

# Austerity Measures

Students protest as a cash-strapped government lets British universities triple their fees

By Jon Marcus

MANCHESTER, ENGLAND

**T**HE MASSIVE TOWN HALL in Albert Square is a shrine to this proud onetime manufacturing city's past industrial and scientific reach.

Built in 1877 of 14 million bricks, the massive Gothic-style structure commemorates a legacy of empire that dates back to the Romans. A statue of the general Gnaeus Julius Agricola, who consolidated Roman rule in Britain, looks down from atop the entrance. Above him still reign Henry III and Elizabeth I. Busts of the physicist James Joule and the chemist John Dalton, a pioneer in the field of atomic theory, flank the lobby. The panels of the vaulted ceiling in the Great Hall represent the principal towns and cities all over the world with which Manchester traded in the 19th century. Over the face of the clock in the 280-foot tower is the inscription: "Teach us to number our days."

Today, however, the ornate Great Hall is a cacophonous stew of shouting, jeering, catcalls, and hand-lettered banners made from old sheets. The anteroom is so crowded with police in neon-colored vests, it's hard to make out the mosaic design of bees on the floor that are the symbol of Manchester industry. Struggling to be heard above the protesters, the Manchester City Council is trying to discuss its annual budget, which will cut \$175 million in spending and 2,000 jobs, scaling back children's services, highway work and garbage collection, and shuttering libraries, leisure centers, even public toilets.

"Liars!" shout the protesters. "Cowards!" "Hypocrites!" "You are ruining lives!"

The drastic measures come in the second year of an austerity campaign meant to reduce a record UK peacetime budget deficit that will hit \$235 billion this year, an amount equivalent to 11 percent of the gross domestic product. That will compound a debt of nearly \$1.5 trillion. By

2016, Britain's debt is expected to surpass \$2 trillion.

An unlikely governing coalition of the Liberal Democratic and Conservative parties has responded by making the deepest cuts in public expenditures since just after World War II, slashing about \$40 billion a year from the budget, freezing pay for public employees earning more than \$34,000 a year, hiking

sales and capital-gains taxes, and increasing the retirement age to bring down an estimated \$1 trillion pension obligation.

They have also moved to shift much more of the burden of the cost of higher education off the cash-strapped government and onto students, letting British universities as much as triple their fees to a maximum of £9,000, or \$14,490, starting in 2012. The financing structure is increasingly similar to the American one (with all the associated

problems, including expected declines in diversity), though in England students will not have to pay the cost until after they graduate, in increments based on their incomes.

If a camel is a horse designed by a committee, the same principle appears to apply to a budget drafted by a coalition. This one has succeeded in angering everyone and pleasing almost no one—including the people who proposed it, who turn out to have little control over whether universities honor provisions meant to help low-income students pay. What's happening in Manchester is only the latest local vestige of the tempest.

These dramatic changes, combined with the other public-service cuts, amount to class warfare, say newly radicalized students, who have taken to the streets by the tens of thousands to demonstrate against the government. They swarmed Conservative Party headquarters, breaking windows and hurling a fire extinguisher from the seventh floor onto police below. (No one was seriously hurt.) They famously surrounded a Rolls-Royce limousine heading to the theater with Prince Charles and his wife, Camilla, the resulting photos of whose panicked faces were immediately flashed around the world.

A major university town, Manchester has been a particular hotbed of this dissent, and students are well represented among the chanting demonstrators at the city budget hearing in the Great Hall. They'll go anywhere to make their voices heard against the tripling of fees, in a movement that is as stubborn and persistent as it appears futile.



At the University of Manchester's Roscoe Hall, student protesters from all over the north of England have been rallying in opposition to an increase in university fees.

John Matherson, Black Star, for CrossTalk

**An unlikely governing coalition of the Liberal Democratic and Conservative parties has made the deepest cuts in public expenditures since just after World War II.**



**Nick Clegg, leader of the Liberal Democratic Party, and now deputy prime minister, says the precarious state of the country's finances forced his party to break its pledge to oppose a university fee increase.**

"Please can you be quiet!" the chairman thunders at them, with no apparent effect.

