

Why we need a theory of marketisation

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My new pamphlet, *Markets, Monopolies and Municipal Ownership* - available to read and download on the HE Marketisation blog (1) - sketches out a theory of marketisation, focused on higher education but applicable to the whole post-16 education sector in the UK (and beyond). At the most abstract level, this theory explains 'marketisation' as *a neoliberal ideology that on the surface insists on the benefits of markets, competition and the welfare of students as consumers, while at a deeper level accepts that market reform will lead to institutional failure and consolidation by emerging, expansionist, multi-national education corporations.*

From the perspective of the state, this theory explains how the Tories, following the 2007-08 financial crisis, have increasingly seen tertiary education as a means to mitigate, if not overcome entirely, the problems of returning economic stagnation and the collapse of neoliberal hegemony. In the short term, through privatisation (the de-regulation of the private sector within tertiary education), the Tories aim to offer new avenues for profit-making for speculators and multi-national corporations. In the long term, they want to turn what 'quasi-public' institutions remain into taxpayer subsidised teaching and research factories for corporate capitalism.

University vice-chancellors and college principals have enthusiastically welcomed this attempt to outsource the human capital and R&D needs of corporations. This is because they have been drinking the Kool-Aid of marketisation for decades. The pamphlet notes how market behaviours were first introduced by the Tories through the 1992 Further and Higher Education Act, with former Polytechnic VCs and college principals reimagined as CEOs at the top of hierarchically organised education corporations. From this point on, market behaviours spread through the sector like a virus, creating an ever-expanding executive class hell-bent on surplus generation and expansion.

In the decades that followed, this executive class set about transforming tertiary education from within -

a process of what I call 'bottom-up marketisation' - so that when the Tories came back into power in 2010 and announced they would be accelerating 'project sell-out', this class rubbed their hands with glee. Hoovering up any source of income they could find, as well as any institutions that looked like they were on the brink of failure, tertiary education institutions have been expanding and consolidating. Recently, this has also meant that the line between FE and HE has begun to blur, with institutions like Coventry University leading the way in setting up for-profit subsidiary colleges (2).

The analysis and theory of marketisation presented in the pamphlet have important implications for the ideological and political strategy of those fighting against marketisation and for free, public tertiary education. Firstly, it suggests that 'free education' is a necessary but not sufficient demand and explains why, in certain cases, this demand can be self-defeating. Secondly, it shows that defending the 'public good' of free education without a reconstruction of how universities and colleges would relate to the public in a free-to-access system, can make university and college workers vulnerable to neoliberal ideology that would paint them as anti-democratic. I'll expand on these two points in turn.

Point 1: 'Free education' is a necessary but insufficient demand

Although in principle absolutely correct, the demand for free education will not in itself remove market norms from the sector. As explained above, market reform really began in the 90s, with changes to how educational institutions were governed. This bottom-up marketisation has meant that tertiary education institutions are now structured according to these market norms and are in an important sense in advance of 'top-down' marketisation. One piece of evidence to support this theory is the way that all

universities immediately decided to increase their fees to the maximum £9,000, undermining the Tories' vision of an HE market driven by differential fees and student choice.

More importantly, Thatcher complemented the introduction of market norms and the continuing expansion of HE with a 'death by a thousand cuts' approach to funding. According to Thomas Docherty, 'in 1981, two years into her premiership, Thatcher cut government funds for universities by nearly 20 percent' (3). Fifteen years later, the Dearing Report showed that, while total expenditure on UK HE had risen in real terms between 1979 and 1995 from about £5.4 billion to just over £7.1 billion - driven mostly by student maintenance grants - capital spending on universities had stagnated (4). In other words, by encouraging VCs to think of their institutions as businesses, while restricting their ability to grow, Thatcher turned them into rabid dogs for marketisation.

The problem with 'free education' is that, within the ideological and historical frame of deeply embedded marketisation, this will immediately be interpreted as a regressive move. Because all VCs have based their strategies on £9,250 fees - or, in the case of Coventry University, £9,250 fees in the 'centre' and 'no frills' £6,000 fees in its for-profit subsidiaries in the 'periphery' - any reduction in fees will create a moral panic about failing institutions. The problem for any government wishing to introduce lower fees will not only be bringing aggressive VCs in line, but also trying to justify redirecting public funding towards HE to cover the shortfall away from other public services like the NHS.

This prediction is foreshadowed by reactions to the Augar Review, which proposes that student fees should be reduced to £7,500. Greg Walker, CEO of the MillionPlus group of new universities, warned that if funding coming from students is cut, or there are limits on numbers, there are risks of 'significant damage' (5). 'Difficult choices could well have to be made', he threatened. While it is true that the proposed reduction is a pathetic attempt to rescue the youth vote for the Tories, the theory of marketisation also explains why the Tories aren't worried about universities going bust. Failures mean mergers or hostile take-overs by private corporations, both of which further the consolidation of the sector, and will help the UK compete within the global market for education.

