The Higher Education Delusion

What's gone wrong with the UK's universities?

Edited by J R Shackleton



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Edited by

J. R. Shackleton

with contributions from

Peter Ainsworth * Michael Ben-Gad
Stephen Davies * Annabel Denham
Julian Jessop * Eric Kaufmann
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James Tooley * Joanna Williams

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Former vice-chancellor of the University of Buckingham, James Tooley is an educationalist renowned for pioneering research on low-cost private education in developing countries. His award-winning work, including *The Beautiful Tree*, has shown that such schools often outperform government institutions. James has founded and chaired school networks in Ghana, India, and beyond, and is a prominent advocate for educational freedom and academic liberty.

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Joanna Williams is an academic, author and commentator. Her books include *How Woke Won* (2022); *Women vs Feminism* (2017); *Academic Freedom in an Age of Conformity* (2016); and *Consuming Higher Education, Why Learning Can't Be Bought* (2012). She regularly writes for *Spiked*, *The Times*, and *The Spectator*. Joanna began her career teaching English in secondary schools, then became a lecturer at the University of Kent, later being director of the Centre for the Study of Higher Education. Since leaving academia, Joanna has worked for think tanks, including Policy Exchange and Civitas, and has been a visiting fellow at the Mathias Corvinus Collegium in Hungary.

SUMMARY

- UK higher education is in a mess, economically, academically, and culturally. Fine words about 'world-leading' universities are delusional.
- Students are building up enormous debts, which are harming aspirations and changing lifestyles by making it difficult to get decent housing and start families.
- Student 'loans' are misnamed; they are a bizarre form of tax. They should be replaced by genuine loans offered by universities themselves, which would then have an incentive to prepare students properly for employment.
- The expansion of higher education faster than the demand for graduates has reduced the 'graduate premium' and meant that many graduates are in jobs for which a degree is not needed.
- Declining academic standards have led to grade inflation, which reduces the value of degrees as a signal to employers of ability and achievement.
- There has been a move away from degree study as a liberal education and a worrying rise of political correctness and wokeism that threatens free speech.
- Many universities have become too dependent on recruiting foreign students. Entrance standards are dropped to accommodate them, and they pay excessive

fees which are used to cross-subsidise home students and research.

- Those less well placed to recruit students are facing severe financial problems and some should be allowed to fail.
- Universities are becoming 'feminised'; a majority of students are female, as are a growing proportion of academics. This is affecting subject choices and methods of assessment and has implications for many university practices.
- Research occupies too large a proportion of the energies of university staff. It is heavily subsidised by student fees and much of it adds little to useful knowledge. Its role should be cut back, and probably concentrated in a smaller number of universities and research institutes.
- Critical theory has come to dominate many areas of the social sciences and is behind wokeness, which has spread into the wider world in the form of EDI policies.
- There is a university 'greenhouse effect' – a feedback process which leads to diversity of thought in institutions becoming increasingly rare.
- Universities are over-regulated, meaning reduced competition and innovation. There needs to be space for new types of institution to develop, a process which is likely to be facilitated by the widespread adoption of artificial intelligence. AI is already undermining many traditional features of universities and this trend will only accelerate.

1 INTRODUCTION

J. R. Shackleton

Until recently, UK higher education was hailed by politicians as an international success story, producing 'world-leading' research, attracting students and academics from across the world, being a major supplier of invisible exports, and teaching to a high standard while being widely accessible. Gordon Brown, for whom universities were vectors for social mobility and economic growth, noted in 2010 that we had four out of the world's top six universities and that 'we attract and welcome many of the world's brightest and best to study and research here'; in 2014 Nick Clegg saw UK university study as 'one of the best investments you can make in your future' while in 2018 Theresa May bragged that 'our universities are world-leaders and jewels in Britain's crown'.[1]

Now, however, such enthusiasm would be harder to find, except in the mouths of interested parties such as vice-chancellors and academic trade unions. The rest of us look at the sector and see financial problem piled upon problem, a generation of students who are getting a raw

[1] Sources: Brown, G. (2010) *Letter to campaign for science and engineering*, 27 April; Clegg, J. (2014) *Deputy Prime Minister Nick Clegg on higher education,* Cabinet Office, 25 February; May, T. (2018) *PM: The right education for everybody*, Prime Minister's Office, 19 February.

deal, and activists who treat the campus as a political playground. The sad episode of Cambridge's late Professor of Sociology of Education, Jason Arday, has added to widespread concern about the governance of UK universities and their lack of focus on academic excellence. Despite remaining pockets of strength, the situation is similar to the veneration of the National Health Service and the UK's armed forces, delusions which need comprehensively debunking if we are to reconfigure and prepare for the future.

Expansion

At the time of the Robbins Report (1963), fewer than 200,000 students, just 4% of the age group, entered 33 UK universities. On a wider definition, embracing teacher-training colleges, colleges of advanced technology, and specialist institutions of various kinds, around 8.5% of young people were entering full-time higher education. Following Robbins, the expansion of universities became common ground between political parties. Completely new institutions were created, such as the plate-glass Universities of Essex, York, Lancaster, and Sussex plus such one-offs as the Open University and the University of Buckingham. Many more universities were created by expanding and reshaping colleges of advanced technology; examples include Brunel University, Heriot-Watt, and the University of Salford. Following the 1992 Further and Higher Education Act, the reclassification of the polytechnics increased the university sector from 46 to over 90 institutions.

By 1999, there were over 1.6 million home students in higher education, around 39% of the age group. It was in this year that Tony Blair made a commitment, at the

Labour Party conference, to 'a target of 50% of young adults going into higher education in the next century'.[2]

Today, that target has been achieved. In 2025 around 51% had entered higher education by age 25. There were 2.2 million home students, the overwhelming majority enrolled in 166 universities and university colleges. Importantly, there were also around 700,000 overseas students in UK institutions, up from a mere 21,000 at the time of the Robbins Report.

The expansion of higher education is certainly significant, but it is not the case that far more get the opportunity which the lucky minority had in the early 1960s, because the university experience of those days has fundamentally changed – as have the economic and social prospects of graduates.

Student finance and prospects

Tony Blair's commitment to expanding higher education came with a catch. The Blair government changed the basis on which universities and colleges were financed. Students, who from the 1960s had a 'free' university experience and in most cases also received a maintenance grant, would have to make a contribution. Initially set at £1,000 per year for undergraduates, the fee rose over time. It was sharply increased by the coalition government, which in 2012 set a 'cap' of £9,000 per year in England. This has been periodically adjusted for inflation, and in 2025–26 stands

[2] *BBC News* (1999) 'Tony Blair's speech in full', 28 September. Available at: http://news.bbc.co.uk/1/hi/uk_politics/460009.stm.

at £9,535,[3] with a further increase in prospect next year. Despite increases, the real cost of fees has fallen substantially, as Figure 1 demonstrates: it is now only about three-quarters that of the 2012–13 level. Given that direct government funding of undergraduates has also fallen sharply, this has had the consequence that student–staff ratios are higher than in the 1980s, class sizes are larger, and academic staff spend more time on administration and compliance than in the past, reducing opportunities for personal contact. And while the falling real value of fees might seem to benefit students, the operation of the loan system (used by over 90% of students), which charges interest even before graduation, means that a 25-year-old graduate in England might quite easily have a debt to the government-owned Student Loans Company of well over £50,000. It is officially projected[4] that, of those who started university between 2012 and 2023, only 32% will fully repay their loans: some put the figure even lower.

Although repayment of student loans is contingent on earning above a minimum level, so it is not a burden quite like other types of debt, it does increase the effective

[3] Education is a devolved responsibility. Wales, though it has deviated from England in the past and offers more generous maintenance support, now has the same fee cap for home students. Northern Ireland charges markedly lower fees, capped at £4,855 in 2025–26. Scotland, supported by the English taxpayer through the Barnett formula, does not charge fees as at all.

[4] Table 5: Forecast percentage of borrowers expected to fully repay student loans, by loan product, Data set from Student loan forecasts for England – (Source: Explore education statistics, GOV.UK). This 'off the books' way of subsidising higher education – by writing off losses on student loans – means that it is difficult to see exactly how much the taxpayer is spending on higher education.

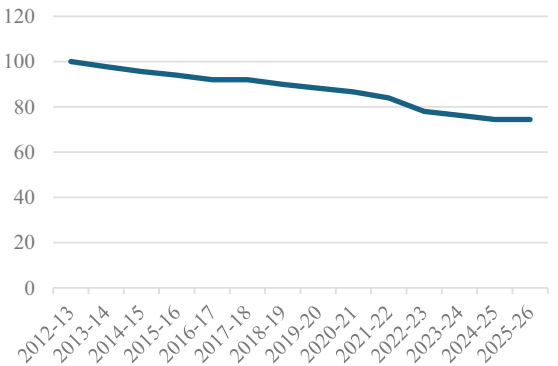


Figure 1. Real value of student fee as percentage of the 2012–13 fee

marginal tax rate which graduates face, and affects their future lives in a variety of ways – making it more difficult to save for a mortgage or delaying the age at which couples have children, for example. Their problems are increased because the growing supply of graduates in recent years has not been matched by a corresponding increase in demand, as was the case last century. This has meant a decline in the 'graduate premium', the excess earned by a graduate over a non-graduate of similar abilities, as Chapter 3 documents. It means that many graduates are in jobs for which they are overqualified: 30% are in non-graduate jobs in one estimate (Vecchia et al. 2023). Given the likelihood that entry-level graduate jobs will be fewer as AI penetrates professional fields, the widely discussed suggestion that 20% of graduates would have been better off over their lifetime if they had not been to university (Britton et al. 2020) may well be an underestimate.

Institutional finance

What of the institutions? When higher fees were introduced, they were capped rather than set at a fixed level. There was an initial assumption that a market would emerge where fees varied with the quality of the offering, with only a minority being set at the cap. This turned out, as so often with government behavioural expectations, to be hopelessly wrong: virtually all course fees migrated to the upper limit, scuppering official financial estimates. This led to the belief that universities had done well out of the new arrangements; thus meeting any requests for further funding was not a priority. Hence the decline in the real value of the cap.

