

Browne's Gamble

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- *Securing a Sustainable Future for Higher Education: An Independent Review of Higher Education Funding and Student Finance* by Lord Browne et al
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Much of the initial response to the Browne Report seems to have missed the point. Its proposals have been discussed almost entirely in terms of 'a rise in fees'. Analysis has largely concentrated on the amount graduates might pay and on which social groups may gain or lose by comparison with the present system. In other words, the discussion has focused narrowly on the potential financial implications for the individual student, and here it should be recognised that some of the details of Browne's proposed system of graduate contributions to the cost of fees are, if his premises are granted, an improvement on the present patchwork arrangements.

But the report proposes a far, far more fundamental change to the way universities are financed than is suggested by this concentration on income thresholds and repayment rates. Essentially, Browne is contending that we should no longer think of higher education as the provision of a public good, articulated through educational judgment and largely financed by public funds (in recent years supplemented by a relatively small fee element). Instead, we should think of it as a lightly regulated market in which consumer demand, in the form of student choice, is sovereign in determining what is offered by service providers (i.e. universities). The single most radical recommendation in the report, by quite a long way, is the almost complete withdrawal of the present annual block grant that government makes to universities to underwrite their teaching, currently around £3.9 billion. This is more than simply a 'cut', even a draconian one: it signals a redefinition of higher education and the retreat of the state from financial responsibility for it. Instead, Browne wants to see universities attracting customers in a competitive marketplace: there will be a certain amount of public subsidy of these consumers' purchasing power, especially for those who do not go on to a reasonably well-paid job, but the mechanism which would henceforth largely determine what and how universities teach, and indeed in some cases whether they exist at all, will be consumer choice. There are, naturally, some well-meant nods towards 'quality assurance' and 'safeguarding the public interest', and the report has a few good ideas for mitigating some of the harshest financial effects of its scheme on individual students from less advantaged backgrounds. But what is of greatest significance here is not the detail of the financial arrangements but the character of the reasoning by which they are justified. Britain's universities, it is proposed, should henceforth operate in accordance with the tenets of perfect competition theory.

Nobody should pretend that all is well with British universities in their present condition. For one thing, expansion of numbers on the cheap has dramatically diluted the level of attention to individual students that most universities can provide: nearly all parents with children at university hear disturbing reports of overcrowded 'seminars' and minimal contact hours or attention to written work. In addition, there can be no doubt that the Research Assessment Exercises have, on top of their other obvious failings, fostered a culture within universities that rewards research disproportionately more than it does teaching. The devoted university teachers of a generation or more ago who were widely read and kept up with recent scholarship, but who were not themselves prolific publishers, have in many cases been hounded into early retirement, to be replaced (if replaced at all) by younger colleagues who see research publications as the route to promotion and esteem, and who try to limit their commitment to undergraduate teaching as far as they can. And then there are the problems that result from trying to pretend that we have a uniform 'university system', when in fact there is a great diversity of types of institution and levels of quality. In the past two or three decades there has been a huge educational enfranchisement of sections of the population that had

hitherto been shut out from the benefits of post-school education, and that has been a great democratic good which present financial or other difficulties should not lead us to discount. But this does not mean that all these people are, or should be, going straight from school to study traditional, intensively taught undergraduate degrees in the liberal arts and sciences as full-time students at residential universities. There is a wholly legitimate place in a diversified higher education system for all kinds of part-time, work-related, vocationally oriented, career-break courses, but the social value of the institutions that primarily provide such courses should be recognised and properly rewarded without forcing them to try to ape 'traditional' universities when the odds – in terms of resources, reputation and so on – are so stacked against them. To understand the real significance of Browne's proposals, we need briefly to recall the evolution of the present system over the past half-century. In the 1960s and 1970s, the bulk of British universities' income came in the form of a block grant from government, administered to them on the 'arm's length' principle by a body, largely made up of senior academics, called the University Grants Committee. In the 1980s, this system underwent substantial modification, with, for example, the 'research' element being distributed differentially in accordance with the results of successive Research Assessment Exercises, while the element covering teaching was paid on a roughly per capita basis, with higher multiples for expensive subjects such as medicine. In the late 1980s, the UGC was replaced by what has become the Higher Education Funding Council, whose membership includes business people and administrators and whose role has been to give more direct effect to successive government policies by tying funding to the implementation of so-called reforms. In the course of the 1980s and 1990s, Conservative governments deliberately reduced the level of funding while increasing student numbers: in the years between 1989 and 1997 alone, as the Browne Report itself acknowledges, 'universities experienced a drop in funding per student of 36 per cent.' The decision in 1992 to allow all polytechnics to become universities almost doubled the number of universities – and therefore of university students – overnight, all now to be funded under the single system. Between 1981 and 1997 considerable damage was done to universities, not least to the quality of their teaching, by this deliberate combination of headlong expansion and progressive lowering of funding levels.

