

Independence or Stagnation?

Independence or Stagnation?
The Imperatives of University
Reform in the United Kingdom

Dennis O'Keeffe
and
David Marsland

Civitas: Institute for the Study of Civil Society
London

First published November 2003

© The Institute for the Study of Civil Society 2003
The Mezzanine, Elizabeth House
39 York Road, London SE 1 7NQ
email: books@civitas.org.uk

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ISBN 1-903 386-32 2

Typeset by Civitas
in New Century Schoolbook

Printed in Great Britain by
The Cromwell Press
Trowbridge, Wiltshire

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Authors

David Marsland MA, PhD, FRSH, is director of research in the Department of Health and Social Care at Brunel University. He was professor of social sciences at the West London Institute, assistant director of the Social Affairs Unit, and senior research officer at the MVA Consultancy. He was educated at Watford Grammar School, at Cambridge University, where he was classics scholar at Christ's College, and at LSE, where he studied sociology as a postgraduate. He has been honorary general secretary of the British Sociological Association, on the social sciences committee of SEAC, and a member of the UNESCO social sciences board. In 1991 he was the first recipient of the Thatcher Award, presented for his research and writing on individualism, freedom and state oppression. He has researched widely in sociology, social policy and education, publishing more than 200 scholarly papers and some 20 books. His books include *Seeds of Bankruptcy*, a critique of sociologists' prejudices published in 1988 by Claridge Press, and *Welfare or Welfare State?*, an argument for radical welfare reform published in 1996 by Macmillan.

Dennis O'Keeffe is professor of social science at the University of Buckingham and editor of *The Salisbury Review*. His publications include: *The Wayward Curriculum*, Social Affairs Unit, 1985; translation *The Undoing of Thought*, (Alain Finkielkraut's *La Defaite de la Pensee*) Claridge, 1988; *The Wayward Elite: A Critique of British Teacher Education*, Adam Smith Institute, 1990 and *Truancy in English Secondary Schools*, DFE, 1994. His translation of Benjamin Constant's *Principles of Politics* (*Principes de politique*) will be published by the Liberty Fund in January 2004. He is a broadcaster and journalist, specialising in economic sociology.

Foreword

Of all the social policy problems that face us, the failure of our education system is regarded by many as the most serious, because of its long-term consequences. The purpose of education is to pass from one generation to the next the knowledge and values which sustain the culture. If this chain is weakened, and the links between the generations start to give, the prospects for the nation look bleak.

For this reason we are delighted to be able to present this compelling essay, by two of our leading academic theorists, on the state of our universities.

It is now widely accepted that education standards have fallen at all levels. As Professors O'Keeffe and Marsland point out, secondary schools are having to spend time teaching students things they should have learned in primary school, and universities have to teach them basic learning skills they should have acquired years earlier. However, it would be possible to make a special case for the seriousness of a failure in the tertiary stage of education, because universities are, or should be, the repositories of the highest values and the most profound learning in the nation. They are rather like villages: we can't all live in them, but we like to know they are there. They are a sort of barometer telling us something about the health of the culture. From this we must deduce that our culture is very sick indeed.

The problems, which might not unreasonably be described as a collapse of a sense of purpose in our universities, are so severe that Simon Jenkins has spoken of a 30-years war between the universities and the state. Apparently, the state has won. O'Keeffe and Marsland attribute the problems to two interlocking causes: the massive over-regulation of the sector, and the heavy dependence on state funding which gives White all the power it craves to tell everyone else what to do. They suggest, at the end of their essay, a range of practical steps which must be taken to break this stranglehold.

However, there is another theme to this work that is even more interesting. That is, what do we think universities are for? To a certain extent it is difficult to even debate the issue with those who frame public policy, because we are conducting a dialogue of the deaf. There are fundamental differences in the concept which people have of a university. The government seems to think universities improve the gross domestic product. The outcome of this view is the conviction that the more people who go to university, the richer the nation will become. This notion is so fundamental to the government's recent White Paper in universities that it is treated as if it were an indisputable reality. This is in spite of the fact that it is based on no evidence whatsoever. Cramming universities with large numbers of people who have no burning urge to be there, but think they might as well go because it is 'free' (in the sense that the larger part of the costs is borne by taxpayers), will not necessarily increase productivity. This is particularly true if they are taking courses in what the authors call 'soft social science and the politically corrupted arts' (p. xx13). However, even if they were to switch tomorrow to 'proper' courses in science or economics, that would not solve all of the problems in our universities, because a true university does not exist to boost GDP. As the authors say, the most we can, or should, hope for by way of a connection between academia and economic productivity is that the former will not actively undermine the latter. The real purpose of a university is 'the advancement of knowledge and the creation of virtue' (p. xx11).

That sounds faintly ridiculous now, because we are embarrassed to talk about virtue, but that is part of the problem. As the authors say, in words that should be engraved over the portals of academe, and ideally in the hearts of vice-chancellors:

For universities to be proper institutions of learning and culture, the ethos which dominates them must be founded on the love of wisdom, goodness and beauty. Unless large numbers of people are fascinated by the idea of knowledge for its own sake, the search for

moral goodness and the pursuit of the beautiful, universities can never be more than a philistine betrayal of the best dreams of our ancestors (p. xx34).

As long as the government continues to regard universities as machines for generating the higher earnings which will provide the treasury with more taxes, which in turn will fund the government's vision (i.e. more welfare services), we are going to get nowhere with the business of university reform. That is why the proposals which O'Keefe and Marsland put forward for cutting the umbilical cord of subsidy that connects academia to the state are so important. If universities are not independent, then there is not much point in having them at all.

*Robert Whelan
Deputy Director, Civitas*

Part I

**The Sources of Intellectual Corruption in
British Higher Education**

Introduction

The parlous condition of British higher education is a function of the suppression of the market

There is wide agreement that British higher education is in a parlous state.¹ There is much less agreement about what is wrong, and still less as to what to do about it. Professor Kenneth Minogue's recent essay illustrates at length a theme he articulates in the very first paragraph, to the effect that the academic life of the country has collapsed.² We would agree certainly that the helter-skelter expansion of the tertiary sector in recent decades has accompanied and reflected an intellectual crisis.

On the view taken in this paper, the two central organisational ills of our university sector are its excessive regulation by the state and its undue dependence on the public purse. Some readers may sigh at this juncture, seeing in these propositions only the commonplace grouching of conservatives. The ostensible banality is quickly dissolved, however, if we rework our basic terms.

On inspection, it will be seen that excessive regulation of higher education by the state and its excessive dependence on state largesse, together *reconstitute*—that is to say they radically alter—the conditions of supply and demand. It is necessary quite often, when one considers the problems of modern social administration, to extract an economic core from a given mass of considerations and express it at a high level of abstraction. On this basis counterfactual reflection can be mounted, sometimes pointing to salutary possibili-

1 See for example, Roger Scruton 'The Idea of a University', *The Salisbury Review*, vol. 20, no. 1, Autumn 2001, pp. 4-8.

2 Kenneth Minogue 'The Collapse of the Academic in Britain' in James Tooley (ed.), *Buckingham at 25*, IEA 2001, p. 86.

ties of reform.³ Sad to say, rather few writings on educational administration engage in this process. The administrative imagination thus remains more or less permanently trapped in the *status quo*.

Public finance changes the educational calculus of scarcity and choice and the composition of the curriculum

In this instance we may infer, counterfactually, that the higher education market, thus constrained, will generate a different calculus of scarcity and choice from the one that would emerge in the presence of unsubsidised supply and demand. Specifically, the basic decisions to abstain or participate in higher education, to consume, to save, to invest or not in relation to higher education, will be altered by the presence of state regulation and state funding. So too will the pattern of curricular pathways chosen through the higher education experience by various student decision-makers. If they are subsidised they will make different subject choices from the ones they would make on the basis of their own resources. It is *because* state interference and public funds distort supply and demand, because they lead to a sub-optimal allocation of resources to higher education, that they are, and must be understood as, organisational defects. This does not mean that *as a society* we will necessarily plump for a free-market version of the university world, any more than we will in the case of primary and secondary education. Indeed, we need to recall as we seek to emancipate higher education from its strait-jacket of government regulation and public money, that in the background looms the intimately connected and even larger issue of pre-university education. This in its turn is strangled with centralising bureaucracy and dependency on state finances, with the additional problem that a large part of it is subject to compulsory attendance, that huge and unexplored source of producer-capture in all the free societies.

3 Precisely this kind of counterfactual evaluation and policy change underlay the Thatcher government's astonishingly successful privatisation activities, which have left the UK with what is today by far the strongest economy in Europe.

The public is not yet ready for private higher education

Clearly, plumping for a free market in education is precisely what we as a society have not done, either at university or at primary/secondary level. We have arguably on the contrary decided to *cherish* the defects of organisation, quite overtly preferring sub-optimality. The public as a whole are probably not ready for private higher education in practice, even if they prefer private schooling—at the primary or secondary levels—in aspiration. In the absence of research it would be a fair bet that most British university teachers and administrators reject privately financed higher education even as an aspiration. In higher education the preference uniting practitioners and public seems indeed to be for *maximum enrolments*, more than would occur were fees substantially higher at the point of use, unless there were a significant change in the tax-régime, one leaving taxpayers with significantly higher disposable incomes.

Why is British education publicly financed and state-driven?

We have said that the public for the most part concurs with the government on public finance of higher learning. We shall later explore the habitual element that permits the perpetuation of policy error. The background assumptions driving the public finance and state promotion of the educational exercise are also crucial. One is the irrepresible notion that the man in Whitehall knows best, a notion functionally fortified by his also having access to our money. We should never forget the sheer delight that socialists have in spending other people's resources. British higher education policy was also for long driven by a ludicrous overestimation of the potential performance of the communist economies. This too connected with the Whitehall *hubris*, communism being the system extraordinary for the fiscal exploitation and ideological bullying and oppression of everyone outside the narrow *nomenklatura*. Terence Kealey has succinctly exposed this obsession. The belief during the 1950s and 1960s—promulgated by Thomas

Balogh and C.P. Snow, accepted by politicians such as Aneurin Bevan and Harold Wilson, and influencing even a distinguished academic economist like Lionel Robbins in his famous report⁴—was that the Soviet Union and the other socialist economies would eventually, even soon, outperform the western economies. We share the view of Dr Kealey that such a position was always bizarrely absurd, but it cemented into a solidity, difficult to challenge or circumvent, the destructive notion that the British state must be proactive in matters educational.⁵

The full benefits of educational privatisation would require the inclusion of primary and secondary education

It must be said that privatisation of universities will make full sense, and have its full impact, only when it forms part of a general privatisation of education. Analysis can be made and policy prescriptions proposed, on the assumption that the earlier stages of education remain *unprivatised*, but in this case that analysis and those prescriptions will be much more timid and local. We accept this limitation for the moment, and will assume that the total venture is not in prospect yet. It will not be possible to exclude consideration of primary and secondary education from our discussion, but we will keep it to a functional minimum.

It is well worthwhile proceeding with university privatisation, however, even with the rest of the educational structure left largely as it is. In the case of the tertiary sector, as we shall see, some of the basic conditions for undertaking the task are already in place. It is perhaps a good place to *begin* the privatisation of the whole system. Our aim in this paper is both to conceptualise the circumstances and identify some of the shortcomings of British universities, and then explain how we might begin to right the situation.