The students will be only slightly affected by the draconian city budget. Their presence here is easier to understand when a council member starts to speak who is from the Liberal Democratic Party, which pledged before the last elections to oppose a university fee increase but broke its word after joining the Conservatives in the governing coalition. Nick Clegg, leader of the Liberal Democrats, and now deputy prime minister, has been beaten by students

in effigy and had to have a cordon of security around him at his own party's spring conference. (Clegg has said his party's reversal was forced by the precarious state of the country's finances, and that the only alternative to raising university fees would have been to increase the already high income tax, which Conservatives staunchly oppose, or cut spending on science and other programs.)

The Liberal Democrats are working to get more money for Manchester, the speaker at the city council meeting insists, but there's only so much they can do.

"It's lucky you're in the government, then, isn't it?" a student in the audience shoots back sarcastically, giving voice to the sense of betrayal that has motivated him and others like him to break windows, throw fire extinguishers, and attack the royals.

What's happening in England is a referendum on the hottest philosophical argument in international higher education, over whether it is a public good—profiting society at large by providing an informed, competent and competitive citizenry—or a private one, benefiting the students who receive it by increasing their potential earnings. Neighboring Ireland, which has kept its university registration fee comparatively low in spite of fiscal pressures arguably even worse than those in the UK, has so far come down on the "public good" side of the debate. American public universities, steadily raising tuition to offset their own budget

cuts, can't seem to decide. But England has, at least from students' point of view. And they're not happy about it.

Higher education, says David Willetts, the minister of education, "is clearly both" a public and a private good. "It's good for the economy as a whole, and it's of course good for social capital," he said. "But there is a very clear economic

gain for individuals in terms of extra lifetime earnings, and given that here is this direct financial benefit, it is reasonable to expect the graduate to pay back the cost of their higher education."

No it isn't, says Charlotte Palmer, a student at Manchester Metropolitan University, whose mother is a social worker likely to lose her job. "Education should be a right. But it's going back to being something only for the privileged," she said. "The money should be taken from bankers and from people who can afford it." Raising university fees, said Palmer, "is indefensible when the bankers are getting six-figure bonuses."

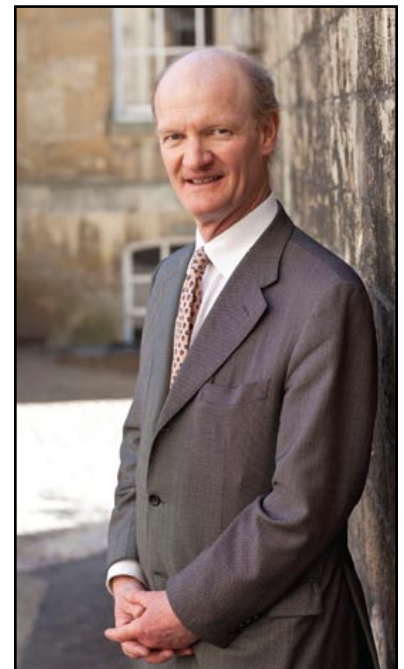
Pierced and tattooed, Palmer was speaking over a cigarette in front of Roscoe Hall at the University of Manchester. Two lecture halls inside the building—named for Sir Henry Roscoe, a 19th-century professor of chemistry who was instrumental in moving what was then called Queens College to this site, and who later served as chancellor of the University of London and a minister of parliament—have been occupied since February by small groups of students from all over the north of England in protest of the fee increase. The conversation was taking place outside because a security guard had thrown out a journalist at the direction of the university's press office, which also later barred a photographer.

"You Are Being Lied To!" blare the posters hanging from the building's walls, next to handwritten schedules and placards. Students man a table draped with more signs and piled high with pamphlets, under the gaze of the hyper-vigilant guards, whose disposition isn't helped by the fact that, as public employees, they have seen their pay frozen and overtime eliminated. (One guard, a student confided, brings them snacks.)

"It's really just a right-wing ideological attack," said Omid Kashan, a first-year Manchester student. "There's no other way to look at it. It's for the rich. It's just another way to keep the working people from getting an education.

There's an argument that you never see the money" until the bill comes after graduation. "But it's hanging over you."

Ideological or not, the imposition of tuition has occurred in England with breathtaking speed. Maximum charges of less than \$15,000 may not seem worth rioting over when U.S. private



David Levenson, Black Star, for CrossTalk

**"It is reasonable to expect the graduate to pay back the cost of their higher education," says David Willetts, the minister of education.**

**An austerity campaign is meant to reduce a record UK peacetime budget deficit that will hit \$235 billion this year—11 percent of the gross domestic product.**

universities' tuition, room, and board costs more than three times that much, but students until recently paid nothing at all to go to English universities. It was not until 1998 under Conservative Prime Minister John Major that they were charged a first-ever tuition fee of \$1,610.