From 2015–16 onwards, there were no limits on home student numbers (except in the case of medicine and dentistry), and universities tried to offset the declining real value of the fee by expanding provision to share overheads.

They also greatly expanded the intake of international students, particularly in low-cost areas such as business and management. This expansion was particularly evident at the postgraduate level. There is no cap on international fees, which are often set at well over twice those for home students.[5] By 2023–24, international student fees brought in £12.7 billion, which was 47% of all tuition fee income, despite only being around a quarter of student numbers.[6]

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[5] Here are a couple of examples from 2025–26: Imperial College's annual fee for the first degree (MEng) Aeronautical Engineering Home £9,535, international £43,300. Birmingham University's BA English Language and Linguistics Home £9,535, international £24,470.

[6] UK Parliament (2026) *Higher education: finance*, Written Question 117321, 3 March.

This dependence on international fees, especially where a university recruits heavily from a particular country (there are heavy concentrations of students in some universities from countries such as India, China, Nigeria, and Pakistan) makes such institutions vulnerable to political and economic conditions in other parts of the world and consequent exchange rate fluctuations. The recent downturn in overseas student numbers from Nigeria and China has created severe financial difficulties for some institutions. These difficulties will be exacerbated as a result of the planned levy on international student fees.[7]

Moreover, governments have become more concerned that international students boost the number of immigrants (in terms of international definitions), and large numbers may seek to stay here more permanently. Some (perhaps 10,000 a year) even apply for asylum having entered on a study visa. In March 2026 the government took the unprecedented step of banning study visas for applicants from Afghanistan, Cameroon, Myanmar, and Sudan – countries whose students had applied in large numbers for asylum – up 470% in 2025 from their 2021 numbers.[8]

For these and other reasons, many UK higher education institutions are now in significant financial trouble. According to the Office for Students (OfS), more than a third (35.8%) of institutions reported a deficit for 2024–25. This figure was forecast to rise to four in ten (42.7%) in 2025–26. The OfS is concerned that institutions seem consistently too optimistic about student recruitment. Philippa

[7] From 2028–29, institutions will have to pay a levy of £925 per international student per year.

[8] Visa brake imposed on 4 countries after widespread visa abuse – GOV.UK.

Pickford, OfS Director of Regulation, said in March 2026: 'Our view is that institutions should base their plans on more prudent forecasts to secure their long-term financial health and ensure they can continue to deliver a high quality education for students.'[9]

Declining academic standards and grade inflation

The battle to recruit and retain students has had many consequences for universities. The partial marketisation of higher education has changed the relationship between universities and students, now seen as customers to be attracted – and kept in the system rather than allowed to fail and drop out. Although some institutions still maintain very high entrance standards, in order to recruit the numbers we have seen in recent years, average A-level or equivalent points have fallen. Whereas 61% of applicants with 3 Ds at A level received an offer of a university place in 2010, this had risen to 75% by 2025. Some 8% of UK-based students appear to have been admitted in 2024–25 with no qualifications at all, up from 1.6% a decade earlier.[10] This is partly the result of government policy to bring more students from allegedly disadvantaged groups into higher education,[11] but this does not explain the proliferation of 'foundation' years for international students before they can start a degree.

[9] OfS warns against persistent over-optimism as analysis finds institutions under continued financial pressure – Office for Students.

[10] *Financial Times* 'The UK universities that require no qualifications to enrol' 11 June 2026.

[11] Though entrants from some 'disadvantaged' ethnic groups do very well both at A level and at university. White working-class males do worse than most other categories. See Chapter 6.

Moreover, there is a penumbra of franchised courses – Muggletown University subcontracting to 'providers' (often private for-profits) which recruit, teach, and assess students for Muggletown University degrees – where entrance qualifications are often very low indeed. There are well over 700,000 students in these programmes, and at least 300 providers. In the past their activities were only loosely monitored, but the Office for Students is now more active in this area. Leeds Trinity University was fined £115,000 by the OfS[12] in 2025 for failing to have adequate quality controls, including over recruitment.

Lower entrance standards mean that the first year of degree programmes in some institutions has to be pitched at a fairly low level. As student-customers generally don't like examinations, and may fail them in quite large numbers, there has been a movement towards various types of coursework.[13] Jessop and Tomas (2017) looked at 73 undergraduate programmes in 14 UK universities, and found a preponderance of coursework in the assessments used. More than three-quarters of all assessments were coursework, although examinations may have been weighted more heavily than this suggests. Richardson (2015) points

[12] Leeds Trinity University: settlement agreed after breaches of requirements relating to oversight of subcontractual partnerships – (Source: Office for Students).

[13] To be fair, this has come about partly as a result of genuine concern that formal examinations test only a limited range of skills, and may disadvantage some groups, but a significant factor has also been the pressure from league table comparisons which take degree results as a proxy for the quality of teaching, or for 'value added' to students with poor entrance qualifications. In three universities in which I have worked, vice-chancellors have encouraged staff to alter assessment methods to produce a higher proportion of 'good' degrees.

out that coursework generally leads to students achieving higher grades (some of which may be down to plagiarism or other forms of malpractice) than is the case with traditional invigilated exams.[14]

Even where such exams exist, there has been a big rise in the proportion of students for whom special arrangements have to be made. Between 2014–15 and 2019–20, the number of UK higher education students reporting a disability increased by 47%, to reach 17.3% of all home students: it has probably risen further since Covid. Much of the increase has been in those reporting a mental health issue, the most common type being 'specific learning difficulties' (House of Commons Library 2021). A majority of students with these problems receive special arrangements, such as extra time, rest breaks, separate rooms, amanuenses.

In light of this, it is unsurprising that final degree classifications have changed to an extent that simply cannot be explained other than by a dilution of academic standards. For despite taking in students with a much wider range of abilities, the proportion of first-class degrees has risen from 7% in 1993–94 to 30% in 2024–25. In the latter year, 79% of all finalists received a first or 2.1 classification. Despite this, many students remain disappointed by their results. The volume of complaints received by the Office of the Independent Adjudicator (which only considers complaints which have been rejected by internal appeals processes at English and Welsh universities) rose from 1,517 in 2016 to 4,234 in 2025.

[14] The advent of ChatGPT and other accessible forms of artificial intelligence has made traditional undergraduate coursework essays no longer reliable as a means of assessing student performance. It also threatens the PhD and other dissertation-based higher degrees.

Given that grade inflation has reduced the information conveyed by degree classification, some employers now use A-level results instead of degree results as an indicator of ability – or set their own tests. This is an indictment of quality control within universities, and undermines one of their most important functions, that of preparing young people for employment. It also has to be seen in an international context, where assessment in some competitor countries has not been watered down to the same extent.

University culture

One of the other functions of universities – that of 'the transmission of a common culture and common standards of citizenship' (Robbins Report 1963 Chapter II: 7) – has arguably been undermined by the demands of students, fearing for their mental health, for trigger warnings and safe spaces; by the insistent demands from government and pressure groups for Equity, Diversity and Inclusion; and by the policing of the curriculum by radical staff and students determined to purge it of 'colonialist' influences. While the extent of such wokeness can be exaggerated, there are certainly problems, discussed by a number of the contributors to this book, with consequent restrictions on free speech and the persecution of those unwilling to sign up to the latest progressive orthodoxy on transphobia or Palestine.

Partly these problems are related to the changing balance of power within universities between academics and the bureaucracy. As Stephen Davies notes in Chapter 2, for much of the twentieth century, universities were 'managed' on an amateur basis, with career academics taking turns to

act as deans or heads of department, supported by a small cadre of administrators. This is no longer possible, with the ever-increasing regulation[15] of the higher education sector and associated compliance requirements. HESA data suggest that whereas twenty years ago academic staff accounted for 55–60% of university employees, since then academic numbers have only grown slowly if at all, while professional services, administrative and managerial staff have grown faster, and in some institutions academics may be in a minority. Even those trained as academics may often be used in pastoral or academic support roles, while those carrying out traditional teaching and research roles report increasing bureaucratic drudgery. In this sort of rule-driven environment there is a premium on conformity rather than independence and acceptance of difference.

The contributors

In the rest of this book, contributors examine various aspects of the troubled higher education sector and offer their assessment of sector trends and possible policies to address the problems revealed.

Stephen Davies begins by exploring the concept of a 'liberal education' and considers how far today's universities, with their emphasis on political correctness, credentialism, and poor-quality research, have deviated from

[15] It was hoped by many that a reduction in the proportion of university funding coming directly from the state would mean that bureaucratic regulation should decrease, but the reverse is the case as James Tooley points out in Chapter 10. The Office for Students, originally conceived as a means to assist the student 'customer' now ranges far and wide. See Lewis (2025) for a description of the functions of the OfS.

that ideal. He suggests that the decline of the graduate pay premium will accelerate with the spread of artificial intelligence. In the next decade, he argues, AI will sweep away almost all professional employment, dramatically reducing the appeal of degrees, especially in non-STEM subjects. He sees a collapse in funding, meaning radical change will be on the agenda. A government unprepared to finance this declining industry may set off a purge akin, he suggests, to the dissolution of the monasteries. The higher education sector will shrink, with one possible future seeing a differentiation of the remaining institutions between liberal arts colleges, professional training for an elite minority on the lines of the French grandes écoles, research universities, technical schools, and trade schools – all increasingly financed by private money.

In his chapter, Julian Jessop examines the evidence of decline in the UK graduate premium. Part of this decline may reflect the country's slow rate of economic growth, but the same trend seems to be present across Europe, while the premium has plateaued in the United States. A plausible explanation is that the early decades of expansion in the supply of graduates was matched by a similar expansion of demand for their services, but that period came to an end and we may be seeing an actual shrinking of the demand for graduates while we keep pumping out large numbers to add to the existing supply.

Jessop also discusses the reasons for a graduate premium in the first place. Does degree study really add to skills and human capital, or in many cases does it simply act as a signal to employers of trainability? In the first case, the quality of human capital may be declining as more students with poorer aptitude (reflected in lower entrance

qualifications) enter degree study. In the case of signalling, another factor may be grade inflation, which means that employers can no longer trust degree classifications. And he points out that concentration on average returns to a degree obscures the considerable variations by degree subject and by institution. He suggests that the widely quoted Institute for Fiscal Studies conclusion that 20% of graduates would be better off without having done a degree is an underestimate.