4 Lionel Robbins, *Higher Education*, HMSO, 1963

5 Terence Kealey 'Back to the Future' in Tooley, *Buckingham at 25*, 2001, especially pp. 240-41.

Financial stringencies and old academic hierarchies

The news from our universities seems to get more worrying by the day. In late May 2002 it was reported in the *Guardian* that some 1,400 university jobs were at risk owing to the fall in student numbers and inadequate budgetary settlements. Applications continued to rise, but there was a fall in the numbers of 16-18 year olds in full-time education, this presaging a later fall in undergraduate numbers. Jobs and research were to be cut across the curricular board. The medical and dental work at Queen Mary and Westfield College, London, appeared to be threatened. Other universities where science teaching or research or medical teaching or research were faced in 2002 with pruning include Birmingham, King's College, London and the University of Manchester Institute of Science and Technology. Many lower-ranking and middle-ranking universities are now confronted with falls in their research budgets. The National Association of Teachers in Further and Higher Education (NATFHE) says the newer universities are losing out badly.⁶

Another news item in the same paper argues that something very like the old binary system is making its way back. Less prestigious universities in some instances are resigned to thinking of themselves as 'teaching-led'. There seems to be a definite policy for concentrating research in more prestigious institutions. Sir Howard Newby is reported as having questioned whether universities not engaging in Higher Education Funding Council for England (HEFCE) funded research should be allowed to award PhDs. The curve of traditional hierarchy thus seems now to point remorselessly upward again. Oxford, for example, seems to have been defending itself of late by creating its very own and very large fund-raising culture.⁷ Wrongly or rightly, it seems very unlikely in the near future that any universities outside the select few will be able to imitate this.

6 *Guardian*, 21 May 2002, pp. 1-2.

7 *Guardian*, 21 May 2002, pp. 8-9.

It has to be said that the January 2003 White Paper confirms these general suspicions. In some respects it seeks to accentuate the hierarchy of institutions which inevitably exists already. The academic hierarchy will be reshaped by the addition of a new 6* rating for departments with 'world class research'. Scientific research is singled out for especial emphasis and it is reiterated throughout the entire document that there must be a symbiosis between higher education and business. The new set-up will comprise:

- (i) A handful of élite research universities
- (ii) A group of leading regional universities researching and teaching
- (iii) Some universities concentrating on teaching
- (iv) Some former higher education colleges having become universities but only for undergraduate teaching
- (v) Some further education colleges teaching various work-focused two-year foundation degrees, in an uninhibited recognition that the primary function of education is economic.⁸

By the summer of 2003 some of this hierarchical re-arranging had taken more definite shape. It is now widely accepted that some 'universities' will exist purely for teaching purposes. This would seem to mark a real change in the official British conception of the 'university'.

British universities are private institutions that act like state institutions

There is nothing new in the inherently ambiguous and unsatisfactory status of our universities. It is simply that this now shows up more vividly than before because the scale of their activities has so expanded. The dependence of our universities on the public purse mattered much less when the scale of their activities was much smaller. Now that the number of people entering higher education has increased so enormously, the government-paymaster, des-

⁸ *The Future of Higher Education*, January 2003. For point (v) above see especially p. 57.

perately and rather futilely seeking ways to get value for the taxpayers' pound, has dragged the universities into a damaging and dispiriting network of bureaucratic prescription.

Simon Jenkins has described the recent history of our universities as a 'Thirty Years War' between themselves and the state.⁹ Jenkins believes that until the mid-1970s British universities had extraordinary autonomy. Their public funding was un-audited. Academic staff had tenure. The system was, he believes, the world's most luxurious higher education system, enjoying a golden age. Fundamentally the universities slid in to their present, long-lasting difficulties when it became apparent, crucially in the 1970s, that Great Britain had been living beyond her means. The sole good Jenkins detects at the end of this 'war' is that universities are more accountable, work harder and are less wasteful.

This analysis is not very convincing. Spendthrift and careless governments do not bestow real autonomy on the activities they finance—they merely encourage the institutions supported to carry out those activities irresponsibly. An alternative explanation to Jenkins's characterisation would be to say that now, when the scale of 'higher education' has grown so large that even the immensely richer nation that the Thatcher revolution effected cannot easily fund it publicly, the state, following a long series of panics, has effectively called in its markers, demanding that that which it has long been paying for it should also control. Reliance on public funds was always a dangerous game, and the conditions that would make public financing of education even vaguely viable have long passed.¹⁰

9 Simon Jenkins, 'Lonely piper plays on above the bloody battle', *The Times Higher Education Supplement*, 8 March 2002, p. 18.

10 These conditions are that numbers in higher education should remain modest and that the system itself should steer clear of intellectual corruption or subversion. The vast present and even larger predicted—and in officialdom's terms—*desirable*, enrolments speak for themselves. More important, considerable areas of higher education are ideologically corrupted. Teacher education was for long one such area and the teaching of sociology remains another. This corruption can itself be regarded as yet another index of economic inefficiency.

Universities ought to become private again. In this country they are not formally state institutions. They are on the contrary *private institutions that have lost their independence*. Dr Kealey locates this loss as far back as the First World War.¹¹ Looking back on the 1960s, when the state provided 90 per cent of the income of universities,¹² it is surely possible for us to see the irresponsibility of those years as a kind of bogus independence. The gradual build-up of interventions since then merely reflects the dawning realisation in the administrative mind that some reining back of resources was going to prove necessary.

The lack of independence has become vividly apparent of late, as most universities have been harassed by a tedious system of auditing and regulation more noteworthy as a strong irritant than as a sound analytic measure of what is happening. Professor Alan Ryan of Oxford, a well-known supporter of a more market-driven approach to higher education, believes that the present régime is so intolerable that no rational person would work in British higher education, which is beset by 'the incoherence and stupidity' of government policy and the 'incessant interference by managers and officialdom'. Ryan sees the average university teacher as an underpaid drudge, faced with the likes of Margaret Hodge and Howard Newby.¹³

The irritant is so irksome, indeed, that the more prestigious universities, spearheaded by the LSE, decided in early 2001 to throw off the dispensation of the Quality Assurance Agency.¹⁴ The latter involves, as most university teachers will know to their cost, both intrusive inspection and time-consuming preparation. Academics from various other universities come and inspect one's records. The

11 Kealey, 'Back to the Future' in Tooley, *Buckingham at 25*, 2001, p. 235.

12 Niall Ferguson, 'Dreaming Spiries and Speeding Modems' in Tooley, *Buckingham at 25*, 2001, p. 182.

13 Alan Ryan, 'Why I think no rational person should become an academic in Britain', *THES*, 31 May 2002.

14 Tony Dickson, 'UK universities and the state: a Faustian bargain?', *Economic Affairs*, vol. 21, no. 3, September 2001, p. 25.

exercise demands a highly prescriptive conformity.¹⁵ The on-going pattern of harassment besetting our university teaching is excessive government interference combined with the enforced parsimony to which helter-skelter expansion in student numbers has led. In the event, both the universities themselves and the students who attend them are changing their behaviour in the light of financial and economic circumstance. By summer 2003 Oxford was reported as considering an 'Ivy League' strategy of focusing on post-graduates, rather than undergraduates, and of shifting the intellectual drive of the University away from its collegiate basis and towards faculty-led arrangements.¹⁶ At the same time the United Kingdom Graduate Careers Survey reveals record numbers of graduates who prefer the prospect of post-graduate study to employment. Overall, however, there are aspects of our overstretched university life that are even worse than the fact that universities are serially harassed in their work.

Higher education is economically opaque

There is above all the problem of economic opacity, for example. We do not belong to the persuasion that holds that the *purpose* of education is to create economic growth.¹⁷ We think, more modestly, that it would be good if education *did* lead to economic growth, or at least did not impede it, provided it first secured its philosophical purposes in the advancement of knowledge and the creation of virtue. When it comes to economic growth, however, the truth is that

15 Dennis O'Keefe recalls that a visitation during 2001, at the then University of North London, demanded detailed syllabuses and reading lists for planned courses far away in the future, a wholly unreal exercise, ignoring such variable features as the on-going thinking of individual teachers and the appearance of new books and novel arguments. Who in his or her right mind would prepare a booklist for a course not due to be taught for nine months?

16 *The Times Higher Education Supplement*, 20 June 2003, p. 14. We think the collegiate system the very core of Oxbridge excellence, but financial straits produce wishful thinking from those they afflict.

17 The White Paper of January 2003 is quite shot through with this assumption.

because our universities are so dependent on state finance, their overall impact is hard to assess. Rather than participating *directly* in the economic progress of the last 24 years in this country, a progress driven largely by privatisation, universities have preferred overwhelmingly to rely on indirect access to the wealth created, via fiscal means.¹⁸ They have thereby made it impossible for an assessment to be made of their own contribution to that renewed affluence. Indeed, they have reduced themselves to supplicant status. Under optimal conditions one might indeed claim that what would then be the main economic function of universities, namely sophisticated human capital formation, makes a major contribution to economic development. Given their huge dependence on public funding, however, it is hard not to see their expansion as manifesting in great measure a public preference for educational *consumption*. The claim that public expenditure on higher education is 'investment' is, under present circumstances, fraudulent.

Public finance and the socio-economy of knowledge

We may divide all economic activity, seen from the perspective of demand, into consumption, which is the activity pursued for the enjoyment it yields now; investment, which is the activity engaged in now for the anticipated future income and enjoyment it will yield; and waste, which is the using up of scarce resources without either of these two kinds of demand being fulfilled.

The public financing of education in a free society is characterised by radical reconstitution of these three economic divisions. When production is publicly financed

18 Few politicians have questioned all this. It is common to hear politicians of all stripes talking as if access to universities and hospitals were a kind of present we can award ourselves for such economic growth as we as a nation achieve. In a generally marketised dispensation, universities would, on the contrary, swiftly optimise their output, their contribution to national *intellectual* life, by a rational response to the pattern of scarcity. We believe that intellectual and economic optimality would prove to be quite close. So great, however, is the fiscal contribution to tertiary education made by the state in all advanced economies, that the question of what part universities play in economic development is virtually unanswerable.

the risks are diminished and the consumption motivation enhanced, because the consumer is not using his own resources. By definition, at the same time the investment element in the calculus is depressed. Whether the subject matter is sociology (tending to consumption) or accountancy (tending to investment), the fact that the decisions employ resources raised from third parties, also enhances the waste element, neither consumption nor investment taking place as efficiently as they would were the transmission private.

This understanding is perhaps the most important one with which the socio-economy (alternative Schumpeterian vocabulary 'economic sociology') of knowledge can furnish educational policy-makers. It is a huge and unexplored area of potential research.

Higher education and the strange and perverse economics of public finance

There are too many people at university because the price of university education facing potential consumers is too low. When activities are socialised the normal workings of supply and demand are subverted. Price ceases to reconcile supply and demand in the case of the goods affected. In some circumstances the distinction between the two is largely broken down as they are instead effectively *integrated*. The rise of antinomian social science is a good case of this latter trend. Subsidised supply and subsidised demand result in more or less the same pampered ideological consumerism for teachers (suppliers) and students (consumers) alike. Demand for the antinomian culture is cosseted and consumerised and gathered to the supply preferences of teachers of like persuasion.

One of the most persuasive and pervasive indices of the intellectual waywardness involved in all this is the tendency for students and teachers of soft social science and the politically corrupted arts to make gurus of some of the better known exponents of their obsessions. There are no Sartres, Foucaults, Chomskys, Althussers, Marcuses or Derridas in proper academic study, such as those social sciences like economics, which have retained their intellec-

tual integrity. Clearly one scarcely needs to say that genuine scientists and technologists do not put themselves forward as gurus. Indeed the latter are apparent *only in corrupted activities*.

Higher education is quite clearly too cheap in this country. That is the bargain struck between government and populace, especially the middle and upper classes, both sides of the bargain being misled radically about the value of the exercise. Demand is promiscuous on the part of certain members of a public that is generally disposed to expect education on the cheap, and supply is in some areas of the curriculum handled by an ideologically promiscuous pseudo-bourgeoisie that privatises the activity of curriculum innovation without financial risk to itself, the costs of its errors being socialised, that is born by the taxpayer.

