

Higher Education and the UK Socio-Economic System

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Report Executive Summary

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This project explored the historical relationship between higher education and the UK economy. It sought to provide a long-term explanation of the relationship between funding, widening access and socio-economic aspects of higher education in order to inform current debates. A comparative dimension has been supplied with particular reference to France.

The main findings from the project were:

1) Expansion of funding and enrolment

The data revealed a massive expansion of funding and enrolment in both UK and French Universities. However, the wider fluctuations of expenditure per pupil observed in the UK reflect a specific articulation between funding and access policies.

2) A link between long economic cycles and the fluctuations of university resources

The long-term expansion of universities' resources in both countries was not linear and may be related to the 50-year Kondratiev economic cycles - the post war growth and the oil economic crisis 1973 being key dates.

3) The evolution of public/private funding and its impact on overall university resources

In the UK between 1921 and 1945 public and private resources contributed in equal amounts to the income of universities. Thereafter the share of public funding rapidly increased and reached 90% in 1973. It then fell so that today the 50%/50% distribution has been restored.

Public funding was the driving force of UK university income until the 1980s. It nourished the post-war growth of university income and put a brake on it after 1973 in the context of spending cuts. The revival of income of the early 1980s driven by private funding did not fully compensate for the reduction in public funds and only partially restored the overall growth in income.

4) The impact on access

Between 1921 and 1974 the share of university income originating from fees decreased from 36% to 4% and rose thereafter to reach 23 % in 2002.

The research shows that the decrease of fees from 1945 to the early 1980s, especially after 1958, and the implementation of tuition fees subsidies both had a positive effect on enrolment. However, it is not clear whether the increase of fees that has taken place subsequently has harmed enrolment in the longer term.

5) The historical regimes of higher education

Previous results showed that level and structure of income of universities are linked with the impact of economic cycles on public expenditure. However fluctuations in access only partially depend on economic cycles.

The research located successive regimes of higher education that characterised alternative articulations between the internal development of universities (funding, access, staff, quality) and their external socio-environments (economic fluctuations and social changes).

The historical interpretation of the articulation of funding and access policies explains why in 2002 university expenditure per student represents less than a half of the level of 1973.

6)Policy implications

The historical and quantitative results from the project illustrate the shift from the 1960s Robbins approach, which focused on expansion and access, to the post 1973 policies which emphasised value for money. They also provide an interpretation of the mixed approach, which has developed since the 1997 Dearing report, and has culminated in the White Paper on the future of higher education.

The research has found no straightforward answer as to whether funding drives access or vice versa. Decrease of fees favoured access during the 1960s. However it is not clear whether the increase in fees in the 1980s harmed enrolment, given the introduction of tuition fee subsidies.

The data shows that the increase of fees from the early 1980s had distinct effects on the number and characteristics of students according to the financial aid provided.

The research showed that fees periodically increased in order to replace retracted public funding, not as additional resources, and therefore did not lead to a rise in the overall income of universities.

It remains an open question whether any future increase of fees will continue to substitute for public spending or will in fact be combined with a real increase in public funding as part of a massive effort not only to sustain students from all social backgrounds but also to boost the expenditure per student.

Dataset

Finally the research has established a dataset consisting of a series of historical statistics on the funding and development of the UK university system since the 1920s.

The dataset includes financial indicators evaluating the level of the income of universities and its distribution according to its origins (public/fees/endowment/research) and the level of expenditure and its distribution by economic categories (wages/consumption/investment).

Historical series on non-financial indicators include the number of students and their characteristics (Gender/country of origin/ /full or part time/undergraduate or postgraduate), the number of awards and diplomas and the numbers and structure of staff.

The dataset has been accepted by the UK Data Archive (<http://www.data-archive.ac.uk>) and will be fully available for secondary use.