***The article below is the first post on David Ridley's new blog - www.higheredmarketisation.wordpress.com.***

***This aims to offer critical analysis of developments in HE for academics, activists and trade unionists, with a focus on data and economics. If interested in contributing, please email David on:* thanksforyourears@googlemail.com**

# Academic predators

**David Ridley**

Excessive vice-chancellor pay has been the subject of controversy in recent months, culminating in a scandal at the University of Bath regarding an alleged 'cover-up'. Debates around executive pay represent just one of a growing number of issues concerning higher education (HE), all resulting from a farcical experiment in marketisation inflicted on the sector by successive Tory governments. Sky-high returns for executives, however, are the norm in monopoly capitalism. The protests from political figures such as Lord Adonis and Jo Johnson, who are now wading into the debate following the scandal at Bath, ring hollow seeing as they are at the same time advocates of marketisation - they are merely reaping what they have sown.

### Scandal at Bath

In August, Dame Glynis Breakwell, vice-chancellor at the University of Bath, who was paid an eye-watering £451,000 last year, was accused of a 'cover-up' after a motion arguing for increased transparency on the university board's remuneration committee was voted down. In a letter to the Higher Education Funding Council for England (HEFCE), Joe Rayment, a Labour councillor and former Bath University employee, blew the whistle on what he described as 'questionable' events that took place at the board meeting. 'The motion was lost by a margin of 33-30,' he told HEFCE. 'Among those 33 voting against were: the vice-chancellor, at least five others whose pay is set by the remuneration committee, and two other members of the remuneration committee'. HEFCE has now confirmed it will investigate the allegations of governance failure at Bath, after Lord Adonis raised the issue at the House of Lords debate on the 'Public Sector Pay Cap' on 13 July.

The scandal at Bath has drawn attention to what the University and College Union (UCU) argues is a systemic issue with transparency at the level of governance. 'Vice-chancellors have hidden behind shadowy remuneration committees when it comes to their pay', commented Sally Hunt, general secretary of UCU. 'Over two-thirds of vice-chancellors sit on their own remuneration committees and three-quarters of universities refuse to publish full minutes of the meetings where leadership pay is decided.' According to UCU figures, vice-chancellors earned on average £227,834 last year - an increase of 2 per cent compared to the year before and 6.5 times the average pay of academic staff.

Because of public attention on this issue, Jo Johnson, minister for universities and science, has called for executive pay restraint at a time when academic pay has fallen by 2.8 per cent in real terms. He has also decreed that VCs earning over £150,000 per year will have to 'justify' their salary or face a possible fine from the newly-created Office for Students (OfS).

### Market consequences

Excessive remuneration for university executives, however, is just one of many embarrassments

caused by market reforms pursued by successive Tory governments.

Almost all universities opted to take up the government's offer of raising tuition fees to £9,000 in 2012 - a rational choice seeing as almost all public funding had been cut the year before and student debt has soared to obscene levels. Students, who must now also take out a maintenance loan, graduated last year with an average debt of just over £50,000, according to the latest research by the Institute for Fiscal Studies. Total debt has jumped due to an increase in student loan interest rates - now at 6.1 per cent - with students paying an average £5,800 before they have even graduated.

Political backlash from students and parents has grown in relation to the ability of the Government to change the terms and conditions of student loans, which can be applied retrospectively even after students have graduated. According to 'Student Loans - A Guide to Terms and Conditions': 'you must agree to repay your loan in line with the regulations that apply at the time the repayments are due and as they are amended. The regulations may be replaced by later regulations.' 'The loans are not merely income contingent, but future-policy contingent', concludes Andrew McGettigan. 'With such long lifetimes, much higher debt and higher interest rates, this kind of contingency is unacceptable.'

Student (and parent) debt has also soared because of greedy landlords cashing in on students new to cities, who need to find accommodation quickly. 'Over the last three years the price of the cheapest rooms in purpose-built university accommodation has risen by 11%', the Intergenerational Foundation points out. 'Rents in the private sector have risen even more quickly, and the cost of private renting is set to increase a further 35% by 2018.' 'The average student rent now amounts to 95% of the maintenance loan given by the government, leaving just 5% for food, books, travel and entertainment', it adds.

**Stumbling towards the market**

Many of these problems are caused by contradictions and compromises in polcy resulting from what McGettigan calls 'creeping reform'. As with the NHS, market reforms are hugely unpopular and have the potential to explode into embarrassing political backlashes. Rather than going through the slow and highly public process of passing primary legislation, successive Tory governments have tweaked existing policy through secondary legislation or 'statutory instruments'. Such instruments 'can be issued quietly over summer while parliamentary representatives are on holiday - they come into law if no objections are tabled', McGettigan points out.