Not only the curriculum of higher education but also its pedagogy and assessment are corrupted

The whole higher education system is adversely affected. Critics usually concentrate on *curricular* corruption, on students who choose sociology rather than academic history or engineering, or others who elect to read English but end up studying Derrida rather than Shakespeare or Milton. This curricular corruption, this intellectual diminution, is, indeed, a crucial consideration. It is not, however, the worst corruption. The corruption of *pedagogy and academic assessment* is an even worse problem, because it affects the whole academic curriculum. Thus alongside those huge numbers of 'graduates' who have studied subjects of a most dubious quality, goes a relentlessly downward trend of standards, in the name of 'democracy', even in subjects whose epistemological robustness makes them immune to direct subversion.

The addiction to state-finance of education is a national one

From one perspective it should be said that we ought not to seek to 'blame' the universities for what has been, however

amorphously, the choice that society as a whole has decided to make. On inspection, we are inclined to repeat that 'nation' really means the middle and upper classes, such that the idea of the whole community, as more or less addicted to the state-financing of higher education is a radically misleading one.

It is not clear what, for better or worse, this addiction proves. It might suggest that human beings have a praiseworthy genius for adapting to adversity. All human beings require habituation to the ineradicable imperatives of economic scarcity. Our educational arrangements are to be seen as exemplifying habituation to economic inefficiency. There are larger-scale versions of course. It is often alleged, for example, that the inhabitants of the former Soviet Union adapted so well to it that many to this day cling nostalgically to its memory, long after its demise, and even when its restoration is unthinkable. Today this seems the opposite of a commonsense adaptability. The British case is very different. We believe that our extraordinary general affluence can disguise the inefficiency of some production, e.g. of higher education. We are habituated to a service that is probably widely regarded as inefficient, but whose alternatives are seen as less desirable still. Effectively, British education, including tertiary education, has been sucked into the welfare state, sharing both the public finance bias and the ideological presuppositions of modern welfare ideology. State institutions, particularly its educational institutions, and the state's resources, are together envisaged by *bien-pensant* educrats as instruments of social engineering that may incidentally make the country more prosperous and competitive but whose fundamental purpose is to make society more 'equal'.

Perhaps we should say the public is partly persuaded by this. It should be noted that it is the public financing of our education, not the subversion of its intellectual life in the interest of 'equality', of which the public, however defined, approves. Common sense observation suggests that the public detests intellectual subversion. The penny may one day drop that it cannot get rid of the subversion without also the rejection of the financial mode on which that

subversion depends.¹⁹ In any event, as always with the errors of socialism and the public sector, the innocent, who are almost always in the majority, pay for the sins and depredations of the minority. As it happens, most of those who labour in higher education are honest toilers in science or mathematics or engineering or medicine etc., guiltless of the kinds of antinomian errors that have entered the whole education system from one or two identifiable sources. The overall intellectual difficulties of the (entire) education system have been caused above all by the fanatical *nom-en-klatura* of teacher education and soft social science. Given that the new White Paper proposes compulsory teacher training for new university teachers and a Teaching Quality Academy,²⁰ one has to say that it is entirely possible that university teaching will soon become less effective, rather than more. The Marxists have retreated, but not the post-modernists and moral relativists.

Education, higher or otherwise, is not a public good

What must at all costs be rejected, however, is the buttressing of the nation's collective preferences, which have built up over many decades—more than half a century now in fact—by false argumentation. Education is *not* one of those goods whose economic logic is peculiar or difficult. In particular we reject the claim that education, higher or otherwise, shares with policing or national defence the character of a 'public good'. On the contrary it is a thoroughly private good. All the social good that education does is mediated *intermittently and individually*, not collectively. We might contrast this with defence, where the social good—the protection of a given society against its enemies—is *continuous and utterly collective*.

19 The mode, as we shall see later, is not just 'public finance' but public finance in a free society, with the two sub-versions, *bureaucratic centralism*, borrowed from the totalitarian experience, and the distinctively freedom-aping *subsidised innovation*, which has enabled an unrepresentative clique to insinuate itself into the nation's educational life at every level.

20 *The Future of Higher Education*, 2003, p. 20.

The higher education curriculum, certainly in the case of arts and social science, is not an unlimited good

Another candidate for outright rejection is the proposition that education is an unlimited good and that everybody should have as much of it as possible. The idea is certainly not born out in terms of all the aspects of the curriculum of universities. It has long been clear that many degrees in sociology, for example, supply their students with nothing remotely resembling clarity of understanding and moral enlightenment, that is to say that the learning involved in no way promotes good, while many degrees in other subjects, for example English, have of late been subjected to the blandishments of political correctness. Certainly one does not have to be a fusty reactionary to regard the vast enrolment in new areas such as women's studies and 'media studies' with a certain suspicion.

A standards question

What if our thoughts turn away from curricular choice and fasten instead on the level of general standards? Some of us will remember the 'O' level General Certificate of Education. It was intended for about the top 25 per cent of the ability range at the age of 16. We now expect more than 30 per cent of each year group of the young population to get a bachelor's degree. More people are thus held capable of getting a BA or BSc today than used to be thought suitable to take 'O' levels a few decades ago. By definition BAs and BScs must be easier (taking the age differences into account) than the latter. And British officialdom, remember, is now thinking on Californian lines of up to 50 per cent of each year group going into 'higher education'. The idea that an average university education under such a dispensation has any chance of reaching a high level of academic rigour is simply moonshine. Standards must fall as we admit more and more students. We think strong language is called for. The 50 per cent enrolment ambition surely constitutes a kind of collective insanity.

Government and public have colluded in the matter of cheap higher education

University teachers fulminate about the way governments have expanded the number of undergraduates without increasing *pari passu* the resources available. It is quite clear, however, that this diminution in *per capita* resources is endorsed in practice by the university-oriented public, since that public does not want to pay more. This is convenient for the government, given that, as Dickson says, lower unit costs in higher education have been the first plank of policy for 40 years.²¹ Even small moves to increase the private costs to participants always arouse fury in certain sections of a public that wants the services but does not want to pay for them. And it should be pointed out that to want services but not want to pay for them is not to want them very seriously. In other words, though we repeat that there is a collusion involving the public here, it should not be thought of as an intractable one, at least not on the part of the populace. They ought to be persuadable as to the adverse nature of the situation, if it were explained to them properly.

Overall, our higher education system is certainly malfunctional and may actually be dysfunctional

Alison Wolf's interesting and well-received book is essentially, like our present monograph, a rejection of the very notion that large-scale production of anything can be achieved by centralist *fiat*, let alone in the case of diffuse and elusive activity like teaching and learning.²² If production is simple then the lower level functionaries asked to achieve it may do so in some fashion, if inefficiently. When the tasks allotted are complex and hard to measure, e.g. the quality of university degrees, the effects are pernicious. When the state is the paymaster and a governing ideology

21 Tony Dickson, 'UK universities and the state: Faustian bargain?', *Economic Affairs*, vol. 21, no. 3 September 2001, p. 24.

22 Alison Wolf, *Does Education Matter? Myths About Education and Economic Growth*, Penguin, 2002, pp. 246-47.

of equality is imposed, the kind of élitist guidance from superb teaching and research institutions that the whole system needs, cannot be fully achieved.²³ Indeed the finest institutions come under envious assault. The crude fact is that if higher educational institutions could be truly equalised, then there would not be any excellent ones. Quite simply, the massive expansion of higher education and universally high standards are mutually incompatible. Given the poor output of much primary and secondary education, moreover, the overall system simply cannot achieve the basic cognitive tasks that most practitioners and most of the public want it to. In sum, the system is 'malfunctional'.

This shortfall, however, is not the worst of it. Paul Johnson's proposition, made in relation to the United States, seems today equally applicable here.²⁴ Education in this country, and higher education in particular, is at times radically *dysfunctional*. This is to say it works against popular consensus as well as intellectual rigour. The recent history of British higher education is in some subject areas a sorry tale of antinomianism, relativism and political correctness. We would add the rider that sooner or later this is inevitably the tendency in a free society when education is publicly provided. It is education's careless, fiscally driven expansion that sows the seeds of bankruptcy in society.²⁵

The erroneous argument from economic growth

The dysfunctional expansion of higher education has been pushed ever forward as the intertwined defects of state regulation and funding have interacted further with philosophical errors as to the nature and purpose not only of higher education itself, but of education *tout court*. These errors are committed both by professional educators and by

23 Wolf, *Does Education Matter?*, 2002. See particularly the brilliant exposition of chapters 6-8.

24 Paul Johnson, *Modern Times: A History of the World from the 1920s to the 1990s*, Phoenix Giant, pp. 641-44.

25 David Marsland, *Seeds of Bankruptcy*, Claridge, 1988.

the interested public. We repeat that these errors disfigure the new White Paper.²⁶ If education as an activity is indeed, as we believe, the intellectual pursuit of what is true or beautiful or morally binding,²⁷ it may properly be said that the whole education system is at present adrift from such pursuit and the higher education system egregiously so, a case powerfully articulated recently by Andrew Oswald.²⁸ Oswald simply asserts that universities are research institutions, 'primarily places for finding out how the world works'. They are also 'in the truth business', 'in the excellence business' and 'in the elegance business'. They work at 'pursuing beauty and symmetry out of instinct, not because they are searching for something useful'. Worst of all, Oswald finds, is that truth, excellence, freedom and elegance are simply not what public sector politicians want.

Some errors, admittedly, are worse than others. Lots of people with responsibilities for or connections with educational organisation and management, do seem to believe that education is about creating jobs or economic growth. In this instrumental view they are wrong, or at any rate ranking the extrinsic functions of education above its intrinsic purposes. This reckoning has at least some merit, however, according as it does, in part anyway, with what very large numbers of the public innocently believe, following the evidence of their own lives. It *is* the case that people with high qualifications are more affluent and enjoy higher status on the whole than people with meagre ones. In other words there is a rough functional basis to their belief that education is about jobs, although that belief is philosophically wrong.²⁹

26 For example, *The Future of Higher Education* assumes throughout that education induces 'growth.'

27 For the examination of these ideas, see R.S. Peters, *Ethics and Education*, Allen and Unwin, 1966; and John White, *The Aims of Education Restated*, Routledge and Kegan Paul, 1982.

28 Andrew Oswald, 'A victim of vocabulary: the meaning of "university" has been debased, and with it the place itself', *THES*, 31 May 2002.

29 For the record it may be observed that while the more highly educated members of society will benefit financially from their qualifications, even in the context of a *contracting* economy, the belief

The far worse error of egalitarianism

There are far worse mistakes. Others who make their living in or close to 'education' take it that making society more 'equal' is the essence of the educational task.³⁰ Education is for them synonymous with a managerial, socialist politics. Their activities to this end constitute a kind of permanent antinomian incubus within the process of intellectual transmission, mocking its rightful hierarchies, deriding its greatest aesthetic and cognitive accomplishments. Unfortunately, the success of such activities has long been apparent, in America as much as here. It is not too much to call it 'fatal', so manifold are its dire outcomes. The protean error this pseudo-intellection has succeeded in generalising across the whole range of educational institutions and above all in universities, can be summed up in the one word: *relativism*.³¹

Allan Bloom was right. Were an educator from one of the free societies, having died 50 years ago, suddenly to find himself back from the grave and in the company of modern university students and teachers in the arts and social sciences, what he would find most dismaying is their utter conviction in very many cases that all intellectual or aesthetic hierarchies relate only to arbitrary preferences endorsed by or serving the interests of particular power-groupings, that there is nothing better nor worse, intellectually or aesthetically, than anything else and that the sole crime we may commit in this regard is to suppose that there could be.

We cannot dwell on the implications of this mistake for social and family life and the authority-relations of society.

auxiliary to this empirical fact, that education is a biddable tool for economic growth, is much less convincing, as we have already argued.

