

Britain's bosses call for university tuition hike

Joseph Mount
13 October 2009

The Confederation of British Industry (CBI) has released a report demanding that the government raise university tuition fees from £3,225 to at least £5,000 a year. It insists they charge students interest on their loans and make staff redundant to make good the £180 million cuts imposed by the Labour government on the universities.

Its report makes clear how the business elite is seeking to use the international recession to force through attacks on the financial position of working families and young people. Education is regarded as a burden on profits that they are no longer willing to bear.

Higher education confronted a four percent budget shortfall at the end of last year, with a deficit of £400 million. More than 6,000 staff face redundancy as over 100 institutions prepare to slash costs.

Britain spends 0.9 percent of GDP on universities, significantly less than most developed nations.

Universities have squeezed funding out of students with increased tuition fees. Overseas students, who pay much higher tuition fees, increased in number by 48 percent between 2000 and 2006.

The report was drawn up by the CBI's Higher Education Task Force. It was established last September and is headed by Sam Laidlaw, CEO of energy multinational Centrica, which owns British Gas. The 19-member panel includes bosses from Microsoft, McDonald's and Rio Tinto, along with vice-chancellors from Coventry, King's College London and Bath Universities.

The CBI announced its demands in anticipation of a government review of higher education funding ordered by Business Secretary Lord Mandelson, set to take place in the coming months. This follows a government report released in January calling for the £3,225 cap on

tuition fees to be scrapped.

Up to now, the main political parties have remained quiet about raising tuition fees, but all are expected to back increases after the election next year. This includes the Liberal Democrats, whose leader Nick Clegg recently ditched the party's promise to abolish fees.

The report cites a study produced by Universities UK, comprising university vice-chancellors, stating that tuition fees must rise to between £5,000 and £7,000 from the current level of £3,225 per year. Most university bosses believe that fees of £6,000 to £10,000 per year would not deter young people from going to university.

The CBI has urged the government to charge interest on student loans at commercial rates, ending subsidies. This will cost students around £608 per year.

The report calls for eligibility to be cut back. Currently, a maximum maintenance grant of £2,906 is given to students with an annual household income of less than £25,000, with smaller grants for the better off. The CBI wants full grants only for students from households earning below £18,360.

It also called for the universities to make "efficiency savings", a euphemism for sackings as staff costs make up 65 percent of expenses.

Presently 45 universities are carrying out layoffs. London Metropolitan University will sack up to 500 staff by next summer. Sheffield University plans to cut 340 jobs. Academics at Queen's University Belfast face 330 redundancies.

The CBI wants the universities to merge and rationalise departments to save money. It also recommends that Labour drop its "flagship" pledge for half of all young people to graduate university.

In 2007, the graduation rate was 38.7 percent, lower

than the OECD average. If overseas students are ignored, the figure is only 33.6 percent. Due to the contracting job market, 613,000 people applied for a degree course this year—60,000 more than in 2008. The government made only 13,000 extra places available, denying over 50,000 applicants. No funding has been provided for these extra places.

Staff-student ratios have doubled in the last 30 years, severely reducing teaching quality and staff contact hours. The ratio is now 1:19 and deteriorating as job cuts mount.

Universities are obliged to use some tuition fee revenue to provide a minimum bursary of £319 to low-income students. The CBI report calls for this target figure to be dropped and bursaries largely withdrawn, unless supported by corporate donations. As it is, students entering university this year will graduate with an average debt of £23,500, according to a recent study by the National Union of Students (NUS).

The CBI report also calls for business to have greater power to design degree courses. It supports government proposals to cut “unnecessary” research to focus on the needs of big business. The new “Research Excellence Framework”, which will be used to assess each university’s research and allocate funding, will introduce market measures. Traditionally, funding is allocated by peer review. The new methods will be quantitative, based on the number of citations of each paper, the number and size of contracts received from industry and the amount of “business engagement”. Research will be valued according to its profitability.

Should the government adopt the CBI proposals, greater numbers of potential students would be forced away from higher education. Fully 7.4 percent of students failed to complete their first year of study in 2006-07. Elite universities could soon have the freedom to put a hefty price tag on a years’ study, welcoming only those privileged enough to afford a prestigious education, while most families send their children to cheaper institutions.

The Russell group of elite universities reacted positively to the report, enthusiastically accepting the call for increased tuition fees. Director General Wendy Piatt issued a statement playing down the effect of costs on access for working class students, blaming the decrease in university students from low income backgrounds on low teaching standards in schools.

The Universities and College Union has declared its hostility to the recommendations made in the report. The UCU general secretary said, “Business should not be allowed to dictate the direction universities or funding should be taking”. The union put the onus on the political parties to “ensure a proper debate” at the next general election. The UCU has long since abandoned any struggle to protect the jobs of its members.

The National Union of Students (NUS) has failed to mount any campaign against tuition fees, despite widespread anger amongst the student population. The Labour-dominated body officially reneged on its commitment to free education last April. Reflecting their subordination to the ruling elite, NUS President Wes Streeting said that “for students in England [free education] isn’t realistic, or credible, and it doesn’t have any chance of being endorsed by any British government under [Labour leader] Gordon Brown or [Conservative leader] David Cameron”.

The NUS supported the initial introduction of tuition fees. When tuition fees were hiked up in 2006, it limited protests to meek appeals to the Labour government and the Trades Union Congress for support.

The response from what passes as the Liberal media was revealing. The *Guardian* published a column by media magnate David Docherty in support of the CBI’s agenda. Echoing the nationalistic line of the original report, Docherty invoked the threat of competition from the growing economic influence of China to endorse collaboration between business and academia.



To contact the WWSWS and the
Socialist Equality Party visit:

wsws.org/contact