

MARKETS IN MIND: ECONOMIC TENSIONS IN BRITISH HIGHER EDUCATION

SEÁN HAND || The article traces the emergence of the marketizing trends in UK higher education, focuses on some major government-driven instances and recent examples of this shift, and concludes by contemplating what trends beyond national control will effectively drive policy and practice in UK higher education in the near future, as universities adapt to emerging "market forces".

In 1905, Bill Reid, a former Harvard athlete, was wooed back to the campus on a salary approaching that of the university's President, in order to help Harvard beat Yale ... at sport. By the beginning of the twentieth century, the University of Chicago was marketing itself to students, and the University of Pennsylvania was already running a Publicity Bureau.¹ Higher education in its modern form is no stranger to what we call "market" forces. However, what we can isolate here as the growing marketization of modern British higher education, implicit from its nineteenth-century philanthropic foundations to its "plate-glass" expansion, became ideologically explicit only in the monetarist period of the 1980s and early 1990s, where the introduction of competition, performance models, quango governance, and market-share drivers paved the way for the current scene of corporatist management in UK universities.

FEES AND FORCES: CHANGING THE FUNDING STRUCTURE OF BRITISH HIGHER EDUCATION

The 2010 Browne Report, which mentioned economics thirteen times and the "vision" thing once, was therefore not actually effecting any revolutionary change when it argued for the raising of limits on a fee structure already introduced after the 1997 Dearing Report which, among other recommendations, had first argued

for a move from undergraduate tuition being funded entirely by government grants to a dual system wherein individual tuition fees would be levied, albeit supported by low-interest government loans.² Commissioned in 2009 by a governing Labour party, but reporting the following year to a Conservative-Liberal Democrat coalition government, the Browne Report had notoriously spent a grand total of £ 68,000 on its research (from a research budget of merely £ 120,000), with the major part of this expenditure paying for one unpublished opinion survey of students and parents that focused on how much participants would be willing to pay if fee payments were restructured. The UK government's subsequent 2010 Comprehensive Spending Review (CSR) filleted the Browne Report for its own selective purposes, casually ignoring, for example, the Report's inclusion of Modern Languages in a list of subjects it felt should be safeguarded, and ratifying a dully productivist privileging of so-called STEM subjects (Science, Technology, Economics, Mathematics) in future teaching funding subvention, which overall scheduled a reduction in the higher education budget of almost £ 3 billion by 2015.³ In brief, a portfolio rationalization, based on a fundamentally commercial insistence on required capability, together with a transference of cost from state to consumer, based similarly on an individualization of the return on

investment, engineered an incremental instrumentalization which UK universities for almost two decades had ineffectually opposed, not least given the conflicted loyalties of a new generation of professional vice-chancellors and their management teams. Certain post-CSR manifestos of outrage or entropy offered a slightly predictable mix of the politics of occupation and the culture of manicured contempt.⁴ Such academic publications were, of course, mostly ignored by a public concerned with its own atomized and more urgent sense of financial vulnerability. Beyond the immediate economic circumstances, though, what the change in mechanism also illustrated was just how far away British universities centrally now were from even paying lip-service to Karl Jaspers' existential concept of the public university, and how instead their real energies and resources had become transferred much more on to the task of competing privately for financial survival, sectoral position and brand development in a complex quasi-market.⁵

FROM COLLEGIALLY TO CAPITAL: THE RISE OF THE CORPORATE BRITISH UNIVERSITY

So the Humboldtian view that when universities are left to achieve their own objectives, they also fulfil those of the State, but from a much higher and effectively moral standpoint is now largely supported only rhetorically by either UK universities or the British state, even though many in academic and ministerial positions of senior responsibility sincerely believe that they continue to adhere to this mission.⁶ Behind the rolling phrases and outreach images, UK universities feel driven to engage more and more corporately in amateurish versions of A & M, searching for alliances that will improve perceived clout or impress the "stakeholder", or tinkering with pricing propositions, or obsessing over rankings, citations and the market-gear statistics relating to employability and graduate salaries. All of this bureaucracy and dependency, grown ironically in the name of autonomy, in turn generates its own burgeoning para-academic managerial cadre, and comes to endorse subconsciously a sense that university attendance has become less participatory support for civilization itself and more a purchaseable careerist advantage. Ask not what you can do for education, sign

up to what education can do for you. A core part of this pact is entirely reasonable, insofar as it harks back to the aspirational and meritocratic origins of the redbrick university sub-sector; what has definitely changed, though, is the now near-total privatization of the contract, meaning that collectivist support for higher education is no longer unquestioningly assumed by a paternalistic national governance.