30 This view too disfigures the new White Paper, though it plays second fiddle to the 'economic' view. We will feature the 'Access Regulator', whose function will be to stop universities charging top-up fees unless they pursue 'egalitarian' recruitment policies, in our later financial discussion.

31 Allan Bloom, *The Closing of the American Mind*, Simon and Shuster, 1988.

Let us just stick to higher education. The relativist error has repercussions both on the recruitment to higher education and on its curricular emphasis and composition. Formerly sound universities are now actively engaged in lowering their entry standards in this respect³² and, indeed, the whole apparatus of pre-university examinations and selection has been processed advisedly to remove or diminish the registration of intellectually distinguished performance. There is no superiority, the mantra runs, and everything will be processed to make this clear or rather to obscure the possibility of anything superior making itself apparent.

The April 2002 edition of *AUTLOOK*, the official journal of the Association of University Teachers, offers the reader two articles representing and advocating the curricular advance of the promiscuous cult of egalitarianism in universities themselves: one assures us that multiculturalism should be a central preoccupation of universities³³ and the other that feminism should.³⁴ Let it merely be said that most of the writings in these two areas, in or out of the educational arena, seem very far from the search for truth, beauty or moral rectitude. 'Obsessional' is the adjective that best fits them. They are also élitist in the worst sense of that word.

The Hampstead obsessions

In the educational sphere élitism once meant simply the pursuit of intellectual brilliance in schools and universities. We applaud élitism in this sense of the word. We detest the new élitism that on our understanding means the manipu-

32 We mean that high performance is effectively dismissed as nothing more than a construct of wealth and power, the different performances of the pupil from Marmaduke College and the pupil from Gasworks Lane Comprehensive requiring adjustment accordingly.

33 Gargi Battacharya, 'Sticking together—universities and the community', *AUTLOOK*, Issue No. 221, April, 2002-05-09, pp. 23-24.

34 Gillian Howie, 'Launch of database, register and website for feminist theory', *AUTLOOK*, Issue No. 221, April, 2002-05-09, p. 25.

lation of society by a sinister socialist agenda. The population is not a socialist one; but the élite that pushes the 'egalitarian' agenda is. The current preoccupation with feminism and multiculturalism and the rest of the agenda of the North London intelligentsia of Hampstead and Highgate flows from a set of sentimental political mistakes made by the small numbers of people who reach influential positions in educational administration, local and national.

The history of the subversion involved is a complex one and has never been fully researched or written up. Almost certainly its origin was in the universities, especially in sociology departments and university schools and departments of education.³⁵ The policies and preferences of this subversion, fixations of irresponsible supply-led contrivance, correspond remarkably little to anything in the observable priorities of the tax-paying public, which shares with the socialist intelligentsia very little beyond the common ground of preferring public finance, an error of habituation from which the public could soon be cured given good leadership. Such élite socialist obsessions differ from the instrumental model of education, whose exponents, we have already suggested, however misguided, can at least point to its consistency with the commonsense outlook of the general public.

Two modes of educational finance and regulation:

I. Bureaucratic centralism

The present regulatory/organisational and financial régime in higher education comprises two modes, neither of them satisfactory in a free society. The first is *bureaucratic centralism*, where the codification of production is attempted by increasingly ambitious and intrusive activity by government or its appointed agencies. This mode of production is consistent with the controls placed on the whole of

35 For the corruption of sociology see Marsland, *Seeds of Bankruptcy*, 1988. For the contribution mediated through teacher education, see Dennis J. O'Keefe, *The Wayward Élite*, The Adam Smith Institute, 1990.

society by the totalitarian régimes of the last century. In the Soviet case this involved a vast panoply of regulation and almost universal public finance and socialised property. As Hayek pointed out, however, such a panoply of controls and interventions can exist without the outright abolition of private property and without universal centralised planning, provided the tax-take is large enough.³⁶ Such were the arrangements under Nazism and fascism.

The anti-fascist disposition of modern British universities, a bias we share and only wish it also extended to communism, will make our comparison odious to many who teach or study in them, but the fact remains that our university version of educational bureaucratic centralism is much closer to the Nazi-fascist model of overall politics than to the Marxian communist one. The citizens themselves are mostly in private employment. Many own their own accommodation. Even so, there is now an extensive apparatus of controls over our university life, as elsewhere in education, reminiscent of the corporate state.

At the same time, however, there are gleams of emancipatory light to be seen in the financial picture. Public finance should, indeed, be reserved for *public* goods. It may be noted, however, that while British universities are *too* dependent on state-finance, they are much less so than is commonly realised. James Tooley points out that almost 43 per cent of the finance of British universities does *not* come from central and local government and that some British universities prosper on no more than 20 per cent of their funds coming from government sources, central and local.³⁷

Despite this considerable independence of the state's resources, such universities remain within the stifling bureaucratic constraints of the higher education Leviathan. In other words the state demands the right to regulate in detail not only that which it does finance, but also that which it does not. There is an anomaly already apparent

36 F.H. Hayek, *The Road to Serfdom*, London: Routledge, 1944.

37 James Tooley, 'The future of higher education in the UK: seven straws in the wind', *Economic Affairs*, vol. 21, no. 3, September 2001, p. 2.

here, one which those who support the independence of universities might well exploit. The price now demanded by the state in exchange even for partial public finance is increasingly *centralised control*.

Especially in recent decades, bureaucratic centralism has played an increasing part in our higher education arrangements. We ask, simply, on what grounds was it ever thought that this was a satisfactory mode of production/regulation for a free society? What civilised precedent exists for its application? Bureaucratic centralism typifies the ancient slave states and modern totalitarian societies. The bald truth is that bureaucratic centralism would not be a viable mode of control or finance for a free society even if it aspired to take account of human dignity, which it does not.

II. Subsidised innovation

The other regulatory mode in modern British education is more novel, much more informal and spontaneous, specifically a product of the publicly financed learning of the free Western societies, and its symbiosis with the market economy. We may usefully name it *subsidised innovation*. It had no counterpart in the intellectual organisation of the totalitarian societies, whose leading cadres, communist or fascist/Nazi, would have been deeply suspicious of and hostile to it, they themselves holding all control of the circular stasis that passed as innovation in their societies. This is because, superficially, in its emphasis on individual initiative, subsidised innovation resembles the intellectual processes of a free society.

The higher education curriculum of British society as we have experienced it, had originally emerged spontaneously from the intellectual ferment of the nineteenth century. Financial dependency on the state-purse goes back to the 1920s, but subsidised innovation made its appearance mainly from the 1960s onwards, at least in Great Britain, when significant numbers of people began to attend university and the modern soft social sciences, with their strange mixture of sentimental guilt and envy, made their first

impact, in a Britain in which the old liberal/conservative consensus on teaching and learning was beginning to break down.

Subsidised innovation occurs when the 'entrepreneurs' of publicly financed learning begin to innovate on the basis of readily available public resources. The innovation is privatised in terms of the decisions and strategies of those innovating, in simulation of genuine business activity, but differs from such activity in that it is relatively risk free, the costs being overwhelmingly socialised. The best example has been operative lower down the educational system as a fool's gold since the 1960s: the child-centred progressive revolution. Illiteracy, innumeration, ignorance, juvenile and subsequently adult criminality: all these have flowed from this innovation, even if we cannot calibrate the nexus precisely. Secondary schools have been forced to try to remedy the primary deficit and the less elevated universities today spend much of their time doing what should have been taken care of in the secondary schools. Everyone passes the buck and no one amongst the various guilty parties pays significantly. The crucial point, certainly, is that *no one internal to the original campaign has paid for the havoc*, which is borne by the general public and all taxpayers. Within primary and secondary education the major cost is born by the diversion of funds from mainstream curriculum to the special needs industry, 'special needs' being mostly only an inflated euphemism for the inability to read. Such special needs spill over from secondary school into the university, which is obliged to teach 'study skills' on a large scale. The ostensible process of education degenerates into a kind of remedial therapy.

Primary, secondary and tertiary connections

We have mostly tried to eschew discussions of primary and secondary education. The fact is, however, that sometimes it is not possible to conceptualise the higher sector question without thinking of prior sectors. Just as the failures of primary education have trapped much of secondary educa-

tion in a primary posture, so the weaker universities, with their talk of 'study skills', to some degree conceptually and even pedagogically belong to secondary education. Human variability will always defeat precise divisions, but there ought to be at least a relatively clean articulation between primary, secondary and tertiary education. There is not. There is a muddy and uneasy interpenetration between the three divisions, reflecting malfunctions and dysfunctions in many institutions at all levels.

Neo-Marxist sociology of education

Subsidised innovation is by definition marked by producer-capture, though on the demand side this is heavily disguised by its enhancement of intellectual consumption. We noted earlier how difficult supply and demand are to unravel in such circumstances. Even more dramatic is the issue of un-penalised error. Certain intellectually unprepossessing 'scholars' have proved capable under the conditions of subsidised innovation of misleading a whole generation of students, and incurring virtually no adverse personal results from their false missionising. A good modern example of the leniency extended to massive errors and intellectual solecisms is the fate of the neo-Marxist sociology of education. This vacuous byway in social theory flourished in the 1970s, faded in the later 1980s and was effectively dead by about 1990. Many of its leading exponents dropped it when the communist world came tumbling down, although they had mostly denied receiving any inspiration from real communist societies. There were extraordinary numbers of books and articles in this persuasion and many MAs and PhDs were pursued. Countless hours were wasted in pursuit of a perspective Frank Musgrove at the time rightly dismissed as 'shoddy'.³⁸ Its one-time exponents have never formally recanted or apologized for all the misleading they did. Without a word of apology or even explanation they have merely plunged

38 Frank Musgrove, *School and the Social Order*, John Wiley, 1979, p. 193.

into new obsessions, post-modernism or political correctness. Most extraordinary of all is the fact that many of the leading lights in this movement ended up with university chairs.

The child-centred disaster

Such university stories make up the luxury end of a system intrinsically prone to vast mistakes. The university version had been paralleled and preceded by comparable innovations in the curriculum and pedagogy of primary and secondary education. We lack the space to give much treatment to the dire effects, first of child-centred education, with its rejection of strong discipline, its 'look-and-say' reading, its abandonment of arithmetical tables, the disastrous afflatus then being followed up subsequently at higher levels by the collapse of the classical canon of literature and a vast explosion of antinomian social science. Such, however, has been the story of soft funding that has characterised the last 40 years of British state education. Such is the legacy of subsidised innovation, as it now intertwines itself with bureaucratic centralism, encoding its prerogatives in legislation and practice.

We maintain first, that most mistakes of this kind would not have happened on the basis of spontaneous parental or student demand, and secondly that they constitute collectively an intellectual disaster for which those responsible were not held to account when it happened and never will be. In a free society the lax provision of public monies seems bound to issue in such calamities. Private financing of education will not remove the human propensity to error; it will, however, check and discipline such error in some degree. The task of reversing decades of error is a daunting one and only private finance stands a real chance of moving things the opposite way from the mistakes.

Part II

A Purging of Confusions, On a Supply and Demand Basis: What? Who? How Many? Who Pays? and Why?

There is confusion about what intellectual work our universities should do. There is confusion over who should study in them, what proportion of the population should attend them, and, crucially, how that attendance should be paid for. There is above all the grossest muddle as to how universities should be made responsible to the populations they serve. In our view these questions should all be decided by the free play of supply and demand, in a 'free enterprise curriculum'. Such a context will not right all ills. Alas, the righting of all ills is only a utopian fantasy. Private financing of higher learning would, however, make a very significant contribution to rectifying our present wrongs.

What will constitute a university under long-term marketisation?