Point 2: Dangers of invoking the 'public good' in defence of free education

Without a progressive vision for an alternative HE system, defenders of the 'public university' (6) can also be easily painted as reactionary. While demands for publicly-funded HE, like their related demands for HE to be free at the point of entry, are correct, they can be

dismissed as nostalgia for a 'golden age' of elitist higher education when it functioned as a guild-like system with academics controlling who could study and work at universities like a closed shop. This may not be fair, but that is exactly how market reformers like David Willetts, for example in his book *A University Education*, frame marketisation as a liberation from control by academics exercising their 'producer power'.

Furthermore, defenders of the public university often claim that the Government has no idea of the social value of HE. For example, the opening paragraph of the Convention for Higher Education's 'Alternative White Paper' states: 'The present Conservative Government, like the Coalition Government that preceded it, has an ideological predisposition towards the market and its supposed benefits to consumers but appears to have no vision of Higher Education and its benefits to students and to the whole of society'. This is simply incorrect. The theory of marketisation reveals that Tory marketisation is premised on a sophisticated view of the relationship between HE as a private investment in future earnings and the positive 'externalities' of this investment for society.

Willetts, for example, designed the 'income contingent' student loan system to reflect how the Tories - at least the more progressive ones - saw the balance between public and private investment represented by student fees and public subsidy respectively. Far from a problem, he saw the roughly 40 per cent of loan value being written off after 30 years as a fair measure of the public return gained in terms of productivity and quality of life. However, building on the pathbreaking work of Andrew McGettigan (7), the pamphlet also explains how this public investment is recouped for the neoliberal system through national level performance management systems, the TEF, REF and KEF (8).

To summarise a complex argument, the Tories have introduced a series of national-level performance management systems to direct the overall production of universities to the needs of monopoly finance capitalism. Universities are through these systems increasingly 'nudged' towards providing for the human capital and R&D needs of investment-shy corporations. While earlier reforms started universities on the journey of becoming publicly subsidised teaching and knowledge factories (9), these systems effectively 'micro-manage' this process. In return, the Tories hope that corporations will keep their headquarters in the UK, employ the increasingly over-qualified graduate population on half-decent wages, and actually pay our marginal rates of corporation tax.

Of course, FE colleges have known this kind of top-down management for longer than their HE colleagues. Inspection, which has played a central role in FE since the incorporation of colleges through the 1992 Act,

has become increasingly focused on accountability through data crunching rather than improvement through support. Widely criticised, Ofsted's stormtroopers of marketisation have over the last twenty five years overseen the mass 'proletarianisation' of FE teachers, as well as a 56 per cent drop in the number of colleges as a result of mergers. As Stephen Lambert and Mark McNally have noted, stress, anxiety and workplace bullying are now 'key features' of the sector and good teachers are 'leaving the profession in their droves' (10).

What are we fighting for?

So, it is crucial that those fighting for free education not only have a coherent theory of marketisation that can see beyond the ideology and chaos of its implementation, but also a convincing and above-all modernising alternative. Although the word 'modernising' echoes the ideology of neoliberal privatisation, it points to the need for alternatives to point forward rather than backwards and to excite people about the possibilities offered by a truly progressive education system. Labour's National Education Service (NES), which for the first time in the UK proposes a holistic framework for 'cradle to grave' education, offers exactly such an exciting and modernising alternative.

For Eddie Playfair, the NES could be a 'game changer'. Modelled on the NHS - free to access for all, no matter what their background or bank balance - Playfair suggests that if Labour gets this right, it could be their (second) 'NHS moment'. However, he also notes that currently the NES strategy is high-level and abstract, focused more on headline (and vote) grabbing policies like abolishing tuition fees. The next stage is working out the NES's overall purpose - he suggests 'human flourishing' - and organisation, particularly what institutions are needed. Playfair, however, also correctly points out that these institutions need to be not only democratic in practice, but also built with the co-operation of education workers and members of communities.

In the pamphlet, I argue that the Lucas Plan offers a model of how this could be done in practice, from the 'bottom up', so to speak. In the 1970s, a group of workers in Lucas Aerospace formed a combine - an organisation that included both white-collar and shop-floor workers, and thus cut across the division of labour imposed by the bosses. To get ahead of the technology-driven rationalisations and consequent redundancies that they knew were coming, they started looking into how their knowledge and the firm's resources could be put to use in creating non-military, 'socially useful' products. This would not only show that redundancy was unnecessary, the Lucas Combine

argued, but also benefit working-class communities attached to the company's factories.

Rather than assume a 'top-down' approach, like that of Lucas Aerospace management, the Combine created a questionnaire, asking rank-and-file trade union members and their friends, family and neighbours for their ideas for socially useful products. From the responses, the Combine proposed a list of 150 such products, including detailed plans for wind turbines, energy-efficient heat pumps, hybrid power packs for cars, and a bus that travelled on both railways tracks and roads. While their 'Alternative Corporate Plan' was ignored by management, the campaign became legendary, inspiring movements across the world. For the way it organised the tacit, social intelligence of the workforce and its surrounding community, the Lucas Plan provides a blueprint for the NES.

