

# UK university strike confronts wholesale marketisation of higher education

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The national strike of university workers poses critical questions about the defence of education as a social right against its transformation into a market serving private financial interests.

These issues have been fought out in a series of strikes and protests over the past decade. The government, the employers and the University and College Union (UCU) have worked to limit these disputes to single issues, fundamentally undermining the fight that must be waged. Attacks on pensions, pay and conditions are the symptoms of a deep-going assault on the entire system of higher education and must be fought on that understanding.

Variable tuition fees, the removal of the cap on student numbers and the withdrawal of government funding for universities have created a lucrative market in higher education, ripe for private profiteering. In 2017-18, just 20 percent of the sector's £38.2 billion income came directly from the government, down 74 percent in real terms compared with 2011-12, leaving 80 percent in private hands.

The way was prepared by the last Labour government. Tuition fees were introduced in 1998 and variable fees, paid for through loans, in 2004. A system of fees and loans was chosen over a graduate tax because this would facilitate marketisation. In 2009, head of the Department of Business, Innovation and Skills Peter Mandelson published a report titled *Higher Ambitions* outlining a goal of "entrepreneurial universities" less reliant on central funding.

Mandelson's report set the stage for the Browne Review, begun under the Labour government in 2010, which introduced the fundamentals of the system in place today. Its programme was escalated by the Coalition and Conservative governments, through the significant reduction of government funding, the tripling of tuition fees to £9,000 a year in 2012, the scrapping of any cap on student numbers at individual universities in 2015, and the scrapping of maintenance grants in 2016.

In 2017, the Higher Education and Research Act established the framework for the wholesale marketisation and privatisation of the sector. The Higher Education Funding Council for England and the Office for Fair Access were replaced with the Office for Students (OfS), whose mandate was to act as a "market regulator" and "competition authority." It oversees the

Teaching Excellence Framework (TEF) survey—which rates universities Gold, Silver or Bronze—designed to enforce market pressures. The OfS was also empowered to make "grants, loans or other payments to the governing body of an eligible higher education provider" and to grant degree-awarding powers to new education providers, opening the market to private institutions.

The result is a "winners and losers" system incentivising universities to engage in wasteful and corrosive competition for student numbers and private sources of income. Universities, which traditionally received public funding, have been thrown into the melee with purely private institutions as part of the "level playing field" established by the OfS. The body has no obligation to support universities in financial difficulties.

To compete for students, higher education institutions have increasingly turned to advertising and real estate spending, gaming the university admissions system, and private finance. This has greatly benefitted the corporate investors and education multinationals intimately involved in the formation of higher education policy for the last two decades.

In the 1990s, Labour worked with NatWest, Nationwide and Deutsche Bank to sell off student loans. David Willetts, then Conservative Minister for Universities, held 12 meetings with representatives of these interests before publishing the formative 2011 Higher Education White Paper—all organised by Hawkpoint, a corporate finance adviser specialising in mergers and acquisitions. Companies represented at these meetings included Pearson, Kaplan, Duke Street, Sovereign Capital, Warburg Pincus and A4E.

Immense efforts have been made to meet the demands of these potential investors. Universities' advertising costs have grown rapidly. In the year 2017-18, the University of Central Lancashire spent £3.4 million on marketing, The University of West England spent £3 million, Middlesex £2.6 million, Gloucestershire £1.9 million, East London £1.3 million and Anglia Ruskin £1.19 million.

These expenditures are driven to extreme limits by the more prestigious institutions lowering their entrance offers to attract more students, leading to overcrowding on their campuses and taking students away from other universities. The biggest spenders on advertising are those considered lower or mid-tier

providers.

The same concerns underlie ballooning real estate spending. Universities in England were due to spend £14.6 billion on expanding and improving their estates in 2017-2020, after already investing £40 billion over the previous 15 years. Universities are looking to use state-of-the-art facilities to attract “high-value” international students, who pay fees of at least £12,000 per year for their degrees. Students from outside the UK now make up 20 percent of the student body and university accommodation is big business. In 2017, \$16 billion were invested in student housing in the US, UK and Western Europe, quadruple the value a decade ago.

The cost of these competitive efforts is increasingly being met by private investors. Between 2013 and 2018, £4.4 billion worth of bonds were issued by British universities. Pricoa, a subsidiary of US asset manager Prudential, lent UK universities £750 million in 2015-18 alone. The European Investment Bank lent £300 million in 2015-17. The sector’s total borrowing stands at £12 billion, or 35 percent of annual income, up from 21.9 percent in 2010-11. Institutions are given credit scores by ratings agencies like Moody’s and Standard and Poor’s.

The higher education sector is being moved into the orbit of global finance and subjected to its demands. The intended outcome is a destructive reformation of the sector. In a recent report by the Policy Exchange think tank, thought to be close to government thinking, one chair of a university council was quoted as saying:

“Monasteries seemed inviolable before Henry VIII abolished them: even though there was some resistance, it was overcome. Universities are well interwoven into the social fabric, and less of a target than monasteries, but they remain dependent on public funding and broad-based political support.”

The same document argues that due to “all the funding and competitive pressures on the sector, higher education is a ‘sitting duck’ [for the Conservative government] unless it takes more radical action to be more financially sustainable.”

Large sections of higher education are set to be scrapped, with high-quality, rounded education made the preserve of an elite few and bare-necessity education to be delivered “efficiently” for the rest. A quarter of higher education institutions are now in deficit, with many more barely in surplus and several reportedly on the verge of bankruptcy.

Two determining pressures have been created in higher education: the need to compete for student funding and the need to meet the demands of private investors. These pressures have forced the destruction of the pay, conditions and pensions of staff, the “sweating” of university assets—for example through exorbitant rent increases for student halls—and the degradation of educational standards and provision for students.

Pensions are considered serious liabilities by potential investors. Universities are pushing to devalue these commitments to respond more effectively to market pressures. In a 2017 policy document, Universities UK (UUK) declared:

“It is evident that uniform pension solutions are no longer suitable for an increasingly divergent higher education sector. Institutions have different strategic priorities, with some wanting more flexibility in the reward package they are able to offer ...”

The recent report of the Joint Expert Panel of UCU and UUK representatives advocated consideration of a tiered pension scheme, or a “50:50” scheme where members pay half the standard level of contributions for half the accrual. Under the current arrangements, UUK insist on raising members’ contributions. The same cost-cutting, market-oriented motivations are behind the attacks on pay and conditions.

This dire situation is explained in countless articles and known to every striking academic. Yet it finds no mention in the statements of the UCU, who continue to organise a series of limited and ineffectual disputes. They cannot oppose the immense financial interests involved, because their aim is to secure for themselves the right to negotiate constant “concessions” as a well-paid industrial police force for the employers and the government.

The Socialist Equality Party has explained that university staff are not only in a struggle against the employers, but against Boris Johnson’s government—a political fight that the UCU will not wage. Neither can any trust be placed in the Labour Party, which opposed any mobilisation of the working class under the supposedly “left” leadership of Jeremy Corbyn and has now embarked on a forced march to the right.

Education workers must establish rank-and-file committees, outside of the UCU’s control, to unite workers and students based on the struggle for a new socialist political movement to defend high-quality, publicly funded education as a universal right. The Socialist Equality Party will lend every assistance possible to these efforts.



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