We do not really know, though we believe that markets would winnow out much of the nonsense of the present arrangements and make the underlying and inevitable hierarchy of excellence to which universities are necessarily subject more transparent. Their differential pricing alone would have this welcome result. If the former polytechnics wished to continue to consider themselves universities, then good. A privately financed system of colleges would be much less tolerant of the appallingly low standards of the output from secondary schools and behind these of primary schools. Even so, some universities would specialise in improving students who are not up to scratch. Wise leadership in the weaker institutions would seek external examining connections etc. with the better universities, in an effort to improve their output. Real success would require an accompanying policy of better curriculum and teaching in primary and secondary schools. Were there to be dramatic improvement in literacy and numeracy, these would soon make their effects apparent in higher education too.

What work should our universities do?

The old chestnut here is whether institutions should be teaching institutions or research institutions. Sir Alan Peacock reminds us that Cardinal Newman believed that universities should teach, and research should be confined to specialist academies.³⁹ Professor Oswald has come down unambiguously in favour of research.⁴⁰ We say: 'Let the market decide'. We note that in our own teaching careers we have found that the students liked our having written research articles and books. Under free market conditions some institutions would be just teaching, others just research and others both.

On the issue of curriculum our contention is that markets would have protected minority interests like the classics better than a socialist, 'egalitarian' system has. Markets can accommodate an infinite set of possibilities. Markets will both uphold time-proven canons and innovate ceaselessly on the intellectual front. Inferior degrees will get winnowed out or at very least purchased for the inferior products they are. Many professional colleges would evolve in conditions of private financing, and universities proper might well duck out of much of the present training for the professions. And a good thing too.

Who should go to university?

The answer is anyone who is good enough and wants to enough. Markets would handle this combination rationally too, if only governments would butt out and stop using universities as if they were a weapon of the class war. Both the authors are of working-class background; both went to university in the supposedly benighted 1950s and neither found any hostility to children from the working class. This was so in the pre-Robbins days and there is every reason to suppose that a market driven system will manage its human intake even better, markets being functionally

39 Sir Alan Peacock, 'How necessary are universities?', *Economic Affairs*, vol. 21, no. 3, September 2001, p. 7.

40 Oswald, 'A victim of vocabulary', *THES*, 2002.

indifferent to the race, sex, class, religion and sexual preferences of individuals.

How many people would go to university?

Again we do not really know. It might be fewer than at present as those who go today only because most of the cost of the experience is based on public finance drop away. On the other hand, if there were privatisation of education generally, the output of the schools might improve radically and more children would become intellectually engaged than at present. More people would also probably enjoy *working* in universities if the present noseyparker bureaucracy of spying and enforcement were scrapped and replaced by a properly corrective competitive discipline. The new White Paper simply confirms, within the governing assumptions of the present, the government's decision to get some 50 per cent of future cohorts into tertiary education. There is a good deal of boasting about British intellectual pre-eminence, especially in science, with our being second only to the USA, though no discussion of the extent to which this brilliant achievement rests on élite universities, or on private primary and secondary education, and on excellent grammar schools which have been brought for the most part to untimely deaths.⁴¹ Much of the intellectual brilliance of British civilisation has rested on private educational expenditures. To secure such future performance will require a new expansion in the private element in our educational system.

Who will pay for university education?

Mostly citizens will pay for their children or late starters will pay for themselves. Students as a pressure group are very anxious always that other people should pay for them. It will be necessary to educate the public in some basic facts

41 The White Paper takes the expansion in numbers for granted, throughout, and on the two false criteria of economic growth and equality. At no point, however, does *The Future of Higher Education* engage in any proper discussion of the propriety of this gigantism.

of financial life, or this reflex dependency culture will drag on. Financial institutions will evolve ever superior techniques for lending for academic purposes. The labour market will evolve to allow more of the American-style working one's way through college. Universities will themselves evolve ways of employing their own students, perhaps in partial lieu of fees, for example. Part-time study will continue to evolve. There may also be rapid evolution in distance learning and computerised learning via developments in information technology. Such trends are already well underway. Lines of communication between those wanting to sell their knowledge and those wanting to purchase that knowledge, will become immensely clearer and more sensitive.

Why will people go to university?

We do not know if a renaissance of learning is a possibility for the human race today, so corrupted are billions of people in the free societies, ideologically. This is mostly because of our corrupted educational systems. But for such a renaissance, privatisation of the institutions is at the very least a *sine qua non*. For universities to be proper institutions of learning and culture, the ethos that dominates them must be founded on the love of wisdom, goodness and beauty. Unless large numbers of people are fascinated by the idea of knowledge for its own sake, the search for moral goodness and the pursuit of the beautiful, universities can never be more than a philistine betrayal of the best dreams of our ancestors. It has proved to be socialist, ideologically skewed higher education that is philistine and anti-intellectual. Only a market-based system could function powerfully enough to start to reverse the intellectual decay that set in everywhere in the free world in the last 30 or 40 years of the twentieth century. In the British case, certainly in the last three decades, this decay was in striking opposition to the economic renewal that also, ups and downs allowed for, took place.

Part III

Options for Privatisation

The privatisation of universities admits of a number of options

What is not often said about higher education finance is that the bind we have allowed ourselves to get in is really absurd, because so unnecessary. James Tooley points out that while in poor countries the state cannot fund universities, the private sector can and does fill the void.⁴² This suggests that the prejudice against the private sector in a rich country like Britain has never been other than a luxury error. We were rich enough to afford public financing of higher education when numbers were small; there was never a positive case for this, however, and with present and projected numbers state provision is now merely an impossibility.

Most universities are therefore being dragged today in some respects in the direction of private finance simply by pressure of events. Universities unwilling or unable to follow any of the procedures we discuss below will find themselves intolerably tied to something like the present pattern of restrictions, their confinement a more or less mechanistic result of excessive reliance on core funding by the state. The same effect will result, but in more generalised form, if there are not rapid and profound shifts in government understanding and policy. And if the idea of freedom and autonomy should become re-established, if many universities do succeed in reasserting their freedom and autonomy, it will be difficult for publicly financed institutions, those which have failed to draw significantly on private sources of funding, to maintain the fiction that they belong to the same intellectual genus as institutions that have successfully made the transition back to privacy and independence. It must be asserted overall, however, that while conditions for reform look good, the country and its higher education system cannot truly be seen as ready and prepared for such reform.

42 James Tooley, *Reclaiming Education*, Cassell, 2000, pp. 65-67.

With matters of policy, as Norman Barry points out, we need to grasp the extent to which a miss is as good as a mile. Since the 1980s governments have grasped in a crude sense how important universities are to economic life. What they have not understood is how to conceptualise this, let alone how to chart it. We now find our higher education entrapped in a vast regulatory bureaucracy that harasses institutions without remotely encouraging their rational economic behaviour.⁴³ In any case, successive governments have clung obstinately to a number of fantasy-beliefs that today are quite incredible.

Among the most notable of these is the fantasy, shared by government and much of the populace alike, that there is something intrinsically admirable and worthwhile, and in addition beneficial to the whole society, about the long-term expansion of higher education. As long as successive governments and electorates are given to such wishful error, it is all the more imperative that university policy-makers seek sources of finance other than the pockets of the hard-pressed taxpayer. It is not clear that most will look hard enough.

In the event there are many different options we could follow. The most important policy, though, is a general strategy rather than a specific measure, a policy for a general reduction in the level of taxation, especially taxation on wealth and income, a policy having many favourable connotations in addition to its promise of improvements to university finance and management. As a specific background requirement for the privatisation of all education in general and of higher education in particular, however, this measure dwarfs into insignificance all other alternative policies.

A general policy for tax-reduction

The pure and honest in heart, who may not be as numerous as they ought to be, will celebrate the part played by lower income tax, and lower corporation tax, in the regeneration

43 Norman Barry, 'Privatising University Education' in Tooley, *Buckingham* at 25, 2001, pp. 211-27.

of the British economy in the 1980s and 1990s, a process the necessary reforms for which the Labour Party of the time fought all the way, though it loves to bask today in the Thatcher inheritance as if it were its own creation.

That distinguished scholar Sir Graham Hills thinks that a fiscal policy of state retrenchment today, one specifically aimed at privately based regeneration of the so-called 'public services', would not have a chance of working in this country.⁴⁴ We do not at all see why and indeed we disagree profoundly with him. On the contrary, a clear policy for a reduction in what remain penal levels of taxation is a *necessary prelude for the reinvigoration of education in this country*. Its other name is the vigorous pruning of the grotesque bureaucracies that have battened onto our education system in recent decades, since the pruning of otiose bureaucracy is largely the same thing as a reduction in taxation, it not being possible to achieve the latter without carrying out the former.

Such a reduction in general taxation, to be successful, would need to be comprehensive and aimed as far as possible at a fiscal restructuring onto consumption. The hard nosed aim of the policy would be to reduce the share of the national wealth going to government, and to alter the composition of the share the government retained, moving its source away from direct to indirect taxation. It is *indirect* taxation that should carry the burden of government finance as far as possible. Incomes must be freed at source to increase the range of their discretion.

Poverty in a rich country such as Britain is like the public finance of higher education, a redundant construct of false reasoning

This would hurt the poor, but only temporarily, since by discouraging poverty, it would also rapidly diminish their numbers. The relativists are fond of telling us that intelligence and even works of manifest genius reduce in the end

44 Sir Graham Hills, 'Who Owns the Universities? The Battle for University Independence and against the Dependency Culture', *Economic Affairs*, vol. 21, no. 3, September 2001, p. 15.

to constructs of power and privilege. As a general case, this is nonsense. It does apply very precisely, however, to poverty in the modern affluent economies. Poverty is indeed a construct of sentimental and patronising folly. Any kind of mass poverty should have been remaindered long ago.

David Frum rightly suggested in a famous article in *Commentary* a few years ago that the trillions of public dollars swirling around the US economy were financing most of America's nonsense, and we believe that poverty is a notable case in point.⁴⁵ British nonsense is not likely to be obeying different laws. All taxation on income and profits and property should be drastically curtailed, and the state should be seeking to play a smaller part in our economic destinies. The logic could hardly be simpler. If citizens have larger disposable incomes because of tax-reductions, they will have more to spend on private education or whatever else they prioritise.

Moreover, such a policy is likely in itself to create a growth in real and disposable incomes. Nor, it should be added, does the present policy/habit of publicly financing the bulk of higher education result in significant numbers of the poor getting to university in this country.⁴⁶ Under a régime of private funding, it might indeed be deemed necessary for the state to supply some of the wherewithal for bright students from very poor backgrounds to get into higher education. The present dispensation is for the most part merely one of churning over middle-class money as highly taxed middle-class people are given costly tuition and state supported loans at the public expense.

There is also a most regrettably regressive element in present fiscal arrangements, which leaves the poorest groups, whose children do not go to college, contributing to the better-off element in the population that supplies most of the students. Private finance would remove this anomaly. Simultaneously, a shift to indirect taxation would both

45 David Frum, 'It's Big Government Stupid', *Commentary*, June 1994.

46 As the new White Paper insists. *The Future of Higher Education*, p. 8: 'The social class gap in entry to higher education remains unacceptably wide.'

encourage people to exit from the poverty trap and permit targeted financial help to be brought to bear on clever children from very low-income backgrounds. This does not at all mean the same as the present policy of pushing in the direction of university many thousands of children who have no aptitude for it.

Some tax-reductions are simply clearing-up exercises

Some taxes on property do not yield much and their retention is in the main not even a matter of spiteful propitiation of envy. It stems really from mere inertia. Barry Bracewell-Milnes has rightly said that death-duties yield only some 1.5 per cent of Inland Revenue receipts, part of the government's 'small change' as he puts it.⁴⁷ Not much, but our hard-pressed universities would find it helpful if some of the funds received by struggling households were relieved by probate from their parents' prudence, just when the latter's grandchildren are applying for university.