The declining graduate premium is also mentioned by Peter Ainsworth. His chapter is primarily concerned with the student loan – which is not really a loan, he argues, but a badly designed graduate tax producing perverse incentives. Students do not understand what they are letting themselves in for when they sign up for a 'loan'. They find in many cases that the growth in interest payments outstrips their repayments, meaning that their debt grows over time and a high proportion of graduates will never repay the cost of their higher education. Depending on their family circumstances and income level, the 9% repayment rate, added to income tax, withdrawal of the personal allowance, National Insurance contributions, and reduction in child benefits can produce effective marginal 'tax' rates over 60 or even 70%.

The real flaw in the system is that universities have become dependent on recruiting large numbers of students on cheap-to-run courses which appeal to 18-year-olds but are unlikely ever to generate a significant graduate premium. The costs ultimately fall on the taxpayer. Ainsworth's solution is that universities should shoulder the risks of their recruitment policies. They – rather than government – should issue student loans directly, in collaboration with financial institutions. This would incentivise them to:

> recruit students ready for serious study, design courses that lead to productive employment, maintain career services that support alumni throughout their working lives, and abandon the unconditional offers and grade inflation that currently serve recruitment targets rather than educational standards.

Joanna Williams looks at the growth of international student numbers in UK higher education. The numbers have risen as government funding to universities has been cut back and fees paid by home students have fallen in real terms. Foreign student fees account for nearly a quarter of the sector's income, and without fees many universities would probably go bust.

Whilst having some foreign students in universities will usefully add to the cultural mix, Williams points out that the domination of some university courses by foreign (especially Chinese) students rather negates any cultural gains, and many of these students may perceive themselves as 'cash cows'. This perception may be heightened by Labour's plans to impose a levy on overseas student fees.

The drive to recruit foreign students has arguably led to lowered entrance standards and undermined the quality of courses and the student experience. At the bottom end of the market there are also fears that entry to university is intended as a way to get round visa restrictions.[16] This has led to universities having to closely monitor attendance in a way which was unusual decades ago.

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[16] Around 16,000 people who had entered the UK on student visas claimed asylum in 2024, according to the Home Office.

In her chapter, Annabel Denham concentrates on the 'feminisation' of higher education. At the time of the Robbins Report, only about a quarter of higher education students were female, while today they constitute a substantial majority. Female academics, though still a minority, are a growing share of teachers and researchers. Denham points to ways in which these trends have changed universities – for example, the movement towards coursework and the emphasis on student welfare, 'emotional safety' and the rise of the human resource function. Nowadays women are more inclined to the political left than men, and female students are more likely to be campus activists. Women are drawn to particular subjects – such as psychology, criminology, fashion, events management, public relations and creative arts, for example – which have expanded rapidly. This choice of subjects has implications for the gender pay gap, and also for the level of student debt, which women disproportionately hold.

In my own chapter, I outline the changing role of research in universities, and in particular the importance of the Research Excellence Framework. The REF, which started out as a reasonable way to assess the use to which universities were putting public money, has now come to have a disproportionate influence on university policy and the nature of individual academics' research. I argue for a reduction of its significance and a reshaping of the way in which the government supports research.

Michael Ben-Gad analyses the way in which campus intolerance and 'social justice' activism have their roots in critical theory, the growing influence of which can be seen as a response to the rise in the status within universities of science and STEM subjects during World War II and the

early years of the Cold War. This has given rise to a twenty-first-century version of the 'Two Cultures' which C. P. Snow wrote about in the 1950s. Ben-Gad documents the disparity in prior academic qualifications of those studying the hard sciences with those in subjects such as sociology, and notes that the mind-sets inculcated through critical theory and cultural relativism have spread into wider society.

Eric Kaufmann is also concerned about campus culture issues. He focuses on what he calls the 'greenhouse effect' in academic circles – a feedback mechanism by which uniformity of opinion increases and conformity pressures rise, discouraging dissenters from entering or remaining in the profession. Thus diversity of opinion is reduced further, leading to yet more pressures for conformity.

Kaufmann illustrates this by presenting evidence of the strong leftist majority amongst British academics, particularly in social sciences and humanities, and shows how this has developed over time. Whereas in the 1960s and 1970s there was only a smallish majority in voting patterns for leftish parties, today the ratio of votes for the left against the right seems to be around six to one. This leads him to advocate government intervention to prevent discrimination on grounds of political belief, in the same way that race and sex discrimination are banned.

Is it possible for universities to shake off the shackles of regulation and allow them to develop independently of government direction? James Tooley offers an interesting discussion of the emergence of the University of Buckingham half a century ago. Buckingham developed its credibility by working to persuade business and the professions of the quality of its courses and its graduates – rather than

jumping through the accreditation hoops of what was then the Council for National Academic Awards, which would have constrained both its intellectual purpose and its business viability. Its efforts were eventually rewarded by being given a Royal Charter. However, Tooley points out that it gradually became sucked into the same regulatory authority as the rest of the sector and now has little autonomy in many important areas. He is doubtful whether any new institution could now do what Buckingham did.

Rather than looking to the past, James Stanfield looks to the future in his chapter. In an 'imagined history' framework, he suggests that artificial intelligence will undermine the traditional structures of higher education and allow new institutions and new forms of courses and learning systems to emerge, increasing competition and opening up new possibilities for lifetime learning.

In their contributions, each of these authors adds a different angle to the analysis of the problems of the UK's swollen and damaged university system. Where views are expressed about policy proposals, the opinions are those of the authors and not those of the Institute of Economic Affairs, which has no corporate view.

2 LIBERAL EDUCATION AND THE UNIVERSITY OF TODAY

Stephen Davies

The idea of a liberal education, contrasted to training or qualification, is a persistent ideal that goes back for hundreds of years. The university has traditionally been seen as the institutional embodiment of that ideal in its highest form. Since the 1960s, however, and particularly since the 1980s, universities have been transformed away from that ideal to a commercial one built around selling certified status and access to highly paid and (more importantly) high-status employment. They have become generators of monetarily valuable signals rather than institutions devoted to scholarship and liberal education in its traditional sense. This has not only undermined or displaced liberal education as a project and process at university level. It has also led to a series of academic pathologies such as so-called 'cancel culture' and the rise of a series of intolerant ideologies (once called 'political correctness' now referred to as 'woke') that are incompatible with the traditional goals of a liberal education. To restore liberal education as both ideal and practice at the university level will therefore require a redefinition of that institution, away from the one they have adopted in the last sixty years.

The idea of a liberal education

The idea of a liberal education is a very old one, and in its modern form can be traced back for several hundred years. In its oldest origins it goes all the way back to the 'liberal arts' of antiquity, as defined by authors such as Cicero. However, it came to have a more expansive meaning during the Renaissance, as a part of the redefinition of nobility at that time. The idea, as expressed in the humanist and educational literature of that era, had the following elements. Firstly, a definite content. This went beyond the classical curriculum of Trivium (grammar, logic, and rhetoric) and Quadrivium (astronomy, arithmetic, geometry, and music) to include areas of study such as history, philosophy, literature and language, theology, geography, and 'natural philosophy' (the study of the material world). These were understood in a way that meant they came to include what we would now think of as other disciplines, such as economics, psychology, sociology, and anthropology. Initially though, the idea of a liberal education meant that they were all understood as interconnected and overlapping aspects of a general study of the natural world and the place of humanity and human society within it.

Alongside the content, the idea referred to a kind of meta-education, delivered by the way the content was taught and studied. This included learning how to read and study, how to discuss and debate, how to comport oneself and conduct oneself in intellectual and social interactions with others. This implied a set of ethical norms, which is where the term 'liberal' came in. It referred to not only the content of the programme (the knowledge, skills, and understanding appropriate and necessary for a free citizen) but also to qualities of character. These included generosity

of spirit (liberality), open-mindedness, intellectual flexibility, and curiosity combined with a firm adherence to a humanistic ethics. This meant in turn that the goal of a liberal education was not simply the imparting of knowledge or the acquisition of skill but rather the formation and development of a certain kind of mind and character. The person shaped by such an education was, ideally, a combination of a scholar and a gentleman, although normally one of the two would predominate in a particular case.

Not all educational institutions and programmes are seen as being driven by or embodying this ideal, notably technical and professional education or education in a trade, which have different ideals and methods. There is a persistent prejudice in England (not, however, Scotland) that the liberal education and the ideal it embodies are in some way higher or superior to the other kinds or suited only for an elite. This makes a liberal education a marker of class distinction. This is in marked contrast to the Scottish ideal of 'the democratic intellect' in which a liberal education is suitable for all kinds of people, of any social station or occupation, who have the necessary aptitude and inclination (Davie 1964; Thomson 2025). This more radical and expansive view went along with support for a more inclusive and democratic kind of politics. It inspired the culture of working class autodidacticism and education through such things as university outreach and the Workers' Education Association (Rose 2021).

Liberal education and the university

There is therefore a clear idea, however contested its status may be, of what a liberal education is and wide agreement

as to why it is valuable. The ideal can be applied to any kind of education above the elementary, and historically was often associated with and delivered by private tutoring. From the later seventeenth century onwards, it came to be particularly associated with the university. The university as an institution had appeared in the eleventh and twelfth centuries as a self-governing corporate body of scholars. Originally its main function had been the education and training of clerics and medieval universities were essentially religious and clerical institutions. By the later seventeenth century, in the aftermath of the Reformation, this connection had weakened considerably and the universities across Europe came to be seen as institutions of liberal education, tasked with the forming and polishing of an elite who would go on to the public life, as well as producing scholars, people interested in academic study for its own sake as well as for its utilitarian benefits. In the course of the nineteenth century the idea and practice came to be democratised but the belief that liberal education was the defining purpose and activity of the university persisted. It has had many descriptions and accounts, of which the best known is Newman's *The Idea of a University* (Newman 1852). Although Newman was a conservative of a very robust type, the ideal he formulated was widely shared, by Whigs and Liberals or even Radicals, as much as by Tories.