In the mid-1990s a committee was established, chaired by Lord Dearing, an experienced education policy-fixer, to come up with ways of halting this downward spiral. Its 1997 report was taken to signal the end of 'universal free higher education tuition', since it recommended that graduates make a direct financial contribution to the costs of their courses. Dearing suggested that this should be done through a system of deferred repayments of an initial loan, calibrated according to income after university. But David Blunkett, the relevant minister at the time, decided that it should be imposed as an upfront charge, initially of £1000 per year. He also, in an equally ill-considered move, reduced maintenance grants. Most students felt worse off; most universities felt very little better off. It was clear from the outset that 'Blunkett's botch' could only be, at best, a temporary repair.

The Higher Education Act of 2004, the occasion of bitter political conflict and the narrowest of victories in Parliament by the government, replaced this fudge with a system of variable fees whose level was to be set by individual universities, up to a maximum of £3000, indexed to inflation. The act also scrapped upfront payment, and instituted the present system of deferred repayment (not starting till the graduate's income exceeds £15,000), together with a confusing mixture of bursaries, grants and other loans. The stated aim of allowing universities to set their own fees was to encourage institutions to 'compete on price'. As it turned out, only one institution charged below the maximum: it thereby missed out on quite a bit of money, and soon all universities charged the same maximum fee. This has brought universities some welcome extra income and allowed them to begin to address some of the problems caused by long-term underfunding, but it is still the case that the costs of teaching are principally met from the block grant.

When considering Browne's proposals, it is important to realise four things about the present system. First, the existence of the block grant allows universities both a degree of flexibility about its use (for example, in cross-subsidising less popular subjects) and a degree of stability in their forward planning (at least between successive funding settlements). Second, it is still up to individual universities to make decisions about the range of subjects they offer, the best forms of teaching them and so on; the government does not prescribe these, and applicants simply choose from among those the universities provide. Third, the government has a direct financial interest in regulating total student numbers since its expenditure is per capita, both in terms of the block grant and the underwriting of the costs of the loan and bursary systems. And fourth, fees are not determined by the actual cost of the student's education, since these vary between courses and between universities; the current fee is better understood as a kind of graduate poll tax, softened by a mildly

progressive deferred payment arrangement. What we have at present, therefore, represents an intricate kind of compact between the state, the universities, the students and the taxpayer.

Browne proposes to scrap most of this. In its place, he wants to see a system in which the universities are providers of services, students are the (rational) consumers of those services, and the state plays the role of the regulator. His premise is that 'students are best placed to make the judgment about what they want to get from participating in higher education.' His frequently repeated mantra is 'student choice will drive up quality,' and the measure of quality is 'student satisfaction'. At the moment, he laments, 'students do not have the opportunity to choose between institutions on the basis of price and value for money.' Under his scheme, such value will be primarily judged by students in terms of 'the employment returns from their courses'. Courses that lead to higher earnings will be able to charge higher fees. The same assumption governs repayment rates: 'Graduates will be required to make a greater contribution to the costs of higher education varying widely according to how much benefit they have received from studying,' where the amount of benefit is indicated by the size of their subsequent salary. Overall, 'increasing competition for students will mean that institutions will have stronger incentives to focus on improving teaching quality. If they are not able to attract enough students, their funding will decrease,' and they will eventually be eliminated. Perfect competition theory rules.