Building up requisite interest groups

To encourage potential private demand for higher education, the current treasury mantra about level playing fields should be ruthlessly pushed to one side. What can 'level playing field' mean in an economy where 40 per cent of the national income passes through government hands, to the advantage of many perverse interests? There are good and bad interests. If we had not, for decades in the British case, subsidised the purchase of private housing, millions more today would still eke out their lives in council housing. We can now eliminate subsidies, the habit of purchasing private dwellings having become an irreversible interest.

We need now, in education and health, what we have already achieved in housing, a proper economic apparatus of modernity, which includes an extensive and rationally entrenched interest group, with an insistence on private ownership of educational assets and a deeply rational and

47 Barry Bracewell-Milnes, *Euthanasia for Death Duties: putting Inheritance Tax out of Its Misery*, IEA, 2002, p. 22.

reasonable sense of its own interest as a mainstream preoccupation. The burden of income tax should fall, but even within that smaller margin, given that the tax-burden will remain excessive for a long time, educational expenditure should be subsidised by tax reliefs. The present interest nexus in higher education, by contrast, favouring high taxation and cheap universities, is very disputable in principle, indeed largely a matter of long-term habituation. It should be replaced by a low taxation-régime, which will 'construct' an interest group enjoying very substantial tax-breaks in relation to its educational arrangements, leading to the private purchase by citizens out of increased disposable incomes, of a very price-diverse set of university courses, the universities involved drawing most of their revenue from private fees rather than from government funds.

It is true that tax-breaks would perpetuate some of the subsidised consumption that in principle we deplore; but the more general functioning of rationally priced university education would more than compensate for this deficiency. Because it would draw increasingly on private funds, it would inexorably conduce to a more market-natural balance between curricular consumption and curricular investment at university and it would simultaneously reduce waste. When it comes to their own money people are less likely to 'play silly buggers', to use Yorkshire idiom.

The economic apparatus of modernity and the educational shortfall therein

One of the paradoxes of economic modernity in the richer societies is the extent to which their educational arrangements are not themselves fully paid-up examples of the 'modern' condition. Modernity *does* include a specialised division of intellectual labour with a large recruitment, but this is a necessary, not a sufficient definition. To meet the full criteria of economic modernity, the organisation of learning must also itself include as an integral feature the developed apparatus of the modern market. Indeed, this

market presence must also be true of the large-scale *production of all private goods*. In the higher educational arrangements of countries like Britain, we see the contradictory phenomenon of a socialist organisation of university life, based on public finance and egalitarian ideologies.⁴⁸

We can define the higher educational shortfall in this respect factually, descriptively, in terms of what educational arrangements *are*, or negatively, *counterfactually*, in terms of what they are not. Educational socialism, the reality, means overwhelming reliance within the higher education system on public finance and the near impossibility of the senior managers of the system achieving really high incomes and substantial private wealth. It is a system with inadequate property rights and consequently an inflexible organisation of resources. It is a system where those who would become wealthy must leave the educational world, with its public property, its coercion (we refer to the intolerable apparatus of spying and arm-twisting), its state intrusion and regulation, its 'bureaucratic centralism' and 'subsidised innovation', and enter the risky world of capitalism proper.

The sociological penumbra to British higher education's inadequate economic arrangements includes a powerful *nom enklatura*, one which, however, has neither ownership nor full responsibility for the assets of the system it runs. Nor does it receive adequate rewards or punishments for the academic results to which that system leads.

The hypothetical 'free enterprise higher education system', by contrast, involves a thoroughly bourgeois world, which includes not only the large middle class which now operates the socialist version of the system but also, above this administrative class, an educational bourgeoisie proper, whose large but precarious fortunes and fame depend on the real output of the private educational system whose tradable assets they control and often own outright. Schools and colleges in many instances will be the property of this educational bourgeoisie. A vigorous market in

48 More properly we can say this of the whole education system. See Dennis O'Keefe, *Political Correctness and Public Finance*, IEA, 1999.

educational assets would typify these arrangements, and trading in education could in principle become as commonplace as trading in manufactures or banking stocks.

The need for for-profit universities

It is true that we now have only one private university in this country and no native 'for profit' ones. This could soon change, and probably will. In this sense some of the American universities now operating for-profit franchises in this country must be regarded as sources of economic emulation. For-profit universities would bring a healthy and productive dynamism to the whole system. This would be the case even where most private universities were not for-profit ones. The bottom line dynamism of intellectual reproduction and innovation would derive from those that *were* for-profit. The overall system would inevitably end up as a 'mixed economy' of higher education, at least for the predictable future; far from ideal but better by a long way than the effectively monopolistic, mostly state-funded system we have now, to which Universities UK constitutes a most uninspiring and self-congratulatory cartel.⁴⁹

Vouchers plus top up

In the early years of privatisation, government involvement will remain heavy. This persistence could, in the long run anyway, at least in principle, enable higher education to experiment with a voucher system similar to that which political management has mostly been too cowardly to implement lower down the education system. One frequently touted reform is effectively a voucher scheme under which each student qualified receives a basic 'voucher' or standard university payment on top of which universities add extra fees at their discretion. This was the first option

49 The identification of Universities UK as a cartel we owe to a recent conversation with Professor Colin Robinson at the Institute of Economic Affairs. The recent publication by Universities UK, *The University Culture of Enterprise: Knowledge Transfer Across the Nation*, 2002, is a monument of self-regard and complacent posturing.

favoured by the Taylor Report, commissioned by Universities UK.⁵⁰ This policy, if enacted, would help generate a rational spread of university pricing that would permit much more sensitive decision-making on the part of would-be students and allow universities to make in parallel a rational appraisal of their strengths and weaknesses and align themselves accordingly on the spectrum between 'cheap for the students but subject to government controls and restrictions' and 'dearer to the students but enjoying more functional autonomy'.

The White Paper and the excellence/equality tension: the 'access regulator'

Predictably the Labour government is not going to pursue the voucher route. The big problem at present is that the funds for so many people wanting to go to university will not readily be forthcoming. Let us not lose sight of this. Sadly, but predictably, the debate is cluttered up by our old British class obsessions. The old notion that it is *unfair* that people from lower social class positions should enter university in significantly smaller proportionate numbers than those from higher groups is a repeated theme of *The Future of Higher Education*.⁵¹ Indeed the White Paper manifests a sour egalitarianism alongside its generally commendable desire to seek excellence, along with more funds. It is a near perfect example of one administrative hand not knowing what the other is up to. It seeks higher intellectual quality by trying to put higher education to some extent back in touch with the elementary facts of supply and demand. It does not admit that this is what it is doing, but it is. That the admission is not made is compromising in itself. To put the truth bluntly, for too long we

50 Quoted in Dickson, 'UK universities and the state', 2001, p. 27.

51 It is noted on p. 4 and again on p. 8, which latter page opines that the social class gap in entry to higher education is too wide. On p. 17 we are informed that the children of professional people are five times as likely to go to university as those of working-class background. All we can say to such exotic statistics, is: so what? Why should this be thought of as hurtful or insulting?

have shied away from the indispensability of markets to advanced civilisation. Higher education policy is virtually crippled, however, by the Labour Party's sentimental, residual Marxist fanaticism, its preference for equality over excellence, at whatever cost to the latter. Thus the White Paper envisages every university wishing to increase the level of fees, as first having to draw up an Access Agreement, designed for reaching disadvantaged students. Moreover, an 'Access Regulator' will be appointed to oversee these arrangements. This last idea has not found favour with Vice-Chancellors. Let us give the thing its real name, 'People's Commissar for Proletarian Advancement', and hope that in time it is properly dropped. Certainly the family likeness this idea bears to the banished world of the Soviet fantasy is quite unmistakable. The new White Paper reveals that, rather reluctantly, the graduate tax is the way the government is going to go.⁵² There will be some recourse to private monies. There will also be more public money. From 2004 about a third of students will benefit from a new grant of up to £1,000 per annum for lower income students. Significantly, however, from 2006 under a new graduate contribution scheme, universities will be allowed to charge up to £3,000 per annum per course. This seems as an idea by far the most important innovation of the new package, and it might conceivably be taken as a pointer to likely future developments. On closer inspection the policy does not inspire confidence. First of all there is huge resistance, from Labour MPs as much as from university personnel. This alliance is hardly surprising, given that they are largely the same constituency. By late June 2003 as many as 170 Labour MPs had signed early day motions opposing the changes in student finance.⁵³ On Monday 23 June some 140 of them defied a three-line government whip on the question. We might be making a mistake then to see the White Paper as proof of a clear desire to make private citizens contribute to greater economic rationality in the

⁵² *The Future of Higher Education*, p. 9.

⁵³ *The Times Higher Education Supplement*, 27 June 2003, p. 2.

arrangements of higher education. On further inspection the policy has no such clarity. The strength of the desire is very *unclear*. For one thing, while the government is talking tough and says it will not give way on the policy,⁵⁴ it has to date pulled back from every other serious proposed reform of the welfare state. So we cannot be sure about outcomes. Conditions are ripe for reform but the will is seemingly weak.

The policy is also crucially flawed by its alliance with social engineering. Indeed in such a policy the war between the two different factions of modern Labour has become incarnate. If universities want to charge top-up fees they will have to doctor their intake to include more state school pupils and lower income students. True, there are no stated targets. The 'Access Regulator' will, however, monitor universities to ensure that their policies are sufficiently egalitarian.⁵⁵ We are inclined to think that the intolerable business of clever children being turned away because they are too middle class will be given a boost if the policy works and that the extra fee income generated may prove not to be worth the social price paid. In any case the Regulator will not start till 2005 and the top-up money will not be introduced till 2006.

The levying of a graduate tax

Though rejecting vouchers, the government, in plumping for top-up fees, is in some degree following Taylor. Accordingly, therefore, ministers have gone for a régime of graduate taxation, whereby students pay back the fees originally paid by the government.⁵⁶ As we shall see, a modicum of present political acceptability is sought by the delaying of the evil moment of initiation until 2006.

This, the policy favoured by the present government, was also the second option favoured by Taylor. The idea is that students will pay back part of their tuition costs, once their

54 *The Times Higher Education Supplement*, 27 June 2003, p. 2.

55 *Observer*, 6 April 2003, 'Home News'.

56 *The Future of Higher Education*, pp. 8-9.

income reaches a certain level. This option could have been usefully combined with the first option, the voucher.⁵⁷ It is to be regretted that the voucher route is not to be followed, since it has a praiseworthy aspect of impersonality and universality. As to fees, they are never popular in a society that was taught until not long ago not to expect them, and there will be some adverse reaction to those priced near the £3,000 per annum maximum, always supposing significant numbers of universities take up the option. Doubtless some students will be deterred by the prospect of sizeable repayments. To which one is inclined to say that in this case such students cannot be very serious. The kind of reckoning involved for students or their parents is, after all, far less complicated than the mortgage finance most citizens undertake these days, and a lot less onerous. We would rank its complexity with the purchasing of a newish car or budgeting for an annual holiday out of similarly limited funds.

At present, though, the tax-based provision of government money will continue to dominate. The government will continue to pay the first £1,100 of fees for students from lower income families. Up-front fees will be abolished and all students will be permitted to defer their contribution to the cost of their course until they have graduated. From April 2005 students will not have to start repaying their fee contribution or their maintenance loan until they are earning £15,000 per annum (formerly £10,000 per annum). This hedging round of financial innovation signals the ideological battles raging in educational high places.