At one time university education in Britain, and the wider commonwealth, saw this as the ideal to aim at. This led to a particular kind of academic programme, of teaching methods, of university governance and administration, and ultimately of teaching and learning experience. British and Imperial (later Commonwealth) universities and schools had a club-like character, as self-governing

communities of teachers, where although some were in a position of authority there were few or no professional managers – it was academics who performed whatever administrative duties there might be. Teaching and learning took the form not only of instruction but of a shared exploration of the subject of study, with a great deal of personal and private study alongside the formal programme. A university education was for most students not a process of training or qualification for a profession but a kind of finishing school that formed both elites and counter-elites.

The research university

The idea of the university as a place dedicated to liberal education was supplemented by a different vision towards the end of the nineteenth century, one that originated in Germany or, more exactly, Prussia. This was the idea of the technical and research university, first formulated by Wilhelm von Humboldt with the creation of the University of Berlin during the great reform of the Prussian state after 1806. The goal was not so much the development of character and mind as the pursuit and exploration of skill and knowledge, above all useful knowledge. The central feature of the pedagogy and intellectual life of the new research-oriented university was organised academic research, embodied in the PhD. This made the student experience much more a kind of intellectual apprenticeship with clearly defined stages – something that had existed before but not in such a clearly defined way. This went along with a much more rigorous and structured teaching and learning experience. Another result of this systematisation of study was the development and definition of distinct disciplines and

subjects such as economics, politics, psychology, and sociology out of the wider categories such as political economy or natural and human philosophy.

After the unification of Germany, the new research-centred model of the university became the template for higher education across the world, above all in the United States. The university became one of the institutional pillars of the new industrial state, alongside the business corporation and the modern bureaucratic state. Britain was a laggard in adopting this model, in this as in other respects (such as industrial organisation). Nevertheless, it moved towards it as early as the 1900s and this accelerated during World War I and the 1920s. What happened in Britain as in other countries was that the older purely liberal education model continued in combination with the newer one. This often took the form of a distinction between 'humanities' where the liberal education model still predominated and the 'sciences' and 'social sciences' where the new one became the template (with some difficulty in the second case). In the United States and other countries such as France there came to be a formal distinction between institutions entirely devoted to the liberal arts model and larger ones where research was the main activity as well as advanced technical institutions devoted entirely to applied and practical subjects. This settlement or coexistence shaped the Western universities during what we may now see as their golden age of scholarship and teaching, between the 1920s and the 1960s.

Almost none of this survives – or, to the extent that it does, survives only at the margins of what universities now do and see as their mission and nature as institutions. Insofar as there was something of great value in the classical

ideal of a liberal education, this is a great loss. If the Scots argument is also accepted, this has also undermined the functioning of a truly liberal and democratic society and political order. What makes this loss insupportable is that there has been no corresponding gain – the contemporary university does not achieve its purported goals and is also no longer delivering the actual service it offers, even if that service was of any value, which it is not. Since the 1960s the university has taken on a function that is incompatible with its role and nature as an institution for the last four hundred years and in doing so has brought itself to a very dark place, quite possibly its end.

The origins and sources of the move away from liberal education

How and why did universities in much of the Western world move away from the liberal educational ideal? The process started in the 1960s and in many ways the turning point came on a very precise date – 4 October 1957. On that day the Soviet Union launched Sputnik One, the first artificial satellite. The ensuing panic over a perceived Soviet lead in technology led to a massive influx of state money (alongside an equally impressive flood of corporate funds) into universities. This created a much closer relationship between governments and higher education than had previously existed, even in countries like Germany. In particular it meant that higher education became integrated into, and a key part of, wider government policy and strategy, notably but not exclusively macroeconomic strategy. Simultaneously the university became the central institution in a wider social project, that of transforming Western

societies to enable them to compete more effectively with the Soviet side for the hearts and minds of peoples around the world and, it was thought, to accelerate the march of progress and address historical injustices.

In the UK this transformation of the relationship between government and universities had its first big impact in the expansion of the sector following the Robbins Report (1963). The Report restated the traditional principles of a liberal education, in terms reminiscent of Newman, but the overall thrust was to tie them much more closely to government and give their work an instrumental quality, making it a means to an end rather than an end in itself. The specifically British context was the widespread perception at that time of British decline relative to other Western economies, notably West Germany and Japan, and of Britain as a 'stagnant society' in need of radical economic, institutional, and cultural change (Shanks 1961; Booker 1969). This was the first instance of what became a dominant theme, that the university should be an agent of social and economic transformation, in a critical relationship to wider society.

There were also two wider contexts, not confined to the UK. The first was a negative perception, that Western countries were not producing enough qualified (understood as meaning certified or formally educated) workers. Expanding university education of all kinds was a way to address this. The second was a Promethean vision of a world transformed by education and science. The university and university education were seen as being central to this vision, particularly in the United States, but also elsewhere. What all of this led to then was a politicisation of the university and a profound shift in its understood purpose and

function, all the more powerful for being initially unarticulated. Instead of being understood as a good in itself because of its elevating effects on the minds and character of individuals, university education was understood in instrumental terms. It became a means of increasing GDP, it was thought, by identifying and training talent and directing it into the sectors of the economy that were important for future growth. It became the key instrument for a process of social and cultural transformation that governments aimed at bringing about as a modernisation process.

This transformation of the purpose and nature of higher education was not reversed or even challenged with the advent of 'neoliberalism' in the shape of the Thatcher government and the subsequent New Labour administration. In this as in other ways, the Thatcher and Major administrations made a radical break with older Conservative traditions and built on the changes of the 1960s. They intensified the emphasis on an instrumental vision of university education and brought in the added element of commercialisation with higher education recast as a business and students as consumers – the crucial point here being that university experience was no longer seen as a pure consumption good valuable in itself but as a means to something else – such as increased income for the institution and the UK, economic growth, or higher income and better employment for the graduates. The Blair government made this even more central yet.

It was the final point that came to dominate the thinking of students and their parents as well as policymakers. It was thought that since previously most graduates had gone on to higher-paid and higher-status work, if more people went to university a larger proportion of the population would

go into high-paid and high-status work. The assumption was that the mere fact of going to university and having a degree would get graduates a higher-paid and high-status job. This became the main motivation for going to university for both students and their parents. This is not compatible with the ideal of a liberal education (Collins 2019). It makes matters of personal development irrelevant except insofar as they contribute to enhanced earning potential and higher status, whereas the original ideal had been that a liberal education was a good in itself for those who chose to acquire it. That ideal was replaced by that of meritocracy in which academic attainment became valued not for itself but as a sign of merit that qualified someone for higher status work (Young 1958). Academic study became simply a set of hoops to be jumped through to demonstrate merit.

These were the overt and stated reasons for the investment of large amounts of money into higher education. This money was no doubt very welcome to its recipients, but it came with a price. Increasingly universities ceased to be autonomous institutions with their own distinct purpose and mission and became instruments of public policy, subject to a wide range of regulations, directions, and controls from their paymasters. This slowly but surely transformed their internal governance. The club or association type of model described earlier, where universities were self-administered communities of academics, with some of them performing administrative roles, was supplanted. In its place came a corporate model, combining elements of both public administration and corporate business. The key figures now were professional administrators, who came over time to dominate the policy, orientation, and perceived or actual purpose of the universities. As their

number increased so did the number of roles and powers they had. This was driven initially by the need to administer the new large funding streams and to align the teaching and educational activity of universities with the goals the funds were meant to promote but the process came to have a life of its own. More generally, the ideal of liberal education was no longer the guiding principle of universities in their administration and teaching or the public justification for their existence. It had been replaced by an economistic utilitarianism, business-oriented, and commercial for some, associated with social and cultural transformation for others, and for all seen as a way to boost GDP.

The results – political correctness, credentialism, and the decay of research

The transformation of higher education has brought results that are now provoking severe pushback against institutions and their public funding. The most prominent is what used to be called 'political correctness' and is now called 'woke'. This is an adversarial ideology and scholarly methodology that has captured universities, spreading from its initial takeover of departments of literature and language to eventually influence all disciplines, even STEM, with considerable assistance from administrators. It has a definite intellectual genealogy, deriving from post-modernism and the response of the intellectual left to the failures of both communism and radical social democracy. However its success in becoming the dominant intellectual and administrative force is not primarily a matter of one set of ideas winning out. It is the cumulative result of a process caused by the influx of public and private funding. This

analysis was made by the late Dennis O'Keeffe in a monograph published in 1999 (O'Keeffe 1999). His thesis in summary was as follows.

The subsidy to higher education after the 1960s produced an explosion of posts, and research opportunities, beyond what would have naturally occurred in its absence. The funds and their allocation had to be managed and directed and this created a class of gatekeepers, a mixture of academics and administrators. These gatekeepers, through control of things such as publication in journals, research grants, and appointments, were able to determine broadly who got positions and what ideas were published and therefore dominant in the academic discourse. Through a spontaneous and cumulative process, the gatekeepers came to be predominantly adherents of the radical post-modernism or critical theory that grew out of the counter-culture left of the 1960s and 1970s (see Chapter 8 of this book). This was a path-dependent process in which a small initial bias was persistently reinforced over time until one perspective became hegemonic. The expansion of the numbers of institutions and students between 1960 and 1980 created a large bulge of qualified scholars who were appointed to the new positions. These were disproportionately likely to adhere to radical critical theory because people with that belief set were disproportionately likely to pursue an academic career.

For O'Keeffe public funding also caused an overproduction of radical dissenting or fringe ideas for which there was little demand outside the academy. This in turn led to a growing problem of intellectual introversion in which scholars talked to each other rather than contributing to a wider public conversation. There has always been a risk

of this but it became much more pronounced, to the point where a massive gap appeared between academic discourse and the discourse of wider society. In addition, this undermined the processes such as review that were meant to maintain scholarly rigour, to the point where much output was of low quality and in experimental disciplines proved incapable of replication. This combined with the domination of 'wokeness' has dramatically undermined the legitimacy of the university among the general public.