Naturally, the report presents all this as being for the greater good of universities: 'We have made the case that investment in higher education should increase; the decision on whether this case is convincing will rest with students.' This is culpably misleading. The report proposes a huge, almost unimaginable, *de facto* cut in investment in higher education. It then says that it hopes to see this enormous shortfall made good by the fees students will be willing to pay to those institutions that convince them they are worth it (principally by enabling them to earn a higher salary). It is in reality a disguised voucher scheme. Students will be able to borrow the cost of the fees, on somewhat subsidised terms, and they are then expected to go and spend them on the 'service provider' of their choice. The report proposes that what universities teach will henceforth be determined by their anticipation of consumer demand.

And even in its own wildly optimistic terms, this report proposes a hefty cut in funding. In suggesting that the standard fee should initially be set at £6000 (which particular institutions might choose to exceed, though there will be various disincentives, including a 'levy' which would claw some of it back), Browne acknowledges that this would not fully replace the value of the block grant even for the most successful institutions. But this is shrugged off with that kind of *je m'en foutisme* about real consequences that it is so much easier to cultivate in the boardroom than on the shopfloor: 'The purpose of starting the levy at a lower point is to instil a focus on efficiency throughout the system.' Lots of courses may have to be closed and lots of people sacked, but that must mean, by definition, that they weren't offering a product the consumer wanted, so good riddance.

Much discussion has been focused on the fact that the stronger universities would be likely to charge fees well above the standard level, and that this would introduce a 'two-tier' (or, in reality, a multi-tier) system. But the fact is that we have a multi-tier system already, with both the better qualified applicants and the bulk of research funding being attracted to the universities that (are thought to) have the best reputations. The most likely effect of Browne's proposals here would be to exacerbate the financial disparity between types of university and, above all, to bring about a much closer correlation between the reputational hierarchy of institutions and the social class of their student body. The report includes various 'access' regulations intended to mitigate the more extreme effects of this reallocation of students by family wealth, but differential fees are, of course, absolutely central to its conception of the way the market mechanism will operate, and it is a necessary truth about markets that they tend to replicate and even intensify the existing distribution of economic power. 'Free competition' between rich and poor consumers means Harrods for the former and Aldi for the latter: that's what the punters have 'chosen'.

The character, but perhaps also the confusions, of this model come more clearly into focus if we return to the statement I quoted earlier which says: 'Students are best placed to make the judgment about what they want to get from participating in higher education.' Looked at more closely, this statement reveals itself to be a vacuous tautology because of its reliance on the phrase 'want to get'. By definition, individuals are privileged reporters on what they think they want. The sentence could only do the work the report requires of it if it said something more like: 'Students are best placed to make the judgment about what they should get from participating in higher education.' But this proposition is obviously false. Children may be best placed to judge what they *want* to get from the sweetshop, but they are not best placed to judge what they

should get from their schooling. University students are, of course, no longer children, but nor are they simply rational consumers in a perfect market.

It is fascinating, and very revealing, to see how Browne's unreal confidence in the rationality of subjective consumer choice is matched by his lack of belief in reasoned argument and judgment. The sentence that immediately follows the vacuous one about students' 'wants' reads: 'We have looked carefully at the scope to distribute funding by some objective metric of quality; but there is no robust way to do this and we doubt whether the choices of a central funding body should be put before those of students.' It is, first of all, striking that the only alternative envisaged to the random play of subjective consumer choice is an 'objective metric of quality', i.e. some purely quantitative indicator. And second, it is no less striking that instead of allowing that an informed judgment might be based on reasons, arguments and evidence, there are simply the 'choices' made by two groups, treated as though they are just two equivalent expressions of subjective preference. We can have the money for a national system of higher education distributed either in accordance with the tastes of 18-year-olds or in accordance with the tastes of a group of older people in London: there's no other way to do it.