Deep background rationalizations for this social, economic, and moral change can always make appeal to historical analysis of a more recent drop in funds relative to the post-Cold War investment in university-located competitive advantage, or to sociological theories about hypermodernity's confusion of the arenas of thinking and consuming, or even, when the melancholy mood really takes hold, to quasi-Heideggerian meditations on technologization and the "catastrophe" of civilization.⁷ Whatever your corrosive theory, there is clearly now in place in the UK university model (in imitation of a highly partial conception of the US higher education world) a surely irreversible shift from state to consumer, from public to private goods, and from an assumption of complex collegiality to one of complex capital. Within the university itself, modified dynamics of governance now neutralize some of the more traditional centres of soft authority, which increasingly find themselves bypassed by strategic plans, cost centres, focus groups, away days. Some of this is legitimated by pointing back to the complacent conservatism of a previous generation of senior homo academicus, or forward to the next testing instance of quasi-darwinian selection. By the same token, research, knowledge, students and teaching are now no longer merely sine qua non elements of the university, but have of themselves also become the signifying plumage of market strut and display. The self-selecting elite universities known as the "Russell Group" therefore emphasize their research (which is always "world-class") as an exclusive property that associatively will enhance their students' eventual purchasing power. Another group of universities, termed the "Million+ Group", looking to valorize its ex-polytechnic brand, highlights "knowledge", in alliance with "skills", as a different form of appeal, this time to "graduate

employability". The quasi-market that contains these differentiations equally encourages an almost designedly amateurish use of marketing literature, internet presences, ex-graduate diplomats, and the like. This is essentially no different in approach from advertising for other paradoxical products, such as friendly banks, knowledgeable cars, or food grinning with health. At the most cynical end of this phenomenon, degrees are openly presented as commodities that can be owned but not traded or shared, that is, as an investment by the student customer in her own individualized capital. This idea, once accepted, then becomes enforced in the academy through a loop mechanism that introduces into universities the obligation to state in advance and monitor in standardized (and standardizing) format the employment destination, associated salary, and above all that most populist of policing mechanisms, the students' "satisfaction" ratings, of all undergraduate courses. Such a scenario will be enforced from September 2012 in English universities, which will have to publish Key Information Sets (KIS) containing this "information". Without a hint of irony, the ongoing monitoring of such data by the universities will probably become in each institution the responsibility of a central academic quality and standards committee.⁸

**MEASURING VALUE:
THE CHANGING FINANCIAL CONTEXTS FOR
BRITISH UNIVERSITY RESEARCH**

In sum, the utility value of every aspect of higher education must now be demonstrated and verified. Nowhere is this more played out to high stakes than in the assessment of university-produced research. Here a periodic national assessment termed the Research Assessment Exercise has now given way to the inherent contradiction that is a Research Excellence Framework (REF). Based on previous iterations of this by now mature exercise, twenty-four leading universities already receive 80 % of quality-rated funds for research. With post-Browne differentiation, fewer than before will be able to claim to do leading research at all. The REF will therefore concentrate available funds all the more, without changing relative rankings overmuch within the Russell Group league-table positions. As the point to this exercise can therefore no longer be

to increase excellence, within its "framework", however any of that may be defined, the logical purpose must be to promote and enforce an increased instrumentalization of the already reduced amount of centrally funded research activity. This is plainly betokened by the inclusion in the REF of a new element termed "Impact", which involves adjudication of the economic and social benefits of research deemed to have taken place only during an assessment period and beyond academia. This measurable element will now generate 20 % of an overall qualitative rating (and no doubt more in subsequent exercises). Pure research is logically thereby disadvantaged relative to activities that are deemed to offer a more demonstrable return on investment. Since Academics Pass Exams, UK universities that are currently striving to compete for this dwindling resource have naturally all appointed Impact Officers, who will duly produce plausible narratives of often unintended socio-economic benefit; while anxious academics are even now hastily organizing one-day events with journalists, jockeys and gymnasts in order to demonstrate the relevance of their research to society. Core UK academic funding agencies, such as the Arts and Humanities Research Council, in abject anticipation of this kind of engineering, have meanwhile begun fitting research projects onto Procrustean beds of social relevance, via thematic offers of support for work on heritage smells, holiday snaps, and gender representations of the terrorist. (No, these are not invented.) This is surely one of the most serious long-term negative effects of university economization, since all the (dare one say it) academic research shows a parabolic relationship between specialist size and research delivery, and since every researcher knows that endless leaden testing of pre-established grounds promotes satisficing modifications to existing paradigms. Value-for-money "applications" are ultimately nothing of the sort to society, since they effectively delay or even destroy the pure research that is thereby not investigated, but which historically always generates real breakthrough knowledge. Short-term profit here is dangerously taking precedence over long-term progress. Unfortunately, the response to this problem can often involve the volume being turned up on speeches about enterprise.