In 2003, the Labour government under Tony Blair let universities set their own tuition up to \$4,830—after having promised in the preceding election not to do so—which would be repaid by students after graduation. Universities lobbied hard for this “top-up” fee, which was supposed to cover the amount of money they said they needed on top of their allocations from the government, and almost all of them immediately charged the maximum allowed and kept pushing to increase it again.

If any party is happy with the fees arrangement, it's the universities, for which the revenues will help make up for almost \$4.7 billion in government funding cuts under the austerity measures over the next few years (offset slightly by a one-time \$435 million infusion to make room for 14,000 more students in science, technology, engineering and math in September).

“We know these are difficult decisions, but in an era of public funding cuts, we have to look fairly and squarely at who pays for the cost of higher education,” said Steve Smith, president of the university association Universities UK. “The alternatives would mean universities having to reduce the number of student places or returning to a period of underfunding. Both of these would be hugely damaging to students, universities and the economy.” Less money from the government also means less vulnerability to political shifts, less bureaucratic interference, and more freedom for the public higher education sector, which has long been tightly regulated. “It's potentially quite good news for the universities,” said Bahram Bekhradnia, director of the independent Higher Education Policy Institute. “They're the winners in all of this.”

But the plan has quickly seemed to unravel. The government expected only a small number of the most elite universities to raise their tuition to the maximum \$14,490, but after a brief period of waiting each other out, one after another—Oxford, Cambridge, Exeter, Durham, Surrey, Imperial College London—announced that they would charge the full amount, just as they had done in 2003. When 150 academics at the University of Cambridge petitioned administrators to explain their decision in detail and guarantee financial aid, the appeal was rejected. “There has not been a really serious attempt to see how you might reduce costs in the interests of affordability for the student,” carped Malcolm Gillies, vice chancellor of London Metropolitan University, which, in a rare break in the ranks, became the first university to set tuition lower than the maximum.

Students, after all, keep coming. There are almost 400,000 more students in English universities now than there were before tuition started to be charged. The number of applicants rose nearly 12 percent last year and another 5.1 percent this year.

The government promised it would make sure universities provide enough financial aid to keep low-income students from being shut out, but that assurance seemed to ring hollow when its own watchdog agency, the Office for Fair Access,

reassured the universities that they would not face sanctions except for “serious and willful” violations—and that this did not include failing even to meet their own targets.

That is an important issue because the commission that proposed the higher fees, chaired by former BP chief executive Lord Browne of Madingley, conducted research (which it left out of its report) showing that students and their parents thought tuition over \$9,660 was unreasonable.

“Those from lower socioeconomic groups were more debt averse and concerned that the tuition-fee premium of a more expensive course was not necessarily worth the associated debt,” the survey found. “Some students and parents from across socioeconomic groups thought that variable fees might reinforce a perception that some universities and courses were only for those from higher-income households.” It said most students and their parents thought the government should pay at least half the cost of higher education, believing that the public benefits were equal to the private ones. (In a survey, 222 companies that do business in the UK predicted that higher tuition fees will result in a less qualified and diverse supply of graduates. Some, including KPMG, GlaxoSmithKline and Deloitte, say they will now hire new employees as trainees at 18, pay them a salary, and put them through school, or reimburse the workers' university fees.)

The universities' decisions won't just force students and their families to pay more than they want to spend. They might undo what the government had hoped to save.

The problem is that the government will have to cover the cost of students' tuition until they graduate, find a job, and reach a certain income threshold, after which they will repay the money just as if it were a loan. This has political advantages, since categorizing these payments as loans means they won't be counted toward the deficit, and the cost of any defaults will be the problem of some future government, not this one. But Gareth Thomas, the Labour Party's shadow minister for education, calls it “smoke and mirrors.”