For a long time though, universities could still rely on what had become their actual main function as far as the public was concerned, the granting of credentials that gave access to high status employment. As mentioned, this became for many or most students the primary reason for attending university. This was widely conflated with something different, which was the acquiring of useful or job specific skills and capacities through a course of study or training. In reality, the overwhelming majority of graduates never use *any* of the knowledge and skills they acquire at university in their subsequent employment. The value of a degree under credentialism lies in its being a signal that tells the employer something about the nature of the graduate as a person, and is costly to achieve (Caplan 2018). This empties the experience of inherent meaning of any kind, academic or otherwise – it becomes simply a qualification ritual to generate the signal.

The demise of credentialism and possible action

The problem is that all of the indications are that the signal is losing its value – this can be seen in declining graduate income premia (see Chapter 3) for all non-STEM subjects.

One problem is overproduction – too many graduates for the actual number of roles available. The more serious threat is artificial intelligence, which in the next decade could sweep away almost all professional white-collar (graduate) employment.[17] Any role that involves routine and standardised process (the great majority) will be susceptible. This will dramatically reduce the value of a degree for the majority, who see it only as a credentialed route to higher income.[18] The result, unless other reasons for going to university re-emerge, could be a dramatic fall-off in non-STEM application numbers.[19] Currently this is compensated for by the use of study visas as a way to get around tightening immigration controls but this will not last either. This, plus the reaction against the intellectual and political legacy of the transformation of higher education, leaves universities very vulnerable, given how dependent most now are on direct or indirect government funding. The very real risk is that a future populist government will put through a twenty-first century equivalent of the dissolution of the monasteries and shut down most institutions.

Universities have lost sight of what their nature and mission should be. The influx of government money brought with it transformative effects that have changed both what they do, the way they are viewed by students and wider society, and the nature of their intellectual culture and its relation to the wider intellectual life of society. In

[17] Almeida. L. (2025) 'Number of new UK entry-level jobs has dived since ChatGPT launch-research', *The Guardian* 30 June.

[18] See Chapter 11 for speculation on possible AI futures for higher education.

[19] Faragher, J. (2024) Students drop interest in studying for a degree', *Personnel Today* 6 August. www.personneltoday.com/hr/university-applications-drop.

retrospect, the turn towards an instrumental and utilitarian view of higher education as opposed to the classical ideals of a liberal education and the pursuit of knowledge through research brought initial material benefits but serious negative results for the life of universities and ultimately their public standing. What can or should be done? More money or changing the funding system is not enough since the ultimate problems revealed as well as caused by public funding are confusion about the nature and point of higher education and a confusion or conflation of several distinct educational endeavours. Radical reform is needed. One possible step is to recognise that the current uniform sector supplies several different kinds of goods, all valuable in their own right but each with its own ethos and requiring its own distinctive and specific kind of institution. So, the sector should differentiate between institutions devoted to the liberal educational ideal (liberal arts and science institutions), those focused on research scholarship and the pursuit of knowledge (research universities), professional education and training (professional schools like the French grandes écoles), advanced level practical trades (trade schools and business schools), and higher-level technical education and research (technical schools and universities). In addition, there is a clear need to remove the corrupting state money stream in most cases, but particularly the first two, and to encourage private funding wherever possible.

There is an increasing likelihood that something like this will eventually happen but the question is what to do before then and if one supports the traditional and democratic ideal of a liberal education, how to deal with the unfortunate reality that in today's world the popular majority

does not support it. The only solution is probably to do what dissenters barred from Oxford and Cambridge by the Test Acts did, and to create new institutions on a voluntary basis. One thing we can be sure of – to rescue liberal education from the harm done by the last sixty years will be no small task.

3 WHATEVER HAPPENED TO THE GRADUATE PREMIUM?

Julian Jessop[20]

> *'It should be hard for a school leaver to get into university and easier to get a job. Not the other way around.'*
>
> *—Paul Wiltshire (2026)*

Introduction

The uproar over the punitive interest rates on student debt in the UK (and especially in England) has again raised the question of whether the financial benefits of a university education can justify the costs. More specifically, does the 'graduate premium' on earnings still make a degree worthwhile?

The proportion of young people going to university has been rising steadily for many years, from around a third in 2000 to around a half now (Department for Education 2026). This share has therefore met the target set in 1999 by the then prime minister, Tony Blair.

[20] The author is grateful for comments from Paul Wiltshire and two anonymous referees. The views and any errors, however, are the author's own.

However, there is ample evidence that the increase in university participation and the rapid growth in graduate numbers have reduced the average financial returns to a degree in the UK, as they have in many other countries. This chapter summarises the evidence, discusses the underlying drivers, and explains why this matters.

There is also plenty of evidence that the market for university education is not working as well as it should. This partly reflects the distortions to the incentives faced both by students and by universities, and the gaps in the information available to students and to employers.

The conventional approach to measuring the graduate premium

The graduate premium is usually defined as the additional income that people with a university degree can expect to earn, on average, relative to those without a degree. This approach is fundamentally flawed, for reasons that will be made clear later, but almost all 'graduate outcome' statistics are presented in this way.

The premium is typically expressed as a percentage uplift, calculated either by looking at the earnings of people in the working age population as a whole, conventionally defined as those aged 16–64, or by focusing on a specific cohort, such as those aged 21–30.

Looking at the working population as a whole has the advantage of capturing the financial benefits associated with a degree over a longer period. Studies have shown that these benefits grow over time, particularly for men (Britton et al. 2020). The graduate premium in lifetime earnings is therefore likely to be larger than that in the years shortly

after entering the workforce and these figures should be more relevant for longer-term decision-making.

However, the rapid expansion of participation in university education has also lowered the median age of graduates compared with non-graduates. As earnings naturally tend to rise with age, regardless of education, this could drag down the measured premium in the 16 to 64 age range. Focusing on a younger cohort should help to correct for this problem.

Whichever range is chosen, though, the data shows that the graduate premium has fallen. The usual source here is the Graduate Labour Market Statistics (GLMS) published by the Department for Education, which draws from the Office for National Statistics' Labour Force Survey (LFS) (see Department for Education 2025a).

Based on this source, Figure 2 suggests that the graduate premium for those aged 16–64 has declined from around 50% in 2007 to about 35% in 2024.

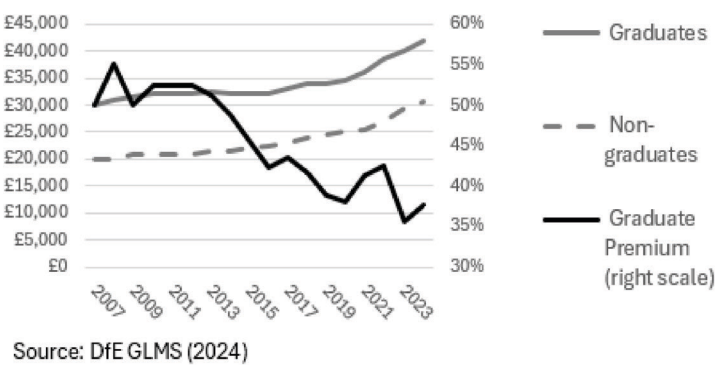
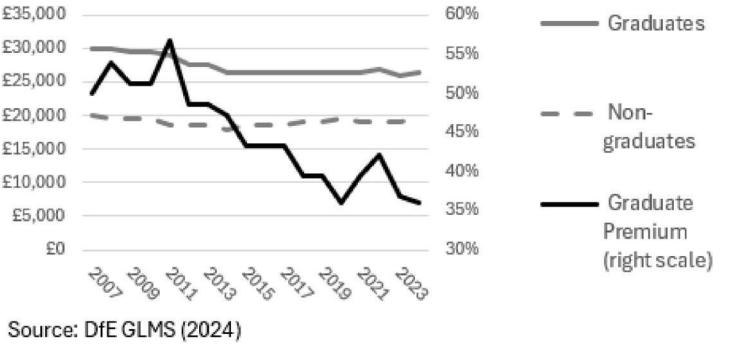


Figure 2. Median salaries and the graduate premium (nominal, ages 16–64)



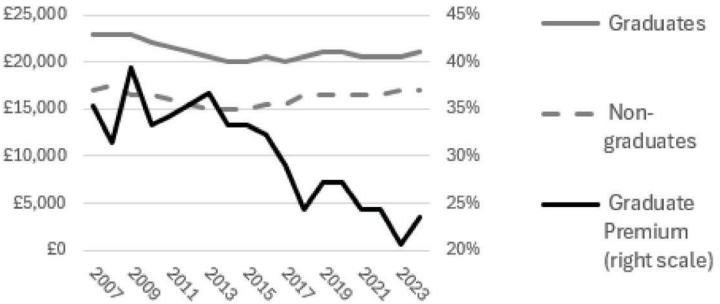
Source: DfE GLMS (2024)

Figure 3. Median salaries and the graduate premium (real 2007 prices, ages 16–64)

Figure 3 shows the earnings data in real terms (adjusting for price inflation). The fall in the graduate premium is the same whether measured in nominal or real terms, although the rounding of salaries (to the nearest £500) gives slightly different numbers.

Figure 4 shows the equivalent data for people who are only a few years out of university (those aged 21–30). The average premium for this age group has always been lower, reflecting the fact that the financial benefits associated with a degree grow over time. But it has also fallen, from around 35% in 2007 to about 25% in 2024.

The average graduate premium is larger for men than women in the workforce as a whole (those aged 16–64), but larger for women than men in the 21–30 age group (partly reflecting the larger proportion of female graduates going into higher paying jobs in fields such as medicine). Again, though, the graduate premium has fallen for both men and women.



Source: DfE GLMS (2024)

Figure 4. Median salaries and the graduate premium (real 2007 prices, ages 21–30)

Finally, the additional earnings premium for a post-graduate degree has also fallen, relative both to non-graduates and to graduates with a single degree. This has also coincided with an increase in the number of people taking further degrees, so the key drivers of the fall in the 'post-graduate premium' are likely to be the same as those behind the fall in the graduate premium.

What does the international evidence show?

Global studies suggest that the return to an extra year of education can be diminishingly small, including a recent meta-study by Clark and Nielsen (2026). The international evidence on the graduate premium itself is mixed. This reflects the wide range of other factors at play, including those that may influence the demand for graduates.