LET FREEDOM REIGN: FORCING MARKET EMERGENCE AND IDENTITY

This marketization does lead, however, to unintentionally hilarious ministerial reactions when the market, in irrational defiance of all the neo-liberal literature, stubbornly refuses to be "free" to roam the prairies of profit. Following the 2010 CSR's lifting of a fee cap, the UK universities minister, David Willetts, announced proposals to raise the "basic threshold" for tuition fees to £ 6,000, with institutions able to charge up to an "absolute limit" of £ 9,000 in "exceptional circumstances".⁹ The assumption was naturally that universities would situate themselves within the market landscape based on product and price differentiation. With comic predictability, however, almost all universities promptly deemed themselves to be exceptional, and so positioned themselves at the top end of the fee range. Nor did any university subsequently reduce its fees through the need to establish an "access agreement" designed to safeguard entry to university for all irrespective of financial circumstance taken out with the Office for Fair Access. So the UK Department for Business, Innovation and Skills (BIS) in June 2011 then had to create (and subsequently force) contestability at the top and bottom ends of this pre-student market, by establishing (and then lowering) school-leaving attainment levels for the former level and releasing more numbers into the latter; thereby forcing into existence a product and price differentiation model that had refused to pop up spontaneously in conformity to the NPD literature.¹⁰

Tellingly, even objections to this manipulation employed a business rationale. Even as BIS was recalibrating, the then Million + chairman warned that such a core and margin mechanism could limit student choice by pressurizing "tried and tested providers".¹¹ Another lobby group, "University Alliance", representing aspirational, "business-engaged", and largely ex-polytechnic institutions, argued that labour market polarization demanded that BIS should support rather than stifle progression routes through to advanced professional qualification, not least in a context where competitors (such as Germany) seemed to be continuing to invest heavily in expanding higher education.¹² The irony is that market argu-

ments can be volleyed back over the net: it is easy to show statistically that the supposed "squeezed middle" in this scenario comprises an overcrowded two thirds of the sector that is neither elite nor able to compete keenly on price. This is precisely the mercantile reason for targeting this sub-sector of higher education, given that, in scenarios of retrenchment, it is deemed to be superfluous to short-term needs and therefore a potential saving. The theory of full economization that emerges from the heat and dust of this Keystone-Kops exercise is therefore one where approximately twenty UK universities can set "world-leading" levels of activity (and fees), where the middle must rationalize, and where the "bottom" should act like London Metropolitan University, which set fees starting at £ 4.5 K, cut the number of courses from 577 to 160, and claimed that this was a "lean, good-value proposition" in a global market where only 3-5 % of 150 million students are in elite institutions.¹³ The same theory presupposes and encourages the entry of for-profit providers, such as Kaplan, BPP, Pearson International, into the market at this good-value level. It is therefore not surprising that in April 2012, the College of Law, one of only five private providers in the UK with degree-awarding powers, was sold to the for-profit firm Montagu Private Equity, which appointed a former Vice-Chancellor as non-executive director of the college board. The broader significance of this development was that as the College of Law had been awarded a Royal Charter, a precedent now existed for the private purchase of any UK university.

THE PRICE OF CHOICE: HOW SOLVING ONE CRISIS MAY WELL GENERATE OTHERS

The problem inherent in this "multiversity" theory remains that directly or indirectly it creates an instrumentalizing effect on the sector as a whole. Incidentally, and again in imitation of the US scenario, it has "solved" one funding crisis by generating another one. In the US, student debt has now reached trillions of dollars, and represents the largest single form of national consumer debt. 37 million current and former students owe more than \$ 25,000 each in student repayments, with rates on new subsidized federal interest "Stafford" loans set to double in 2012 to

almost 7%.¹⁴ Of course, economization here had encouraged institutions to use easy credit to add market attractions. As a result, the future student is effectively required to pay this off, with certain analysts presenting the issue, in an admittedly overdetermined situation of pre-election propaganda, as the next US meltdown after the housing crisis. With emerging economization of universities in the UK, this same debt scenario none the less will obviously follow. One of many consequences of this is clearly the general if unintended failure of any widening participation agenda (the cost of which government will anyway try to get universities to bear, as a quid pro quo for raising fee levels); another is yet instrumentalizing pressure applied to universities by "customer choice", since the potential student will be driven to focus ever more instrumentally on the rate of return of the degree chosen as the "investment".¹⁵