Similarly, Browne appears to believe that the only relevant measure of teaching quality is 'student satisfaction'. That is how the system will work: if they are satisfied, they'll pay, and if not, not; and the pressure they exert thereby will 'drive up quality'. But this, other problems aside, comes perilously close to reducing important human experiences to a set of 'preferences' as reported on a tick-box questionnaire. I would hope the students I teach come away with certain kinds of dissatisfaction (including with themselves: a 'satisfied' student is nigh-on ineducable), and it matters more that they carry on wondering about the source of that dissatisfaction than whether they 'liked' the course or not. This is another respect in which the 'consumer' model is simply misleading, an error encouraged by the prevalence in current ed speak of the category of 'the student experience' (many universities now have a senior figure entitled Pro-Vice-Chancellor, Student Experience). It may be that the most appropriate way to decide whether the atmosphere in the student bar is right is by what students say when asked in a questionnaire whether they 'like' it or not. But this is obviously not the best way to decide whether a philosophy degree should have a compulsory course on Kant. The philosophy department might hope that, some time after graduation, most of its former students would come to see the wisdom of this requirement, but 'student satisfaction' is not what is at issue here. That this recognition is retrospective tells us something important about education: individuals often need to be told by someone who knows that a particular line of study is *worth* pursuing whether at the time they *want* to or not.

The Browne Report, in keeping with the ethos of market populism, shies away from anything that might seem to involve a judgment that one activity is more worthwhile than another: all you can go by are consumer preferences, what people say they think they want. But at certain moments the report is forced to fall back on other criteria which then reveal the hollowness of the central premise. For example, when the report suggests that there would be some residual functions for a rejigged Higher Education Council, to do with regulation and 'access', it also allows that there might be a 'public interest' in making sure there were enough courses in, say, medicine, and then goes on: 'The costs of these courses are high and, if students were asked to meet all of the costs, there is a risk that they would choose to study cheaper courses instead.' Or again, when proposing a limited amount of 'targeted investment by the public in certain courses' (essentially in science and technology), it concedes that this would be necessary since 'students may not choose these courses because the private returns are not as high as other courses, the costs are higher and there are cheaper courses on offer, or simply because these courses are perceived as more difficult.' Wait a minute! Browne's guiding assumption – the nag on which the nation's higher education inheritance is to be gambled – is that the system will be governed by student choice. If they can see that it is worth their while to study, say, medicine, even if its costs are higher, they will choose to do so and courses in medicine will therefore be provided; and if the students think these courses do not represent 'value for money', they will shun them, in which case either the cost of such courses will fall or they will simply die out. But now Browne is admitting market failure: applicants might make 'irrational' decisions. And what's more, where are these judgments about what is 'needed' coming from? We've just been told that the 'choices' of central bodies should give way before the 'choices' of students, but now that only seems to be true in some cases. It is, incidentally, one of the several dispiriting features of this report that even when it shows an inconsistent twitch of non-market reflexes and recognises that there may be a public interest in making sure that certain subjects are offered and studied, it in effect confines these subjects to science and technology (with a token nod to the possible economic usefulness of some foreign languages). The only social value the report seems able to think of is economic: these subjects contribute directly to the economy, it is

alleged, and so we must have them. The Comprehensive Spending Review has reinforced this emphasis on science and technology by maintaining the science budget (which supports research, not teaching) at its present level. Browne implies that other subjects, especially the arts and humanities, are just optional extras. If students are willing to cash in their voucher to study them – perhaps because, for some unexamined reason, they are thought to lead to higher-paid jobs – so be it; but if they're not, then there's no public interest in having them. Despite the occasional (very occasional) mention of, say, 'culture', the logic of the report's proposals gives such values no independent standing. Overwhelmingly, the general statements announce, with startling confidence, the real point of higher education: 'Higher education matters because it drives innovation and economic transformation. Higher education helps to produce economic growth, which in turn contributes to national prosperity.' And just when you might think there was going to be a glimpse of something broader, your knuckles are smartly rapped: 'Higher education matters because it transforms the lives of individuals. On graduating, graduates are more likely to be employed, more likely to enjoy higher wages and better job satisfaction, and more likely to find it easier to move from one job to the next.' This report displays no real interest in universities as places of education; they are conceived of simply as engines of economic prosperity and as agencies for equipping future employees to earn higher salaries.