There is some evidence that the premium has fallen further in the UK than in some other countries where the participation in university education has also increased

significantly.[21] This might be because the UK has suffered a relatively lengthy period of stagnation in productivity since the Global Financial Crisis of 2008. This may have made it harder for graduates to raise their productivity by enough to justify the additional costs, or to command a much higher wage.

However, most studies show that the graduate premium has also declined across Europe (Bertoletti 2025; Green and Henseke 2021) and plateaued at best in the United States (Cline and Kaymak 2025).

There is at least one further puzzle. As the earlier figures showed, there was a significant lag between the start of the expansion of university education and the first meaningful falls in the graduate premium, which began in the early 2010s.

One plausible explanation is that the initial expansion of the supply of graduates coincided with a matching increase in the demand for graduates. This might be linked to organisational changes in the workplace (see Blundell et al. 2016) or to innovative technologies that have put a premium on skilled workers (Krusell et al. 2000). But these favourable and offsetting shifts may now be going into reverse as potential graduate hires are beginning to be replaced by AI.

How best to interpret the graduate premium

Unfortunately, there are some major problems with how the data are interpreted. Some official sources now discourage the use of the term 'graduate premium' altogether.

[21] Burn-Murdoch, J. (2206) 'Is university still worth it?' is the wrong question', *Financial Times* 20 February. Available at: www.ft.com/content/649d3c64-b8e5-4979-9f0c-9aebd43642e2.

Ideally, the value that has been added by a university education should be measured by comparing the earnings of graduates with those of people who did not go to university, but who otherwise had the same characteristics, such as similar A-level results (Belfield et al. 2018). Indeed, the old method of calculating the graduate premium based on an overall average is being replaced by a new method using bands which reflect differences in prior academic attainment. But this is still not entirely satisfactory without significant tests of causation.

For example, if a buyer for a major retailer is a history graduate, then how much of their pay uplift had anything to do with what they learnt in the process of studying for a history degree? Or was it entirely due to the fact that they are just a graduate and this was a requirement to get on a graduate recruitment programme? Could they have easily done as well in the job as an 18-year-old without the degree if only the retailer had been willing to employ them as a trainee?

The employment market may therefore be distorted as non-graduates face discrimination for starter roles which do not genuinely need a degree education. This could be forcing young people to get a degree just to be considered for a job.

What creates a graduate premium?

It may be helpful to step back and ask why there should be a graduate premium in the first place. There are two main parts to this.

One is that a university education has some intrinsic value, which means graduates are potentially more

productive and therefore worth more to a future employer. In other words, a university education increases 'human capital' through the acquisition of specific skills and knowledge. This builds on the principles developed by Gary Becker (1964).

A university degree is also still a formal requirement for many jobs. However, the importance of this factor may have been diminished over time, both because some careers are opening up to non-graduates, and because some lower-paying jobs (such as nursing) may now require degrees too.

The other aspect of the graduate premium is its 'signalling' value (Spence 1973) and the associated concept of the 'sheepskin effect' (Hungerford and Solon 1987).

Successfully completing a degree could demonstrate to a future employer that you have general skills, such as discipline and the ability to work under pressure, which make you more valuable. In contrast to the intrinsic value, the signalling value may be less dependent on the specific subject that someone has studied.

The 'sheepskin effect' links this to the passing of specific milestones. This effect refers to the jump in potential earnings when someone receives a degree certificate – traditionally printed on sheepskin. Studies have shown that a student who is one credit short of a degree often earns significantly less than someone who completes the degree, even though their education is nearly identical.

The signalling value of a degree is perhaps less useful than the intrinsic value. Nonetheless, it may still have real benefits if it allows more able workers to differentiate themselves from the less able and thus command a higher wage. In more technical terms, this may permit a

'separating equilibrium', rather than a common wage or 'pooling equilibrium'.

The signalling value may have wider social benefits too, depending on the impact of better sorting on productivity and on the cost of the signal.

However, there may also be a flipside: graduating with a poor degree may have a long-lasting 'scarring effect' on job prospects and earnings. In other words, it could send a *negative* signal. Moreover, some employers may now increasingly see it as a negative signal if the applicant is a non-graduate, even if the job on offer may not genuinely need a degree education (Wiltshire 2025a).

The impact of the expansion of university education

Either way, one thing almost everyone can agree on – including those who support the continued expansion of university education, notably Willetts (2025) – is that the increase in the number of people going to university has reduced the average graduate premium (see also Abel et al. 2016).

The 'intrinsic value' of a university education is likely to have fallen, on average, for several reasons.

Put bluntly, more people are going to university without necessarily having the aptitude to benefit fully from an academic course of study. And even if they did, it would be hard to preserve the quality of individual teaching as student numbers increase.

This is borne out by examining the pay being achieved by those with lower prior academic attainment. Graduates with fewer than three B-grades at A-level are likely to earn

only between £27,000 and £31,000 five years after graduating, compared to £44,000 to £51,000 for those with three or more A-grades (Wiltshire 2025b, 2025c).

The growth of online learning and the increased numbers of international students with limited English have probably made it harder to maintain academic standards. Moreover, universities are increasingly having to compete for students on the basis of non-academic and more subjective factors, partly as a result of the growing importance of the National Student Survey.

The increase in the proportion of young people going to university is also likely to reduce the signalling value of a degree, especially when combined with grade inflation (see Boero et al. 2021). The signal only works if it is harder (or costlier) for low-ability individuals to obtain than for high-ability individuals.

How much does this matter?

The resulting fall in the graduate premium is not *necessarily* a major problem if all are still getting a worthwhile premium to cover the costs of higher education.

The key point here is that the headline figures are an average across all graduates. An increase in participation is almost bound to reduce the benefits at the margin, dragging this average down. But this may not have much impact on the financial returns for most graduates, especially the more able ones.

To illustrate this point, suppose the baseline graduate premium for all students is 50%. Imagine next that university participation is doubled, with the additional students all earning a lower premium of 20%. The average graduate

premium would then fall to 35%. But no-one is worse off in this scenario. The original cohort is still 50% better off, and the additional students are now 20% better off.

This narrative appears to fit at least some of the facts. In particular, graduates from 'good' universities studying 'good' degrees can still expect to earn substantially more than non-graduates. This outcome is, of course, a good thing, and suggests the market for university education is still working well.

Figure 5 shows median earnings five years after graduation for a selection of degree subjects. These numbers are taken from the Longitudinal Education Outcomes (LEO) survey, again published by the Department for Education (see Department for Education 2025b).

By and large, the most lucrative subjects are those which lead on to higher-paying careers where a relevant university degree is still required. At the other extreme, the least lucrative degrees are those in fields where a degree is

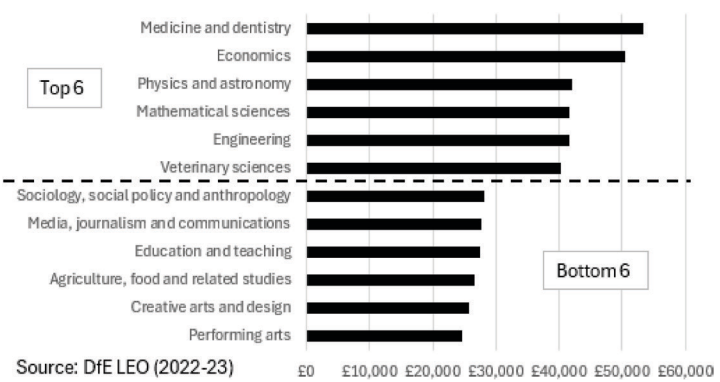


Figure 5. Median earnings five years after first-degree graduation (2022/23)

often not needed and where (in some cases) non-financial rewards may be more important.

It is a similar picture if you look at individual universities. The top end for earnings in the provider level data in the LEO continues to be dominated by the traditional elite universities, including Oxford and Cambridge, or those with specialties in high-paying subjects such as medicine and economics, notably Imperial and the LSE. At the other end, the institutions where graduate salaries are the lowest are dominated by colleges offering courses in subjects typically leading to lower-paying jobs, such as in social care and performing arts.

Finally, other measures of graduate outcomes are still better, on average, than those for non-graduates (see HESA 2026). In particular, graduate employment rates are still higher than those for non-graduates.

Admittedly, record numbers of graduates are now claiming Universal Credit. But this can largely be explained by the fact that many more people are going to university, rather than an increase in the proportion of graduates on benefits.

Is the market working properly?

At face value, then, the graduate market might still appear to be working as it should, or at least how you would expect. But all is clearly not well.

For a start, the true graduate premium will be lower than the headlines suggest, once higher taxes on higher incomes and the additional cost of student loan repayments are taken into account. The figures that are usually reported are based on gross incomes, before tax and loan

repayments. The 'net' premium is probably five to ten percentage points lower.

Moreover, averages can still be misleading. It is likely that there is a long and lengthening tail of students for whom the graduate premium is now negative. This problem has been explored in Wiltshire (2025b, 2025c).

An increasing proportion of recent graduates now earn less than the average for people in their age group. This may also partly reflect the large increases in the real value of the minimum wage, which has had a disproportionate impact on the earnings of non-graduates.

Again, this does not necessarily mean that these less successful graduates have failed to benefit from a university education. Perhaps they were always destined for a lower-paying job and have still managed to secure a better one as a result of having a degree. But they then may be in the position of having to pay 9% graduate 'tax' for forty years if they ever earn more than £25,000. And there will be a huge write off for the taxpayer, so a graduate getting a lower-paying job has significant negative consequences.

It is also notable that an increasing proportion of recent graduates are now employed in 'non-graduate' jobs.

Finally, and perhaps most importantly, it is harder to argue that the market for university education is working as it should – or that the decline in the graduate premium is not something to worry about – when there are some obvious weaknesses in the way this market operates.

The biggest failure is that the usual economic incentives have broken down, or produce undesirable outcomes. Universities receive a guaranteed income from each student regardless of the graduate premium or any other measure of the value added. They also cannot charge more for

genuinely superior courses. Universities therefore have less incentive to care about the quality of the course they offer, and some may simply maximise student numbers instead.

This could be tackled by making universities bear more of the financial risks themselves, perhaps by being obliged to offer their own loan schemes with the repayments contingent on graduate outcomes.