THE GLOBAL CONTEXT

If this is accepted as the gloomy reality, at least as viewed from the United Kingdom, then what are its most likely trends? There are surely five clear areas of influence on further evolution of higher education, and tellingly none of these is nationally or economically localizable, which is not to say that the speed with which these trends will develop in any particular country (such as France or Germany) will not depend on political necessity. The first such trend is simply globalization itself, whose force is driving an unstoppable marketization in education. Neither UK nor German higher education can dominate this dynamic, and indeed anglophone universities opportunistically look to have a big stake in this market. The British Council therefore assesses that by 2020, four countries will account for over 50% of the world's 18-22 population: India, China, US and Indonesia; while a further 25% will come from Pakistan, Nigeria, Brazil, Bangladesh, Ethiopia, Philippines, Mexico, Egypt and Vietnam. The largest tertiary education systems in 2020 will be in China (37 m), India (28 m), the USA (20 m), Brazil (9 m), and Indonesia (7.8 m); and the largest outbound mobility growth will occur in India, Nigeria, Malaysia, Nepal, Pakistan, Saudi Arabia and Turkey.¹⁶ This means simultaneously that students

will be freer from a state's coercive and cohesive powers, and that they will themselves become a global traded commodity. Leaving aside socio-cultural tensions (Malaysian students demanding western democracy-style rights, Daily Mail readers demanding British protectionist quotas), the scale and dynamic contextually make this income stream irresistible to UK HE, which is to say that it exposes a vulnerability. Once again with Keatonesque timing, inter-ministerial competitiveness recently produced a determination to subject to rigorous visa scrutiny certain students, especially those from Pakistan, with potential extensions to those from India, China and the US. It is estimated that cutting the number of student migrants would create a loss of over £ 5 bn (£ 10 bn by 2025) to the UK economy just through tuition fees and off-campus expenditure. At the time of writing, this vote-driven intervention is inevitably being reconsidered.¹⁷ The multi-partner branch campuses is one alternative solution to international student influx, since it theoretically lowers social and security tension (even as in some parts of the world it raises the charge of neo-colonialism).

DONATIONS AND SEGMENTATIONS

A parallel income stream that is also becoming contextually critical is philanthropic investment. Always historically important, this second factor has arguably become too significant, as more UK ministerial ineptitude equally recently exposed. Plans were floated in a 2012 national budget to set a cap on income tax relief at £ 50,000 or 25 per cent of income, whichever is the higher. Major donors in the UK gave £ 560 m just in 2010-11, with over 200,000 supporters making gifts, some of which exceed £ 1 m. One in four (27%) UK institutions is now running a more or less permanent fundraising campaign. Again, the US is the obvious template, where notwithstanding philanthrocapitalism associated with a global elite, donations are down 30% in some Ivy League universities as a result of the recession. Such major benefactions carry risks, of the kind illustrated recently by the LSE-Gaddafi embarrassment.¹⁸ This ministerial mess duly produced its own U-turn some weeks later.¹⁹

The third consideration could be termed segmentation. Both global and local competition in

higher education, expanding because of numbers, cost efficiencies and technological development, as well as ideological encouragement, will inevitably push market segmentation and product rationalization, a situation which governments will happily prefer to the political consequences of university failure. A Champions League of elite universities will be unable to refrain from testing a one-world market, with "strategic alliances" and joint research infrastructural savings leading to collaboration on degree delivery, joint staff appointments, third-leg branch campuses, and NGO-style commissions. The squeezed middle in this scenario will transition with some difficulty (Ansoff versus the academics again) from efficiency to effectiveness, by reducing or diversifying portfolios.

REVOLUTIONS, REGULATIONS, AND REALISM: A FURIOUS FUTURE

Relatedly, the much-awaited online revolution will begin to find real traction, as the early moves of prestige universities (Harvard, MIT, etc.) plus the popularization of niche providers (Coursera, Khan Academy, Udemy, etc.) will lead the main body of universities to invest seriously in diversified delivery, involving a market-focused mix of "experience", online preparation for "flipped" learning, accreditation, social media incorporation, and so on. Such a breaking of the teaching sine wave pattern will be accelerated by student debt and the need to intercalate. Private companies will look to incentivize this: Kaplan, Bill and Melinda Gates Foundation, Knewton, etc., are all working already with state universities in the US.