It is estimated that 'up and running' the new graduate contribution scheme will raise some £1.5 billion per annum. Public spending on higher education is due to rise by £2.3 billion over the next three years, from £7.6 billion this year to £9.9 billion in 2005, or six per cent per annum in real terms. In other words the new private fees will not kick in until after the government has already provided billions more from the public purse. The proper significance of the fees is that, following on the less ambitious changes of

⁵⁷ Dickson, 'UK universities and the state', 2001, p. 27.

recent years, they represent a potential further breach in the nation's reliance on the public purse. In the long-run the walls of habituation will cave in under the relentless and irresistible pressure of the laws of supply and demand. This does not mean there is a strong public will for rational reform.

The introduction of fees is, predictably, proving slow in the extreme. This is the shorter-term laws of politics at work. We noted earlier that there is huge opposition from many backbench Labour MPs. *The Future of Higher Education* was published in January 2003, and the income from top-up fees will not come on stream for three more years. The reform is, moreover, fairly timid, in purely financial terms, certainly if we compare the £3,000 maximum with the fees charged at the better American universities. Professor Bruce Cooper of Fordham University informs us that Ivy League Universities charge upwards of \$30,000 a year. Though the majority of the students, some 70 per cent, get subventions and other reliefs, the fee income received by the more prestigious American universities is undoubtedly huge and the main prop of their security and intellectual distinction.

The British intention to charge top-up fees is thus no more than a pointer of possible changes to come from the present government, though sooner or later some government or other will have to initiate them. It seems probable, all reservations entered, that within a decade, short of an unthinkable wholesale reversion to public funds, huge injections of private funding, vastly exceeding £1.5 billion per annum, will be available to the system, despite the political and educational resistance. The rate of change, however, remains desperately slow.

Alternative extra policies are clearly needed even for the government to persist with its present slow-moving proposals, otherwise the higher education system will make little progress in exiting from its current strait-jacket. One possibility would be to devise some specific formula permitting universities that achieve, say, 50 per cent financial independence of the state, to withdraw from all nation-wide

bureaucratic entanglement. In any case we take the cautious view that in higher education, as in the earlier stages of instruction, full-blooded educational socialism is now in at least the early stages of a retreat, some of the medicine that will be needed having at least been made public, however tentatively.

The need for realistic fees

Sir Graham Hills rightly says universities must charge realistic fees if they are to become independent again. He also stresses that we must avoid subsidising the supplier,⁵⁸ and the new fees would help in this regard, though the maximum of £3,000 is too low. The policy is modest. It might even so encourage more realistic decision-making of a curricular kind, probably beginning the necessary process of reining back on soft social science and corrupted arts in the more prestigious universities and concentrating such antinomian fare in the less prestigious universities and less highly rated areas of university life, such as media studies. The possibility of significant fee-income will make a bigger difference to rich universities than to poorer ones, but this is not intrinsically a bad thing except in minds corrupted by the envious imperatives of the welfare state.

Government funding in return for university curricular surrender

Unfortunately, another feature of government policy made its noisy public reappearance in July 2003: the government demanding more central curricular control in universities in return for increased funding. The problem is that the unfolding pressure of market forces, with their ability to cope with a diversity of statuses and subtle differentiations among the institutions they spontaneously regulate, vies with that compulsive temptation to resort to *artificial*, coercive controls that always more or less captivates government in the free societies. In the long run the market will bring to the university world, as much as to any other

58 Sir Graham Hills, 'Who Owns the Universities?', 2001, p. 16.

complex, and in crucial respects, economic reality, a greater clarity. The differing purposes and functions of different *grades* of university will become more manifest, and we will be able to see more clearly which universities can and should have which intellectual aspirations. Under a more rational use of resources there will be a sharper delineation of the wide variety of institutions, from élite, to middling, to, ultimately, low-grade ones. But the 'long-run' means just that: it takes *time*.

Under market conditions, it would be the supply of and demand for university education, not the government, that would decide on *new* things, radical innovations such as some universities concentrating on post-graduate teaching and research, and others on undergraduate teaching and yet others deciding to continue with varying combinations of both. On the other hand, *established* differences in academic accomplishment would also be brought into sharper relief. The administered, politicised system we have is obviously already associated with hierarchies, ancient and new, but they are hampered hierarchies, compromised by the ideological contradictions of government.

Universities will, we have seen, be allowed to raise more fee-income if they widen access in terms of social class. On the other hand they can get *larger subsidies from the state if they axe less successful departments in the interests of raising the British contribution to élite university work*. It is as if the management of universities were advisedly being subjected to a mass schizophrenia. Such management must now be a nightmarish experience for those entrusted with it.

Periodic inspections cannot raise standards

If the number of universities is small then the on-going experience of higher education by the smallish population of educated people is the appropriate mode for assessment of standards, however higher education is financed. If the number of universities is large, the long-run truth is that only private finance stands much chance of settling the question. The status of university departments cannot

properly be settled by bureaucratic committees, as in the course of the abracadabra visitations of the Research Assessment Exercise, every four or five years. These happen in circumstances of extreme artificiality. Success requires the achievement of 5*, soon to be 6*, proxy government ratings. Anything less is a target for fiscal punishment. This is a system for the permanent humiliation of institutions of average or lower than average intellectual status.

This combination of farce and stricture is a poor surrogate for long-run *public* appreciation of variations in intellectual distinction. We should all know now about the fear, menace and hypocrisy surrounding such government instruments, as well as their hopeless insensitivity. This has been clear lower down the system with the operations of OFSTED. In the case of public goods like defence and the police, the state must needs devise market proxies, *faute de mieux*. In a mass education system only the market can properly mediate public appreciation of the real differences in cognitive achievement by different institutions.

The Blair government has been helplessly torn between the manifest need to cultivate world-class universities and the socialist imperative for the levelling of institutional statuses and the equalising of resources. We know how the contradictions of the system can be overcome. The market, and only the market, can do it. What we do not know is whether the present *impasse* will be brought to a reasonably swift conclusion, precisely and only by recourse to more market resources. Probably it will not be. The present situation suggests to us that until the contradictions of the university system become so acute as to paralyse it altogether, it will stagger on in the confusion in which it has now languished for some decades. Potential for reform may thus remain for long mere potential.

The Thatcher revolution in industry and private services was not made in a day. Market forces offer no quick fix. As the British 1980s showed, they require governments to display unflinching courage in the face of entrenched interest if their good outcomes are ever to be achieved. To fix our universities will be the work of years of determined

government. In July 2003 the threatened use of the dull coercion of government finance to create élite institutions by excising weaker departments through differential funding, created a predictable uproar. This was brought to a head in the case of Asian Studies at Durham, a famous department that had not chalked up a high enough rating,⁵⁹ but the reverberations soon spread to other institutions.⁶⁰ It is hard to avoid the suggestion that the present government of higher education will stagger on, hopelessly pulled this way and that by the incompatible requirements of élitism and equality under a régime of public monies.

Excellence versus equality

In a free society, supply and demand ought on intellectual grounds to vanquish ideological obsession every time. The way to load the struggle in favour of the market imperative is to lessen the burden of taxation on families and thus free up the discretionary powers of economic calculation. Sadly, however, we know from the long post-war dialectic between excellence and equality that for 50 years the former—in the shape of the eleven-plus, grammar schools, formally structured teaching, tough, unseen examinations in the 'O' and 'A' level ascendancy—was roundly trounced by the latter, in the shape of comprehensives, child-centred pedagogy, the abolition of élite examinations, and the deliberate lowering of standards.

If there were now an impartial recourse to evidence, if we looked at what does most for average standards and what most helps the poor, the battle for reason would be won. Unfortunately, today the forces of 'equality' seem determined to sidestep all argument and act as though their own former recipes for improvement have not had the adverse

59 *Daily Telegraph*, 4 July 2003, p. 1. At Durham the Department of East Asian Studies is to close and the Department of Middle Eastern and Islamic Studies will lose its undergraduates and concentrate on post-graduate education.

60 Bristol announced at the same time that by 2007 it will be supplying no resources to research activity not reaching the equivalent of 5* in the 2001 RAE. *Daily Telegraph*, 4 July 2003, p. 1.

effects that are the case. Abolishing the eleven-plus, and replacing selective state schools with comprehensives removed the mechanisms that until 30 or so years ago allowed clever working-class children to rise academically. Progressive educational theory with its disdain for didactic methods and its soft approach to discipline put bright children from the working classes at further disadvantage, as did the cultural relativism that made so much ground from the 1970s, arguing that there is no such thing as aesthetic or intellectual superiority, but only the entrenched intellectual fancy of powerful groups. Having over decades set up the schooling working-class children receive in such a way as to make them the unlikeliest candidates for academic selection, the progressives now seek to bypass the debate and make the universities admit their favoured but hypocritically neglected candidates anyway.

For some time the notorious practice of turning away of candidates from public schools and/or very well-educated homes has been commonplace. As Melanie Phillips points out, there has been a post-code premium operating at some universities, whereby better grades are required for students from independent schools.⁶¹ Universities have been paid to do this. Now Phillips says they are to be bribed to favour those who have no family with university backgrounds and who come from poorly-attending schools. Because so many university administrations have gone along with the ideology-mongering, because too many vice-chancellors did not resist the earlier blandishments, the defences of traditional intellectual excellence are gravely weakened. And we are unnecessarily deflected from the serious task of sorting out university finances.

The selling of capital assets to establish university endowments⁶²

Scarcity is perpetual and acute shortage may be expected to

61 Melanie Phillips 'These insidious social engineers destroying merit and aspiration', *Daily Mail*, 26 February 2003.

62 Dickson, 'UK universities and the state', 2001, p. 27.

remain with us for years. Some universities are rich and others are poor. Some could create huge funds to support their various endeavours. Others have barely enough command over resources to remain in the overall black. Governments could sell some of their own enormous holdings; but why should higher education expect a pre-emptive cut from these? There are rival claimants. For many of the universities in this country the truth is they are far from wealthy either in income or property terms. Given how wealthy the *country* itself is now, thoughts are bound to turn to the question of philanthropy.

The need for a new philanthropic tradition of charitable endowments

Niall Ferguson doubts whether Britain could ever imitate successfully the very wealthy philanthropists of American tradition and practice.⁶³ It is true that in our twentieth-century history of higher education we British constructed a symbiosis between socialist hatred of capitalism and conservative contempt for businessmen. In such an atmosphere recourse to the public purse was an obvious outcome. But traditions can fade and be dismantled just as they can establish themselves. It may be claimed against Professor Ferguson's pessimism that this country is in fact deeply committed to philanthropy and that, given its enormous wealth today, an imitation of the American tradition could be initiated. We will not know till we try. At any rate there seems to be a hope in government circles that we might get things moving philanthropically, to judge by the White Paper.⁶⁴

Universities as private companies

Tony Dickson points out that universities could be floated as public companies with equity available to public and private purchasers. If the equity route were followed then

63 Ferguson, 'Dreaming Spires and Speeding Modems', in Tooley, *Buckingham* at 25, 2001, p. 184.

64 *The Future of Higher Education*, p. 9.

financial intermediaries would have to prepare a prospectus of the physical and intellectual assets of a given institution. The initial public offering would determine the share price.⁶⁵ Universities following this procedure would be able to choose where to align themselves on the spectrum between total freedom and submission to government imperatives.

It cannot be stressed too much that the attempts to rationalise via coercion must be deterring the less successful institutions. This is so ineradicable a feature of socialism that we ought to call it a 'law' of socialism. It always penalises the poorer groups. The research assessment exercise, for example, carried out every five years, is marked, as we noted earlier, by inadequate rewards for the middle-ranking universities whose research output is improving. The funding is going to the top places to safeguard highest quality research.⁶⁶

This is the hypocritical paradox of the White Paper, that it happily exalts the fine British contribution to the creation and reproduction of knowledge, without sufficiently stressing the academic élitism on which this success is inevitably based, an élitism which elsewhere it never ceases to attack, and then, without pausing to take breath, concentrates research funding on 'world class' institutions. The weakest universities, however, must surely be even more discouraged than the middle-achievers, by their low ranking, however much they struggle. We repeat that the weaker universities should seek links with the stronger via external examiner networks and even by actual external examinations set for the lower by the higher institution, with graduated contributions from the former as individual departments make the necessary grade. The external degrees set at one time for lower status institutions by the University of London were not a badge of intellectual mediocrity but an obvious source of academic integrity. The process of better institutions engaging in the intellectual

65 Dickson, 'UK universities and the state', 2001, p. 27.

66 *Guardian*, 21 May 2002, p. 8.

certification of lesser ones would be a rational procedure, in which intellectual and economic efficiency were the same thing.