Marketisation in tertiary education has exacerbated the inequality caused by neoliberal austerity, particularly in post-industrial areas and cities. Demand for student accommodation has driven house prices up to the point where many local people cannot afford to live in the areas they grew up in. Because students do not pay council tax and therefore neither do their private land lords, and universities pay only marginal business rates due to their (somewhat undeserved) charitable status, 'studentification' places an additional burden on council budgets. Students, after all, use public services such as healthcare, police and transport infrastructure. This is not to blame students, rather it is to point out that irresponsible growth is making life hell for local communities.

By identifying the material and social needs of these communities and politicising them - a process I call in the pamphlet 'co-inquiry' or 'democratic collegiality', based on the work of early 20th century educational philosopher John Dewey - UCU branches can create organic and powerful broad-based campaigns linking the theory of marketisation with anti-austerity politics, while also energising and reviving existing political structures like trades councils and neighbourhood associations. By revitalising these structures, tertiary education activists will create the power base required for Labour's - or any other democratic socialist party's - radical policies to be implemented.

While specific NES policies and structures should be formulated out of local, regional and national processes of co-inquiry, it is also useful to have some immediate 'ends-in-view' (another Deweyism) to guide political action aimed at democratisation, especially for UCU branches looking to inspire rank-and-file activists and lay members to go beyond bread and butter issues. In the pamphlet, I explore three ideas that could be pursued as part of broad-based campaigns, which, if achieved, would consolidate power and help sustain local and regional processes of democratic renewal:

- **Co-operative Universities** - Colleagues based in the Co-operative College and the Lincoln Social Science Centre have been working away at creating a really existing co-operative university in the UK. While this form does not, in itself, challenge the logic of marketisation, offering merely another choice for conspicuous student-consumers, co-operative universities would, if supported through strong participation in democratic governance, enable market norms to be expunged at an institutional level.
- **New Models of Public Ownership** - One way of overcoming some of the problems with isolated co-operative universities within a marketised system would be to make sure they are embedded within local and regional networks of co-operation. By redirecting procurement policies to local co-operatives and supporting local people to set up such businesses, universities could become genuine 'anchor institutions' for sustainable and equitable economic regeneration.
- **Workers' Control** - As suggested above, removing marketisation from our HE system would also require the abolition of national level performance management, the TEF, REF and KEF. But what in its place? Practices of co-inquiry described above, developed through campaigning, could be formalised within greatly expanded structures of university governance, reflecting the wider stake in university ownership and control that municipalisation would entail.

How do we get there?

While the above proposals are only briefly outlined, more detail can be found in my pamphlet, in my other recent publications, and in the work of a growing community of scholars (11). More work is needed to expand the critique of marketisation to education as a whole and to fill in the gaps of Labour's vision of a cradle-to-grave education system. Only a holistic system like the NES can, in my opinion, nurture and create the substantially democratic citizens of the future and help build and reproduce a democratic-socialist future economy and society.

However, education workers and activists need to be realistic about the struggle ahead. We need to soberly analyse the power structures and interests that will stand in the way of such a system being implemented, and honestly assess the power that we currently have to take these structures and interests on. Once this has been done, we need to formulate a coherent and concrete strategy - not just tactics - of building and increasing our power. Part of this struggle will involve picking the right battles, mobilising for 100

per cent participation and using convincing victories to bring more education workers and wider communities into the struggle.

Another important job is to build a rank and file movement in UCU, the primary union for tertiary education in the UK. After a fracturous Congress last year and some soul searching over the last few months, the membership elected a new general secretary, Jo Grady. There is a palpable sense of excitement and expectation in the union now. However, as others have pointed out, this vote for something new remains without a base, and in itself does not move the union beyond its long-standing crisis of leadership and the disconnect between this leadership and lay members. Only by organising from the bottom up, beyond existing factions and through alliances within all levels of education and the wider public, can we build this base and move forward.

1. <https://hemarketisation.wordpress.com/pamphlet/> If you would like a physical copy, copies for trade union branches or sympathetic organisations, or to discuss speaking events related to the pamphlet, please email thanksforyourears@googlemail.com.

2. See my article 'Coventry in the vanguard' in *Post-16 Educator* 95.

3. Docherty, T. (2013) 'Margaret Thatcher's Legacy Divides British Higher Education'.

4. Watson, D. (2014) 'What happened later? The British road to mass higher education', in Barr, N. (ed.) *Shaping Higher Education: 50 Years After Robbins*. London: The London School of Economics and Political Science, pp. 33-48.

5. *The Guardian*, 18 Feb 2019, 'Will universities go bust if fees are cut?'

6. For example, Campaign for the Public University, the Council of the Defence of British Universities, the Convention for Higher Education.

7. McGettigan, A. (2015) 'The Treasury View of Higher Education: Variable Human Capital Investment'.

8. Full titles: the Teaching Excellence and Student Outcomes Framework, the Research Excellence Framework and the Knowledge Exchange Framework.

9. The REF is actually a later version of the Research Selectivity Exercise, introduced also by Thatcher in 1986.

10. *Post-16 Educator*, 93, p8.

11. See, for example, the Centre for Labour and Social Studies (CLASS) report, *A New Vision for Further and Higher Education*, which features contributions from myself, Richard Hall, Sol Gamsu, Jana Bacevic and others.