Finally, and briefly, regulation. Ironically, as marketization becomes more total, so regulation will grow apace, and the audit culture's rituals of verification, already leadenly present in UK HE, will become superseded in places by trans-national quality assurance agencies that legitimate global activities. The threatened advent of U-Multirank is merely one manifestation of this parasitic and self-legitimizing industry.

These are all studiously banal and content-free observations, on a level with supermarket strategizing; and a reader might rightly wonder where the resistance to the instrumentalization referred to caustically in this article is exactly to

be found in their recitation. Yet a certain fatalism (notwithstanding eventful anger about poorly understood fee changes) reflects something essential about the exponential nature of funding changes and the tactical reaction of universities as hard-pressed businesses, which resistance fundamentally struggles to comprehend. Hence here the failure and even usefully useless piety of pleas about why democracy needs the humanities, and lecture (profitably) on how the "spirit of protest lacks fuel".²⁰ For what is clear at least about UK government university policy is precisely that it will proceed whenever possible via pathological creep, so as all the better to manage the otherwise unbearable disappointment of those total learning ideals that Dewey articulated as 'the place of intelligence in the place and control of a living and moving experience'.²¹

|| PROF. SEÁN HAND

University of Warwick

NOTES

- 1 For an absorbing history of the evolution of the modern North American university, see Cole, Jonathan A.: *The Great American University: Its Rise to Preeminence, Its Indispensable National Role, Why It Must Be Protected*, New York 2010.
- 2 Lord Browne of Madingley: *Securing a Sustainable Future for Higher Education – An Independent Review of Higher Education Funding and Student Finance*, <http://www.bis.gov.uk/assets/biscore/corporate/docs/s/10-1208-securing-sustainable-higher-education-browne-report.pdf>, 2010; Dearing, R.: *Reports of the National Committee of Inquiry into Higher Education, "Dearing Report"*, <https://bei.leeds.ac.uk/Partners/NCIHE/>, 1997.
- 3 2010 Spending Review, <http://www.official-documents.gov.uk/document/cm79/7942/7942.pdf>, 2010.
- 4 For examples of such manifestos of UK academic resistance to the "economization" of universities, see Bailey, Michael / Freedman, Des (eds): *The Assault on Universities: A Manifesto for Resistance*, London 2011; Collini, Stefan: *What Are Universities For?*, London 2012.
- 5 Jaspers, Karl: *Die Idee der Universität*, Berlin 1923; *The Idea of the University*, London 1960.
- 6 Humboldt, Alexander von: *Die Idee der deutschen Universität; die fünf Grundschriften aus der Zeit ihrer Neubegründung durch klassischen Idealismus und romantischen Realismus*, Darmstadt 1956, pp. 126-34.
- 7 One can instructively compare Jewett, Andrew: *Science, Democracy, and the American University: From the Civil War to the Cold War*, Cambridge 2012, with Chomsky, Noam: *The Cold War and the University: Toward an Intellectual History of the Postwar Years*, London / New York 1998; Lipovetsky, Gilles: *Les temps hypermodernes*, Paris 2006; Nancy, Jean-Luc: *L'Équivalence des catastrophes, Après Fukushima*, Paris 2012.
- 8 <http://www.keyinformationsets.com/>
- 9 <http://www.bis.gov.uk/news/speeches/david-willetts-statement-on-HE-funding-and-student-finance>
- 10 <http://www.bis.gov.uk/assets/biscore/higher-education/docs/h/11-944-higher-education-students-at-heart-of-system.pdf>
- 11 <http://www.millionplus.ac.uk/press/ministers-indecision-on-student-numbers-risks-less-student-choice-and-high-quality-student-experience>
- 12 http://www.unialliance.ac.uk/wp-content/uploads/2011/09/UA-submission-White-Paper_Sep-2011.pdf
- 13 <http://www.channel4.com/news/university-funding-london-met-cuts-painful-but-necessary>
- 14 <http://www.nytimes.com/2012/05/09/us/politics/senate-republicans-block-bill-on-student-loan-rates.html>
- 15 <http://www.guardian.co.uk/commentisfree/2012/jul/10/privatisation-higher-education-working-class-students>
- 16 <http://ihe.britishcouncil.org/educationintelligence/shape-of-things-to-come>
- 17 <http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=420518&c=1>
- 18 <http://www.guardian.co.uk/education/2011/nov/30/gaddafi-donation-lse-bribes-inquiry>
- 19 <http://www.bbc.co.uk/news/uk-politics-18278253>
- 20 Nussbaum, Martha C.: *Not for Profit: Why Democracy Needs the Humanities*, Princeton, New Jersey 2010.
- 21 Dewey, John: *Experience and Education*, New York 1977 [1938], p. 88.