International trends

British university provision will have to take account in future of the international trends in university provision. There are many universities now that are linking up internationally. The emergence of private, for-profit universities in some countries is characterised by expansion via franchise.⁶⁷ We have touched on this already and it is now surely an option we might consider in the UK. We appreciate that the situation of royal charters may require legal change in this regard. It would surely be profitable for British universities to teach in conjunction with institutions in poorer countries. It would create revenue for themselves and employment and learning possibilities in the poorer countries, a natural process of co-operative comparative advantage. In some instances hard-pressed British students might even consider doing their university studies in such countries.

Tony Dickson says that the search for lower unit costs has been deliberate policy for 40 years.⁶⁸ We repeat that a more rational economic approach in the near future would be to allow free market policies to decide the different pricing of degrees in different universities. Let us allow the market for higher education to settle the various prices of higher education's differentiated products. Dickson also says that the apparatus of audit and inspection has rendered the system risk-averse—'the most intrusive and expensive audit régime of any higher education system in the world'.⁶⁹ All this is witness to an educational *nomenklatura* too perverse and blind or frightened to have quick recourse to market solutions.

67 Tooley, 'Editorial: The future of higher education in the UK', 2001, p. 3.

68 Dickson, 'UK universities and the state', 2001, p. 24.

69 Dickson, 'UK universities and the state', 2001, p. 25.

Let us abandon false patterns of education

Dickson says the world pattern of education is for the state to build up primary education, cautiously follow this with an expansion of secondary education and then, and only then, to venture in to higher education. Governments soon find this too expensive, however, and world-wide there is a resort to privatisation. This description of the British experience may perfectly relate to a twentieth-century emulatory trend, but never in our view one driven by any intrinsic logic. The world has learned lots of good lessons from the West; in this instance clearly it has in some instances learned bad ones and often had to unlearn them. The state intrusion is wrong, unnecessary, inefficient and tends to be corrupting at all levels. As Coulson has argued, private education is historically the norm for all successful learning experiments in all the eras of recorded history.⁷⁰ As E.G. West used to argue, the earliest attempt at mass education was the successful private and spontaneous one that occurred as part of the phenomenon of industrialisation itself, in Great Britain.⁷¹ Its 'mass' character was not such because it was planned, but because millions of private individuals decided to sell knowledge and skills in response to millions more wishing to buy them. It can be seen as a decision by 'society' only through the most brazen and reified *post-hocery*.

Education in the British nineteenth century was advancing *pari passu* with modernity itself, sharing its voluntary character, its localised patterns of production. The nineteenth century moral panickers, or do-gooders, and their subsequent followers in thrall in the twentieth and now the twenty-first centuries to the millennia-old belief that they know better than the market, have over the last 13 decades, by ensconcing a socialist atavism in the heart of learning and culture, subverted the evolution of spontaneous market and other private educational activities. They have com-

70 Andrew J. Coulson, *Market Education: the Unknown History*, Transaction Publishers, 1999.

71 E.G. West, *Education and the State*, IEA, 1970.

pounded the offence by preaching to the rest of the world the erroneous imperatives of state procurement and provision. Everywhere now, however, the colossal cost of the tertiary variety is causing the project to come unstuck, first at the university level and subsequently at the secondary and primary levels.

What we see, anyway in this country, under the pressures of scarcity, is a gradual, reluctant and resentful capitulation to market imperatives. This is not the wisest spirit in which to respond to and oversee a delayed development, but one is forced to admit that it is better late than never.

We must dispel the climate of fear

The control of ignoble activities like murder, rape and larceny calls for primal fear and relentless punishment. Education, by contrast, is a noble activity. What we need is to dissipate the climate of fear and irritation of the present by breaking up the régime of audit and regulation, and placing the burden of reform on the one thing that can shoulder it: the free market. Only the market has the aggregated subtlety of millions of minds, and the power to generate consensus, which the monumental task of modernising our universities will require.

The thorny question of antinomian subject-matter in higher education

Conservative administrations have often been tempted to move against those who teach manifestly antinomian material. Only rarely is it in the power of governments to act directly against the teaching of offensive subject-matter. One such opportunity was taken by a Conservative government, when in the 1980s it cut out 'theory' courses from teacher education. The outcome was that the offending courses were cut, but the themes in question merely migrated to the methods courses, their theory base having been removed. It is truly difficult in a free society to move against antinomian subject-matter when it has the support of a large number of academics and other interest groups.

Many of the big names from neo-Marxism in the 1970s and 1980s now have chairs. We could supply these names easily enough. What is the point, though? They were allowed to do what they chose. Why in a free society should they not? In a free society one is allowed to be in the wrong intellectually. Even under private finance we would still find Foucault and his like being studied. The difference is that it is less offensive when private funds are involved. Moreover, it is fairly certain that under private finance the antinomians would fare less well.⁷²

There are fairly simple administrative changes that could help

Reforming governments could, even so, initiate a number of ancillary policies that could help, through a mixture of intellectual argument and arm-twisting, to toughen the intellectual environment for students in the pre-university stages. In primary and secondary education the present favour given to whole-class teaching and the disrepute to which the child-centred fantasy has now fallen should be emphasised further. We could also reintroduce 'O' level and genuine 'A' level GCE, without repeats and modular structures. We do not find the endless repetition of stories of the intellectual superiority to be found in the schools of continental Europe especially convincing. We do at the same time admire the international baccalaureate. This should be introduced widely as an alternative and as a spur to 'A' levels. Let reintroductions and innovations all compete on even terms with the existing arrangements. The superior modes will in a few years outperform the weaker ones.

We note that there may have to be a degree of strong-arm

72 The common counterclaim that in America some of the most politically correct universities are private is true. But there is private and private. Even the most prestigious private universities receive vast contributions from the public purse in America. And as Frum suggests, it is unlikely that the study of Foucault and his ilk could survive without the propping up it receives from the taxpayer. See Frum, 'It's Big Government Stupid', 1994. For the general argument see O'Keefe, *Political Correctness and Public Finance*, 1999.

imposition here. What is needed as an articulate policy is a deliberate attempt to make the intellectual life of the weaker universities more academic. They should not have to spend much of their time compensating for the poor primary and secondary schooling their students have received.

Financial and taxation policies should be dovetailed to encourage higher standards and more recourse to private institutions

We repeat our support for the encouragement of private education by large reductions in income tax and property taxes across the board and generous tax allowances for those wishing to purchase private education or to endow private education. We should encourage emulation of the University of Warwick's fine track record of increasing financial independence. We should encourage the establishment, especially from the United States, of more for-profit universities. We also need to encourage the further development of banking and insurance services likely to aid private higher education on its way.

We repeat that the better universities could earn revenue by issuing external degrees of a ruthlessly supervised standard to students of ancillary institutions, such as other universities, including for-profit or conventional private ones.

We could encourage private schools to rent their premises out as centres for evening degree courses and vacation degree courses to private universities, for profit or otherwise. British universities should diversify their holdings, opening university colleges on a private enterprise basis in post-communist Europe and certain other low income societies with high academic potential. These might, we repeat, allow less well-off British citizens to get their British degrees elsewhere.

British universities should offer work to their student bodies in partial settlement of fees. We should encourage more American and other foreign universities to set up

here. Numbers of writers, Niall Ferguson,⁷³ Sir Graham Hills⁷⁴ and Sir Alan Peacock⁷⁵ express some hopes for internet higher education. We are not necessarily converted to this view; but let the market decide.

Research and other thorny issues

David Halpern opines that state-funded research can perfectly adequately be disciplined by 'research councils and the like'.⁷⁶ This is very doubtful. In social science, and in the humanities in particular, research councils have been part of the problem, not the solution. They did nothing in the past to contain the Marxist afflatus and recently have done nothing to stem the frantic commitment to the anti-civilisational flood that has poured into our universities from France. It would have been better had they not existed. At least the money for them would have been saved. This is not to say that governments cannot improve things. The government's proposed grade 6* category for universities doing 'world-class research' may possibly help,⁷⁷ though we repeat that we do not like the overall research assessment exercise, since in the long run private competition is far better than reliance on government categories.

In relation to the question that terrifies low- and middle-ranking universities more than their research status, namely the vicious and inaccurate monitoring of their teaching that now takes place, Halpern is right to say that systematic sounding of the *students'* opinions would be more useful to assessment than the 'clumsy bureaucratic' interventions of occasional outsiders.⁷⁸ This view is endorsed by

73 Ferguson in Tooley, *Buckingham at 25*, 2001, pp. 185-88.

74 Hills, 'Who Owns the Universities?' 2001, pp. 15-16.

75 Peacock, 'How necessary are universities?', 2001, p. 10.

76 David Halpern, 'Who should pay for HE?' in Tooley, *Buckingham at 25*, 2001, p. 266.

77 *The Future of Higher Education*, p. 30.

78 Halpern, 'Who should pay for HE?' in Tooley, *Buckingham at 25*, 2001, p. 267.

the new White Paper.⁷⁹

A further shaft of economic light will penetrate university proceedings when, on top of significant injections of private funds, all academic staff face the introduction of local pay bargaining and performance-related pay, a long delayed and necessary reform. We repeat, however, that the system is not likely to see the full benefits of private funding for some years yet.

Some concluding thoughts

The notions that the state must significantly fund higher education, engage in detailed regulation of institutions of learning and generally be proactive in the nation's intellectual life, all fly in the face of economic logic and historical experience. Such activities are the shadowy residue of the socialist aspirations that wreaked such havoc, sometimes murderously so, in the twentieth century. The socialist education of the free societies is not the sinister phenomenon we find in the socialism of whole societies. But in terms of ruthless and dishonest rent-seeking, of ideological perversity and obscurantism, and of obdurate and uncorrected error for decades on end, there are many overwhelming similarities. British higher education is by far the most promising place to begin the course of necessary economic and intellectual correction. It will take political leadership prepared to distance itself from the spin and show-business duplicity of recent governments to set the changes properly in motion.

79 *The Future of Higher Education*, p. 47.

Glossary of Terms

- A** Afflatus creative inspiration, often of an exulting kind.
Antinomian disliking or distrusting law and tradition.
- C** Calibrate measure precisely.
- D** Dysfunctional having adverse effects contrary to intentions and agreed purposes.
- E** Educrat educational fat-cat or senior bureaucrat.
- I** Intellection intellectual activity or cerebration.
- M** Malfunctional failing to achieve specified goals and agreed standards.
Marketisation process whereby goods and services previously not produced and sold under market conditions are increasingly so produced and sold.
- N** Nexus link(s) or connections(s).
Nomenklatura originally meant the 'listed', 'named' persons entitled to be members of the élites in European Communist countries; by extension any corrupt and ideologically closed élite.
- R** Reified wrongly treated as possessing real, concrete existence; attributed mistakenly with a thingness. By definition this mostly refers to ideas that critics take to be misused or false or at least problematic but endowed with misleading solidity, ideas like 'democracy', 'society', 'progress' etc. It is not usually implied that there are no proper uses of these words.
Relativism the doctrine that there are no universal standards of knowledge and value.
- S** Schumpeterian in the tradition of the great central European economist Joseph Alois Schumpeter.
Stasis state of terminal paralysis, decay or incapacity.