Another way that the Tories have tried to convince people that 'there is no alternative' to privatisation and marketisation is by simultaneously expanding and deliberately underfunding public services.

Marketisation in HE, like its equivalent in the NHS, can be traced back to Margaret Thatcher, who not only attempted to introduce income-contingent loans - but failed after the proposal was voted down by Tory backbenchers - but also oversaw swingeing cuts to universities in the 1970s. According to McGettigan, funding under Thatcher dropped from its highest point in the mid-1970s at £11,000 per student to £6,000 in 1996, just before New Labour came into power and introduced tuition fees of £1,000. During the same period, participation of 18-year olds in HE jumped from 15 per cent to just under 35 per cent. It was at this time that Thatcher reformed university governance and created the vice-chancellor as chief executive officer (CEO).

In 1984 a committee was established by the Committee of Vice-Chancellors and Principals (CVCP) - a forerunner of Universities UK - with Sir Alex Jarratt as chair. Its self-stated objectives were to find out 'whether management structures and systems are effective in ensuring that decisions are fully informed, that optimum value is obtained from the use of resources, that policy objectives are clear, and that accountabilities are clear and monitored'. Among other recommendations, the report suggested that vice-chancellors should be seen as more like chief executives, and that the power of academics represented by senates should be checked by lay councils, which should also look more like the boards of for-profit corporations.

A few years later, polytechnics were granted university status and made independent from local government control - a move that seemed progressive at the time, but would have grave implications for the future as these new 'post-92' corporations turned themselves into the model business-emulating institutions of marketisation that we see today.

**Business as usual**

Far from being a 'market failure', excessive executive pay - or what Rebecca Boden and colleagues call 'managerial predation' - is the norm in monopoly capitalism. In the private sector, debates concerning executive pay and 'shareholder value' rage periodically, as the competing interests within the capitalist system clash. Executive power in corporations would, in an ideal world, be kept in

check by active and varied shareholders, represented on the company board. However, as Paul Baran and Paul Sweezy described as far back as the 1960s in their ground-breaking book *Monopoly Capital*, company boards are dominated by collective investors that own large proportions of shares, such as hedge funds.

Executives, far from being a 'technocratic elite', are in most cases also owners of shares. 'Most managers are themselves big owners of stock (in their own and other companies) and as such have the same interest in dividends as other big stockholders', they explain. As opposed to small shareholders, large shareholders - which are themselves financial companies and therefore maintain stakes in companies for longer - are more interested in keeping the value of stocks stable and increasing their value through improving profitability. Executives, who draw most of their income from their pay and benefits package, as well as from bonuses and expenses, are also more interested in cost savings (relative to their remuneration, which is also a cost) than high pay-outs.

In practice, dividend policies are a compromise between the combined interests of executives and large shareholders on the one hand, and small shareholders who, if left unhappy for too long, will club together and start exerting pressure on company boards. But for the most part, small shareholder participation is discouraged through over-complex information and lack of attention, so 'business as usual' tends to mean ever-increasing executive pay as long as they continue to deliver cost efficiencies.

Separation of ownership and control in monopoly capitalism in fact hides an alignment of interest at the top of the capitalist system. 'The fact is that the managerial stratum is the most active and influential part of the propertied class', Baran and Sweezy conclude.

**Universities as TNCs**

Vice-chancellors as CEOs, therefore, are merely anticipating the market in higher education that has so far failed to materialise, and behaving according to the norms of monopoly capitalism.

Fortunately, for-profit universities have so far - at least in quantities that would seriously 'disrupt' the existing monopoly of elite and ex-public providers - not flooded the system. Just before the snap election, which saw Theresa May's majority in parliament shrink by 13 seats, the Tories managed to rush through the Higher Education and Research Bill, which made into primary legislation some of the back-door tweaks weaselled in over the last few years, as well as the new Teaching Excellence Framework (TEF). But the main bit of policy that the Bill was intended for was the simplified and hastened entry of for-profit universities into the HE sector.

Behind this policy stands Pearson, a huge trans-national corporation (TNC) with an annual turnover of about £5 billion, which has been lobbying the Government for years trying to get its hands on the accumulated value of state-supported HE. As Ursula Huws has argued, TNCs like Pearson are sitting on piles of unproductive capital, looking for new markets to turn this cash into growth and super-profit. The so-called Public Service Industry is worth about £79 billion a year, she points out. Pearson wanted to use massive online courses to capture the value of pre-existing academic knowledge - which through funding requirements is now largely 'open access', i.e. free to use and monetise - within massive online courses that will be free to try out (as you don't mind the advertising) but will require a payment for the qualification at the end.