The student loan system distorts choices made by students too. In short, people are not disincentivised from taking financially unrewarding degrees because graduates on the lowest incomes will not have to repay debt. Instead, the taxpayer picks up the bill. And there are only weak restrictions on prior academic ability[22] despite the clear evidence of disparity of outcomes, so all are encouraged to apply on a free and easy 'buy now, pay later' scheme due to the liberal availability of student loans. This issue is discussed further in Chapter 4.

There are information failures too

A university degree has been (mis)sold as the gateway to higher earnings, regardless of the quality of the education on offer.

The results of the IFS report on the 'impact of undergraduate degrees on lifetime earnings' (Britton et al. 2020) are sometimes misrepresented to suggest that every graduate can expect to earn at least another £100,000 in discounted lifetime earnings, after allowing for higher taxes and loan repayments, with a similar gain to the exchequer.

[22] See Chapter 8.

But even this report acknowledged that 20% of students would actually have been better off financially had they not gone to university. Moreover, this 20% figure is now almost certainly a significant underestimate, both because the study was based on data when university participation rates were much lower, and because tax and student loan repayments are now higher. Wiltshire (2025d) has made a compelling case for this report to be withdrawn.

It may also be hard for people to judge the financial benefits because of the lack of granular data on which courses at which universities have the potential to add the most value. Here, Fraser Nelson has proposed opening up the LEO database further to show just how much graduates from every course at every university earn (Nelson 2025). This information could be helpful to prospective employers too.

Another proposal, made by Paul Wiltshire, is for a detailed annual study of a sample of recent graduates to see whether they are using their degrees in any meaningful way. This may well find that many could have had the same career without a degree and without all the associated costs. Thus far there has been little attempt to establish the extent of the causation effect of taking any particular degree on subsequent careers and earnings.

Conclusions

The expansion of university education was always likely to lead to a reduction in the graduate premium, but this has now left a long and lengthening tail of students for whom the premium is actually negative. For a large and increasing number of young people, a conventional university

degree is no longer worthwhile as the financial benefits no longer justify the costs. This is a major problem both for the individuals concerned, and for the economy and society as a whole.

The Labour government has now partly recognised this. It has dropped Blair's target that half of young people should go to university. However, this commitment has been replaced with a new ambition that two-thirds of young people should go either to university or take a 'gold standard apprenticeship'.

That might still be a step in the right direction, if the proportion of young people doing low-value degrees falls, and especially if accompanied by an increase in the number doing high-quality conventional apprenticeships and 'degree apprenticeships' (which can be the best of both worlds).[23] But this is not just about low-value degrees. It is also about candidates with lower prior academic attainment being highly unlikely to benefit from higher education no matter what course they take.

More fundamentally, the idea that the government should determine how many young people go down a particular educational path is inherently flawed. This choice is best left to the markets, as long as markets are working properly. Crucially, this would almost certainly result in far fewer young people going on to take a conventional university degree than is the case now.

Equally, it is not the government's job to decide what is a 'bad' course. Universities and providers of other forms of education should be free to compete in a transparent

[23] This depends in large part on incentivising employers to provide such apprenticeships, and experience (e.g. with the Apprenticeship Levy) suggests that this is not a simple matter.

market, with more flexibility on fees, as long as they are also allowed to fail.

Unfortunately, this does not seem to be the direction of travel either. Both official and unofficial assessments are moving away from relatively objectively measurable outcomes, notably graduate earnings, towards vaguer concepts of 'value-added' or 'experiences' (Britton et al. 2025).

An increasing number of policy interventions designed to reduce income inequality by fiat – notably the large increases in state benefits and regulated minimum wages – have also undermined the incentive to progress through individual improvements and through the market.

The graduate premium, correctly measured, should have a crucial role to play as a price signal which influences the choices made by prospective students, and others. But for this to work properly, the education provided needs to be of higher quality, students need to be better informed, and incentives need to be better aligned.

4 THE STUDENT LOAN IS NOT A LOAN

Peter Ainsworth

Should a student loan incur interest? Should the interest rate be tied to income or fixed to inflation? Are interest rates above the rate of inflation fair? These are the leading questions being asked by the Treasury Select Committee in its current investigation into student loans. They are not the important questions. They are mere symptoms of an underlying crisis in higher education funding; not its cause.

The vital questions are much larger in scope. Why has UK productivity flat-lined for nearly twenty years? Why has the graduate earnings premium – the standard measure of whether a degree adds economic value – declined steadily over the same period? These matter because higher education has long justified its claim to public subsidy on the grounds that it enhances a student's future earnings and drives national productivity. On both counts, the evidence of the last two decades is damning. These two questions are not being asked in the current debate because the answers would lead to an inconvenient truth to which the political consensus is not yet prepared to face up.

This chapter first analyses some of the questions the committee is asking – showing that they are, by and large,

missing the point. It shows that the 'loan' is not a loan, that a key problem is the absence of product differentiation rather than the financing terms *per se*, and that the nub of the issue is that graduates are a lot poorer than they expected to be. That is the root of the crisis and is where the conventional debate has been reluctant to go; and it leads directly to the structural failure at the heart of the system.

What makes a loan a loan?

A loan is an agreement between two parties by which one transfers money to the other on terms agreed between them, with an obligation to repay on those terms.[24] Under English law, the agreement must be freely entered into by both parties,[25] with repayment terms not subject to unilateral variation by either party.[26] These characteristics are codified in the Consumer Credit Act 1974 (CCA),[27] which governs all such agreements. It clarifies that, in order to ensure that the contract is freely entered into and that neither party can unilaterally vary its terms, all key terms must be truthfully and wholly disclosed prior to the contract being

[24] The English common law definition of a loan derives from the Roman law concepts of *mutuum* and the related *stipulatio,* absorbed into English contract law through the doctrine of consideration.

[25] In English contract law, a valid agreement requires genuine consent freely given. A purported contract entered into under duress or undue influence is unenforceable.

[26] English law permits contracts to contain unilateral variation clauses but distinguishes between variations to ongoing terms and retrospective alterations to the fundamental economics of the original bargain. A variation that has the effect of changing the original consideration destroys the basis on which consent was originally given. That consent, once undermined, no longer exists and hence the contract is voidable.

[27] Consumer Credit Act 1974, s.9(1) and s.61

entered into, setting out the fundamental economics such as the total cost of credit.

A tax, by contrast, is a payment whose liability arises from statute (i.e. the power of a democratically elected parliament) rather than from a bilateral contract; whose terms are variable at the unilateral discretion of the state; and which is unrequited (i.e. it does not entitle the payer to any specific benefit in return, but flows into general revenue).

Tested against these definitions, the student loan is a tax and not a loan. It is not a loan because: (i) the terms are not agreed between the parties – they are dictated by the state, (ii) the contract is not entered into freely. Students experience the 'loan' as an automatic, expected consequence of university attendance. Their reasoning is sound: the government has crowded out private alternatives by offering terms that no commercial lender could match, creating a state monopoly in student lending that makes the absence of choice structural rather than merely practical, and (iii) the government reserves the right to vary the terms and has done so – freezing the repayment threshold in 2022 contrary to a commitment in secondary legislation made in 2018 to uprate it annually in line with earnings.

There is a qualification in relation to compulsion. The government has opened the door to other 'loan' options with legislation to create an alternative product, though only for those Islamic students who demand a Sharia-compliant 'loan'. However, this version only addresses a narrow religious preference; it does nothing to address a more fundamental problem: not all borrowers want a loan where payments depend on income. A student confident of high future earnings may reasonably prefer a mortgage-style loan – fixed payments, a defined payoff date, and a lower

expected total cost – rather than an income-contingent structure that imposes an insurance premium for a risk they believe they do not face. The government has shown it is willing to accommodate one group's preference for a differently structured product. The same principle applies to any borrower who would prefer another configuration. The case for broader product differentiation rests not simply on fairness between groups but on the observation that a 'one size fits all' approach is not consistent with the 'loan' being a loan.

The student 'loan' is a tax because: (i) the liability arises from statute – it is an obligation imposed by the Education (Student Loans) (Repayment) Regulations 2009. The student's liability – its amount, its duration, its conditions – exists because Parliament says so, not because the student agreed to it, (ii) the repayments are 'unrequited' – not directly linked to what was borrowed. As the state has varied the threshold and the interest rate, both increasing and reducing the liability, it has broken the link between what was borrowed and what must be repaid, (iii) the repayments flow not to a dedicated student lending fund but into general taxation receipts.

Parliament recognised that there was something unusual about student 'loans' and so legislated to exclude student loans from the Consumer Credit Act through the Sale of Student Loans Act 2008, s.8(1) because calling the student 'loan' a loan risked courts requiring it to satisfy the legal obligations that name attracts. The exclusion was the solution to that problem: retaining the politically convenient label while escaping the legal consequences the label would otherwise have attracted.

National Insurance offers a useful parallel. It is not insurance in any meaningful sense – a genuine insurance contract purchases a defined benefit in exchange for a premium calculated by actuarial reference to the insured risk. National Insurance bears none of these characteristics. The rate bears no relationship to individual risk; it confers no contractual entitlement to any specific benefit; Parliament varies both rate and benefits at will. Economists have described it as a payroll tax since its inception. The student 'loan' is the same species of mislabelling: a label that implies a private contractual relationship that does not exist, attached to something whose substance is a tax on earnings.

The interest rate structure of Plan 2 loans[28] provides final and conclusive proof that the 'loans' are not loans. In any genuine credit market, interest rates have two components: the time value of money, and a default risk premium calibrated to the probability of non-repayment. Since higher-earning borrowers are less likely to default, orthodox credit pricing charges them lower rates. Plan 2 loans do the precise opposite: the interest rate rises with income, from RPI for those earning below £29,385 to RPI plus 3% for those earning above £51,245. The best credits pay the highest rate. This is not a quirk of administration. It is structural evidence that the charge is not interest in any financial sense. It is a progressive surcharge on graduate earnings, calibrated to income in exactly the way that income tax is calibrated to income, and for exactly the same redistributive purpose.

[28] See Ogden (2026).

