

Britain should let university tuition fees rise



Domestic students have been paying less in real terms every year

In 2012 politicians in Britain burned lots of political capital by raising the cap on how much English universities can charge domestic undergraduates in tuition fees. Sir Nick Clegg, the deputy prime minister at the time, had previously pledged not to raise fees and never lived down the U-turn. This political folk memory helps explain why the Labour Party, which took power in July and has campaigned in the past to abolish tuition fees, will find it difficult to raise the cap again. That is nonetheless what it should do.

The financial strains on British universities are becoming hard to ignore. In the academic year just gone 40% of British universities ran deficits. The number is probably higher now. How to handle a failing university is no longer an academic question. The effect of tighter immigration rules on numbers of foreign students, who pay higher fees than native ones, is one reason why the universities are under pressure. But the sinking value of tuition fees is another. The cap of £9,000 (\$11,880) that was put in place 12 years ago has been raised only once since then, and by a tiny amount, to £9,250. Inflation has eaten away at its value: it is now worth less than £6,500 in 2012 money.

Some argue that charging for higher education is wrong, and England should go back to the old days of free tuition, courtesy of the taxpayer. In fact, England's student-finance regime offers a lot to like. Britons with degrees earn 35% more than their peers who stop studying after secondary school. Given these high private returns, it is fair that they should pay a big chunk of the cost of their education. Student-loan repayments do not end in bankruptcy: graduates in England start paying only when their annual income exceeds a threshold (currently £25,000 for this year's borrowers). The previous jump in tuition fees has not put off poorer students; and most graduates in a recent poll said their debts had not had a "negative impact" on their lives.

Every way of funding degrees has its flaws. Countries that pour a lot of public money into higher education generally limit how many students can go to university (as did England, until 2015). It is hard to argue that higher-earning graduates are the worthiest recipients of any new government spending. And relying on ever more foreign students to subsidise domestic ones is also not a sustainable solution. If fees for home students remain stuck, higher-paying foreigners will eventually start displacing them. Flows of foreign cash are volatile, and benefit universities in famous cities such as London more than others. Also, voters like immigration even less than they like fees.

Those who would keep fees frozen point out that some students get poor value for money. A number pursue qualifications that are unlikely to boost their earnings; they may be better off with shorter courses or apprenticeships. But the choice is theirs and, besides, constraining fees for every student is not an answer to that problem. Britain's university regulator has been stepping up its policing of courses with high dropout rates and of those that lead too few graduates to good jobs. In 2017 the government required universities to meet minimum standards before taking advantage of the small increase in the fee cap. It could try something like that again.

Neither students nor the country are well served by allowing the real value of fees to fall for ever. Labour should let them rise.

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