That's because, with more universities than expected charging the maximum tuition, the plan will cost the



David Levenson, Black Star, for CrossTalk

**Less money from the government, with higher fees, is “potentially quite good news for the universities,” says Bahram Bekhradnia, director of the Higher Education Policy Institute. “They're the winners in all of this.”**

**What's happening in England is a referendum on the hottest philosophical argument in international higher education, over whether it is a public good or a private one.**

government some \$1.3 billion more than anticipated to subsidize students while they are in school, according to the research arm of the House of Commons—almost half of what it hoped to save by cutting direct payments to the universities in the first place. (The Higher Education Policy Institute, which is based in Oxford, also calculates that the government's projections of income-based repayments are based on overly optimistic estimates of what students will earn when they graduate.)

“The one bit that will stay on the main public accounts is the estimate of what won't be repaid, and the estimates vary wildly around how much will be repaid and not repaid,” said Thomas. “As a result, the government are going to have to find extra money, because they're not going to find as many savings as they thought.” One result, he said, is that the cuts in direct appropriations to universities may have to be even deeper. So while students would be paying much, much more tuition, they'd be getting much, much less.

In fact, many universities have already merged or closed departments and reduced services and staffs. “I can't see the reasoning in cutting so much and then raising fees on top of that,” said Jasmine Dunning, who plans to begin at university next year but is already taking part in the Manchester sit-in. “They do need to make up their minds.”

Then there is the vexing issue of how to make European Union students who go to university in England repay their tuition after graduation. Under EU rules they have to be treated (and charged) the same as English students, but when they return home they will be out of UK jurisdiction. EU students already owe the British government \$269 million, up from \$68 million in 2008, even without the tripling in fees, and the number of EU students at English universities continues to rise significantly. “It seems obvious to me, but it seems difficult for the government to admit, that it will be much more difficult to get the loans repaid by students living in other countries,” said HEPi's Bekhradnia. (Non-EU foreign students, many from the United States, pay tuition of as much as \$41,860, a huge source of income for the universities, which have been fighting a change in visa rules expected to significantly reduce it. Last year one out of every ten dollars earned by English higher-education institutions was paid in by non-EU students from abroad.)

In the end, Bekhradnia said, “if the sums were right, it could give rise to savings in public spending. The reality is that the sums are probably wrong, and the spending will be, if not as great as now, then not very much less. The taxpayer may be better off, but I suspect not, because the government will probably be

paying more than it bargained for.”

The government has warned that if too many universities charge the highest fees, it will retaliate by making deeper cuts in direct allocations, including for research. Settling so widely on the maximum tuition will be “extremely hard for institutions to defend,” Willetts said in a speech at the University of Nottingham. He said some were “rushing to £9,000 without thinking about the impact on students.”



David Levenson, Black Star, for CrossTalk

**Gareth Thomas, the Labour Party's shadow minister for education, says the government's plan to recover tuition costs from students after they graduate is “smoke and mirrors.”**

Willetts is also trying to foster competition by supporting private universities, including private, for-profits with U.S. ties such as BPP, owned by University of Phoenix parent the Apollo Group.

Even in the worst case, Willetts said, the math does add up. “If you replace £1,000 of teaching grants with £1,000 of fees and loans, of which you get back even £700, it makes sense all around,” compared to a current system under which the government recoups none of its investment in higher education. “And for the universities there's the same amount of resource coming in as there was before. I see it as a win-win.”

Besides, Willetts said, the change will bring a needed structural reform. Where now the government sets enrollment numbers, and funds universities based on them, “In future, the money will go with the students to the universities that the students choose. It is a liberalization,” he said. “We are trying to move toward a much more flexible system at the micro level. The competition will be first of all between existing universities, because we hope it will be easier for universities at the high end to expand their places. But there will indeed be alternative providers and a flexibility in the system to ensure that alternatives will come in. We've already got some, like BPP, but I suspect there will be more.”

Even here, Bekhradnia said, “The rhetoric is that the taxpayers shouldn't fund teaching directly. That suggests that the public benefit of higher education is close to zero. The private benefit is all there is, and the student should be forced to pay.”

Back in Manchester, the city council, to no one's surprise, passes its austerity budget, and the students return to their sit-in. Charlotte Palmer takes another drag on her cigarette. Wait until the higher charges take effect, she says. Then you'll see real protests. ♦

Jon Marcus is a writer based in Boston who covers higher education in the U.S. for the (UK) *Times Higher Education* magazine.

**At the University of Manchester two lecture halls have been occupied since February by small groups of students in protest of the fee increase.**