block institutional grant and its replacement, for all but a handful of subjects, by a full-cost fee regime for all students;
- The near tripling in the level of the permitted maximum fee;
- The modification of the rules for degree awarding powers and university title to enable a wider range of providers to offer degrees, including organisations with no academic staff or track record of providing degree level tuition;
- An enormous expansion in the volume and range of the information that universities and colleges will have to offer to students and prospective students. Dissatisfied students will also be able to trigger quality inspections;
- The redesignation of the principal government agency, the Higher Education Funding Council for England, as “consumer champion for students and promoter of a competitive system” (ibid., Executive Summary, paragraph 14).

The rationale for these changes is stated in the Executive Summary:

Our reforms tackle three challenges. First, by putting higher education on a sustainable footing. We inherited the largest budget deficit in post-war history,

requiring spending cuts across government. By shifting public spending away from teaching grants and towards repayable tuition loans, we have ensured that higher education receives the funding it needs even as substantial savings are made to public expenditure. Second, institutions must deliver a better student experience; improving teaching, assessment, feedback and preparation for the world of work. Third, they must take more responsibility for increasing social mobility. (ibid., paragraph 3).

The Wider Context

Seen in an historical perspective, the White Paper changes can be seen as a key step in the transition to market or quasi-market mechanisms of allocation, regulation and control in higher education. But they can also be seen as part of a wider programme for reforming the public services embarked upon, without any clear mandate, by the Coalition Government.

In an article that appeared in *The Political Quarterly* earlier this year, Peter Taylor-Gooby and Gerry Straker assessed the reforms that the new Coalition Government is introducing across a wide range of public services including not only education but also health, local government, social care and social housing. Their conclusion was that the Coalition programme is:

more than an immediate response to a large account deficit. It involves a restructuring of welfare benefits and public services that takes the country in a new direction, rolling back the state to a level of intervention below that in the US, something which is unprecedented. Britain will abandon the goal of attaining a European level of public provision. The policies include substantial privatisation and a shift of responsibility from the state to the individual (Taylor-Gooby and Straker, 2011: 10).

However, as Parliament moves from the Coalition's White Paper proposals towards legislation, the debate about higher education can be expected to focus not only on this political context, but also the impacts that its proposals will have on students, graduates, employers and the wider economy. This paper will review the extent to which the outcomes of that debate, as it moves towards primary legislation, are reinforcing the marketisation of England's higher education sector.

References

Brown, R. (Ed) (2010b) *Higher Education and the Market* New York and London: Routledge.

Department for Business, Innovation and Skills (2011) *Higher Education. Putting Students at the Heart of the System* Cmnd. 8122. London: Department for Business, Innovation and Skills.

Le Grand, J. and Bartlett, W. (1993) *Quasi-Markets and Social Policy* Basingstoke: Macmillan.

Taylor-Gooby, P. and Straker, G. (2011) "The Coalition Programme: A New Vision for Britain or Politics as Usual?". *The Political Quarterly* 82 (1).

Wolf, C. (1993) *Markets or Governments: Choosing between Imperfect Alternatives*
Cambridge, Ma.: MIT Press.