But although this is what higher education is said to be for, Browne complains that it does not at present fulfil its function very well; it does not 'meet business needs'. For example: 'The CBI found that 48 per cent of employers were dissatisfied with the business awareness of the graduates they hired.' Oh dear! Can it be that some universities may not have a compulsory 'business awareness day' each week? Don't worry, Browne will fix that. Only courses that lead to high-paid jobs will survive, so universities will make sure they provide the graduates that high-paying employers want. And anyway, many students will have developed more business awareness through the experience of seeing how failing businesses are driven to respond to falling market share.

The truth is, of course, that universities are not businesses and they do not operate in a market (which is not to say that they do not need to be financially well run and to make good use of their, at present largely public, resources). All comparisons and analogies are potentially misleading, but it would be less inaccurate to say that, historically, British universities have been national cultural institutions that more closely resembled, say, the British Museum or the BBC rather than, say, Bhs or BP. This does, of course, leave them vulnerable to the winds of political fashion, not just in terms of fluctuations in funding but also in such matters as the recent mania for constant assessment. As a result, some people see the idea of the better regarded and better off British universities 'going private' as appealing, a form of liberation from the heavy hand of the state, and some, overtly or secretly, hope that the adoption of Browne's proposals will hasten this outcome. But while it may be true that the present system embodies an unnecessary pretence that all institutions called universities perform the same set of functions, it is no good deluding ourselves that simply leaving 18-year-old applicants to cash in their vouchers at a university of their choice will lead to a more intelligently conceived provision of diverse, high-quality institutions. It may just lead to a few private jets and a lot of Ryanairs.

The scale of the report's dismantling of the public character of higher education is breathtaking, and yet, from another point of view, scarcely surprising. Though described as 'an independent review', it was never likely to issue in a set of recommendations so out of tune with current government thinking that they would simply be ignored. The coalition is at the moment using the whipped-up frenzy about the deficit in the public finances as a cover for a recognisably ideological assault on all forms of public provision. There was little chance that this report would make proposals that were not congruent with the form given to this assault by the Comprehensive Spending Review. It has, as expected, proposed a huge reduction, amounting to de facto abolition, of the block grant for teaching (full details are awaited). Some representatives of British universities, appalled and terrified by the consequences of the massive cuts proposed in the spending review, appear to be pinning their hopes on Browne as the only way of getting any money into higher education. These are certainly desperate times, but perhaps the case for the proper public funding of universities should not be surrendered quite so readily. What has to be recognised is that the Browne Report is not some alternative, still less antidote, to the spending review: they go together as the two faces of a calculated attempt to reshape higher education in this country by subjecting it to 'the discipline of the market'.

Browne presents his proposals as a package, with a single sustaining logic, and it is noticeable that in interviews he has been insistent that no one should try to unpick the package. But Vince Cable, David

Willetts and their colleagues may be well advised to adopt his proposals on a strictly selective basis. Fees will clearly rise, in which case features of the report's scheme for repayment are preferable to the present system: better-paid graduates would pay proportionately more, lower-paid graduates proportionately less. For maintenance costs, its combination of a uniform loan and a more generous means-tested grant would also benefit the students who need it most. The report is clearly right that part-time students must be eligible for funding for their tuition on the same basis, pro rata, as full-time students; the lack of such provision was a major flaw of the 2004 legislation. In these respects, several of the details of Browne's scheme are quite progressive.

But these are, precisely, details. It is difficult to estimate – though some reports suggest it may be difficult to exaggerate – the damage that may be done to British universities in the short term by the abolition of the block grant and the wild hope that its functions will be taken over by some kind of market mechanism run by university applicants. At present, the block grant is the tangible expression of the public interest in the provision of good quality education across the system, and the means for universities to make informed intellectual choices about the subjects they teach. But before Liberal Democrat MPs sell their souls in the division lobbies, they need to consider the longer-term consequences for British education and culture more generally of implementing the kind of reasoning on which this report is based. What is at stake here is not primarily the question of whether this or that group of graduates will pay a little more or a little less towards the costs of their education, even though that may seem (particularly to those in marginal seats) to be the most potent element electorally. What is at stake is whether universities in the future are to be thought of as having a public cultural role partly sustained by public support, or whether we move further towards redefining them in terms of a purely economic calculation of value and a wholly individualist conception of 'consumer satisfaction'.