In anticipation of this future, existing universities - particularly post-92 higher education corporations - have been 'unbundling' themselves, rapidly expanding through the creation of for-profit 'subsidiary' colleges across the UK and abroad. New TNC-aping 'group structures' are used to slash costs by rationalising workforces into a shrinking 'core' of relatively expensive academics and researchers who bring in research funding and create materials that are then 'delivered' by an ever-expanding 'periphery' of teaching-only, inferior (i.e. cheaper) insecure contracts.

One of the first 'alternative providers' was created by Coventry University - CU College (now CU Coventry), a 'wholly-owned subsidiary' offering 'life-shaped learning' at £6,000 a year (£3,000 cheaper than most courses). Coventry University uses these subsidiaries to turn a profit. Last year, CU Coventry reported a turnover of just under £15 million in 2016, ending with a £3.8 million profit. This profit is then 'gift aided' to Coventry University, which then pays no tax on this income, as it is a charity. Such experiments in corporate governance, imported from the private sector but with added bonuses in a quasi-public system like HE, allow staff to be moved around the 'group' - in other words 'outsourced' - circumventing collective bargaining agreements and further slashing staff costs.

John Latham, vice-chancellor at Coventry University, has been rewarded for this exemplary corprate behaviour with a pay packet of £331,314 last year (an 8.5 per cent rise from the previous year), as well as various accolades for the university, including the Queen's Award for Enterprise in 2015.

**Alternatives**

Coventry University UCU branch has been waging a high-profile campaign against the use of subsidiaries to drive down staff costs and undermine trade union agreements. It has managed to win union recognition for English pre-sessional teachers in one subsidiary, CU Services, and is currently campaigning for recognition in CU Coventry. You can read about the campaigns at Coventry in the UCU branch's pamphlet *Growth is OK . . . But What About Quality?*, reprinted in the last issue of *Post-16 Educator* (Issue 88, July to September 2017).

The campaign at Coventry was partly inspired by pathbreaking work at other branches, such as University of Central Lancashire (UCLan) UCU, which fought a long and eventually victorious battle against management, who were engaging the University in dodgy foreign investments in politically unstable countries. Bath University UCU branch, in partnership with the Students' Union there, played a key part in exposing the scandal at the University of Bath.

Collective action through trade unions remains crucial. As I have argued elsewhere in *Post-16 Educator* ('Still a new trade unionism in the making?', Issue 86, January to March 2017), governance should be high on the agenda for academic trade unions, both locally and nationally, and governance-based campaigns often allow massive levels of public support and outrage to be leveraged for institutional reform.

The problem of separation of control and ownership - although shown above to be something of a myth - is exacerbated in universities as it is not clear who in fact 'owns' the institution. Many of the conflicts of interest play out between, on the one hand, the executive and the corporate-based 'lay members' of the board of governors, and, on the other, staff - represented most effectively by trade unions - and community groups. Neither of the latter are considered 'stakeholders' in governance guidelines.

Student interests can be mobilised in some cases, the University of Bath being an example as well as the student boycott of the National Student Survey at universities, but arguments that use the 'student as consumer' as their basis only serve to justify the status quo.

Boden and colleagues have suggested the idea of a 'trust university' - modelled on the John Lewis Group where employees have a small stake in the company and the company assets are held in an irrevocable trust - as a possible goal for governance reform. Co-operative universities also provide an attractive model for academics looking to democratise existing institutions, with Mondragon University in Spain and the Lincoln Social Science Centre in the UK providing real examples.

I have surveyed some of these 'alternatives' in a recent academic paper, the open access version of which can be found on my blog: https://citizensociology.wordpress.com/. Paradoxically, however, such models are made viable through market reforms, as one kind of 'alternative provider' among others, including for-profits, all fighting for survival in the 'zero sum game' of marketisation.

# Where we stand:

***Post-16 Educator seeks to defend and extend good practice in post compulsory education and training. Good practice includes teachers working with students to increase their power to look critically at the world around them and act effectively within it. This entails challenging racism, sexism, heterosexism, inequality based on disability and other discriminatory beliefs and practices.***

***For the mass of people, access to valid post compulsory education and training is more necessary now than ever. It should be theirs by right! All provision should be organised and taught by staff who are trained for and committed to it. Publicly funded provision of valid post compulsory education and training for all who require it should be a fundamental demand of the trade union movement.***

***Post-16 Educator seeks to persuade the labour movement as a whole of the importance of this demand. In mobilising to do so it bases itself first and foremost upon practitioners - those who are in direct, daily contact with students. It seeks the support of every practitioner, in any area of post-16 education and training, and in particular that of women, of part timers and of people outside London and the Southeast.***

***Post-16 Educator works to organise readers/contributors into a national network that is democratic, that is politically and financially independent of all other organisations, that develops their practice and their thinking, and that equips them to take action over issues rather than always having to react to changes imposed from above.***