Recognising that the student 'loan' is a tax and not a loan is essential because a misdiagnosis produces a wrong prescription. If the student loan is in substance a tax then every adjustment to its terms is a rearrangement of fiscal burdens rather than a reform. And once the full picture of graduate net earnings is considered, it becomes clear that dissatisfaction with the system is not primarily about the rate of interest. Graduates are poorer than they expected to be – not because of how their debt is structured, but because the institutions that took their money had no financial stake in what happened to them afterwards. That is not a problem that any adjustment to the interest rate or other 'loan' terms can fix.

A generous tax, poorly communicated

None of this is to say that the tax is harsh. On the contrary, it is remarkably generous – far more so than graduates generally understand, which is itself a significant part of the problem.

The Department for Education (2024) projected that approximately 29% of outstanding loan value would be written off, implying a taxpayer subsidy of roughly £15,000 per graduate. There are two grounds for believing even this figure is now a material underestimate.

The first is the rise in government borrowing costs since that estimate was made. The official RAB charge discounts future repayments using a backward-looking average of gilt yields. Pre-Covid rates were very low by comparison with post-2022 levels and current rates are now higher than they have been since 2008 and are on a rising path. The IFS demonstrated in 2024 that using then-current gilt

yields rather than the Treasury's historic figure would raise the subsidy cost by over £10 billion for a single cohort. Using forward-looking rates will widen the gap much more.

The second reason is the behaviour of actual repayments. In a normally functioning graduate labour market, a maturing loan book should produce strongly growing repayments in cash terms – each new cohort entering repayment adds to existing cohorts whose earnings should be rising with experience and inflation. In England in 2024–25, total repayments via HMRC grew by just 0.1% in cash terms, a significant fall in real terms, despite a growing number of borrowers entering repayment. This points directly to graduate earnings growing significantly more slowly than the model assumed.

The two errors compound in the same direction. A write-off rate of 50% may now be a conservative estimate.

That rate of loan forgiveness, by comparison with any real loan based on fair market principles, makes the student 'loan' a steal. I would be delighted to purchase a house or a car on similar terms: income-contingent repayments, a forty-year write-off, and a 50% expected write-down. Unfortunately, this generosity is almost entirely invisible to its recipients while the Student Loans Company's (SLC) administrative failures create wide dissatisfaction.

The SLC does not proactively communicate. Unlike a commercial lender it does not provide regular statements showing current balance, accruing interest, and the cost of full repayment. To obtain a statement of the latter, a graduate must contact the SLC by phone; there is no email address for general enquiries. Inefficient accounting leads to over a million overpayments being made in the 2024/25 tax year. Repayments are deducted monthly by employers

based on monthly earnings, while the true liability depends on the total for the year. More than 600,000 graduates have overpaid a total of £305 million since 2015. If an FCA-regulated lender overcharged its customers at this scale without proactive remediation, it would face enforcement action. The SLC faces none, because it sits entirely outside FCA jurisdiction – itself a structural problem, since one arm of government cannot meaningfully regulate another.

The consequence of poor administration and inadequate communication is that graduates are dissatisfied with an instrument that, on its economic merits, they should be grateful for. The SLC, insulated from competitive pressure, operates for its own administrative convenience rather than for its customers – a pattern familiar from any monopoly provider. Graduates who believe their monthly repayments should be reducing their balance discover instead that it has grown; those who accidentally overpay have no automatic route to a refund; those who want basic information about their loan cannot find it without picking up the phone. The dissatisfaction this generates is real and understandable. It is simply aimed at the wrong target.

The real source of dissatisfaction – and the tax interaction

The truth is that the repayment burden is not large in absolute terms. The loan itself finances a tuition fee that, at £9,250, is substantially below what international students pay for an identical education at the same institution, has fallen significantly in real terms since 2012, and is acknowledged by universities to be below the cost of provision – as the wave of redundancies and department closures across

the sector makes plain. The loan amount is, if anything, too low rather than too high. The burden feels large not because of its absolute magnitude but because the net income against which it is measured is smaller than graduates expected. That is not a problem with the 'loan'. It is a problem with the earnings – and understanding why those earnings have disappointed requires asking a more uncomfortable question than any about loan terms or interest rates.

The evidence of the last two decades is damning. According to the Department for Education's own Graduate Labour Market Statistics – sourced from the ONS Labour Force Survey – the graduate earnings premium in real terms has fallen from £10,000 in 2007 to £7,000 in 2023, a 30% decline over sixteen years. Meanwhile, income tax thresholds have been frozen since 2022, pushing graduates into higher rate bands through fiscal drag, and housing costs in high graduate employment areas have risen to levels that consume a disproportionate share of graduate income.

The loan interest rate is the visible, numerical, apparently adjustable part of this picture – and so it attracts political attention. But cutting the interest rate does not raise graduate earnings, reduce the tax burden, or make housing more affordable. It merely shifts cost from the graduate as borrower to the same graduate as taxpayer. It is, at best, rearranging the chairs.

The interaction between student loan repayments and the tax system is significant and largely unacknowledged in public debate. Student loan repayments function as a graduate-specific surcharge of 9% on earnings above the repayment threshold. Combined with income tax and National Insurance, this creates effective marginal rates that

are exceptionally high by international standards. For a Plan 2 or Plan 5 graduate in England with no reliefs:

- £29,385 to £50,270: Income tax 20% + Employee NI 8% + Student loan 9% = effective marginal rate of 37%
- £50,270 to £100,000 (no children): Income tax 40% + Employee NI 2% + Student loan 9% = effective marginal rate of 51%
- £60,000 to £80,000 (1 child): as above + High Income Child Benefit Charge 7.0% = effective marginal rate of 58%
- £60,000 to £80,000 (2 children): as above + High Income Child Benefit Charge 11.7% = effective marginal rate of 62.7%
- £60,000 to £80,000 (3 children): as above + High Income Child Benefit Charge 16.3% = effective marginal rate of 67.3%
- £100,000 to £125,140: Income tax 40% + personal allowance taper (effective 20%) + Employee NI 2% + Student loan 9% = effective marginal rate of 71%

These rates are not a consequence of the interest rate applied to the loan. They are the direct result of layering a graduate-specific surcharge on top of an already steep income tax structure. They explain why many high-earning graduates feel financially squeezed despite apparently good salaries – and why graduate emigration has been rising.

A graduate earning £150,000 is unlikely to lie awake worrying about the 9% surcharge – because at that income level the loan will be cleared within a few years and the surcharge disappears. The graduates most burdened are those in the middle: earning enough that repayments bite

continuously, but not enough to clear the debt within the repayment period and therefore liable for the surcharge for decades. It is this group that generates the political pressure for interest rate cuts. And it is this group that would be best served not by cheaper debt but by higher earnings.

The structural failure

The present system rewards universities for recruitment, not outcomes. They compete for students with promises of transformative experiences, vibrant social lives, and vague assurances of long-term career benefit – while remaining carefully quiet about relevant graduate employment rates and salary outcomes. The marketing is sophisticated; the accountability is non-existent. Once the student has signed and the fee income is secured, the university's financial interest in that student is over. What follows – the quality of teaching, the relevance of the curriculum, the seriousness of careers support – is nobody's contractual obligation. The system does not encourage the outcome that matters most to graduates and to the economy: high and rising earnings over the course of a career. When an institution's income is decoupled from its graduates' career success, it is not surprising that such success is elusive.

This disconnect produces specific and observable distortions. Grade inflation is rational when grades determine recruitment success rather than indicate educational standards. Unconditional offers are rational when the objective is filling seats. Courses of questionable vocational value survive because all courses generate the same fee income regardless of outcomes. The system produces exactly the behaviours that the incentive structure rewards.

Universities stand apart from virtually every other provider of a high-value service in that when the specific benefit they promise – improved career prospects and earnings – fails to materialise, the institution bears no financial consequence whatsoever. They are paid in full, upfront, whether their graduates prosper or struggle. A car manufacturer faces warranty claims. A professional services firm faces negligence liability. A software developer faces contract penalties. Universities face none of these when their graduates earn less than they were led to expect.

The risk falls entirely on students and taxpayers – neither of whom controls what is taught, who is admitted, or what careers support is provided. It is the university that controls those decisions and is therefore best placed to improve graduate outcomes. Placing risk with the parties that have no power to manage it is not merely inequitable. It is economically irrational.

The reform we need

The solution is straightforward in principle, if politically demanding in execution. Universities should issue student loans directly, under FCA regulation, and receive their income as their graduates repay. The government would cease to be the direct lender, providing transitional bridging finance to institutions structured as an interest-bearing loan – an asset on the public balance sheet – rather than a grant or write-off. The private market in student lending that the state has suppressed exists quietly on a small scale and could, with the right regulatory framework, be universal. The University of Buckingham has operated a scheme on these principles; StepEx, an administrator of

university-issued loans, holds FCA registration. The regulatory and administrative architecture already exists.

The effect on institutional behaviour would be rapid and comprehensive. A university whose income depends on what its graduates earn has every incentive to recruit students ready for serious study, design courses that lead to productive employment, maintain career services that support alumni throughout their working lives, and abandon the unconditional offers and grade inflation that currently serve recruitment targets rather than educational standards. The entire institution would be focused on a single question: how do we get our graduates into the highest-paying, most productive roles available to them? That question is currently asked by nobody.

The effect on public finances would be transformative. The annual student loan write-down costs the government in the region of £10–15 billion per year – a present-value burden likely approaching £200 billion on realistic write-off assumptions. Moving to institutional lending would, over the lifetime of the transition, remove this from the government's balance sheet entirely. The fiscal space released could fund a reduction in employer National Insurance – the levy that is currently pricing young workers out of entry-level jobs – a reform that would do more to improve graduate outcomes than any manipulation of loan interest rates.

Before concluding, it is worth addressing a prior question: should the state subsidise higher education at all? The answer is yes – but for a specific and limited reason. Education can generate economic growth by expanding the productive capacity of the workforce, producing tax revenues and general prosperity that benefit the whole of society,

including those who did not attend university. A state subsidy is justified to the extent that it generates a measurable return to the wider economy – and to that extent only.

The critical word is *measurable*. The current system provides subsidy without any mechanism for verifying whether that return has been achieved. Universities receive their money upfront regardless of whether their graduates find productive employment. The write-off cost falls on the taxpayer, not on the institution whose decisions produced it. The subsidy is arbitrary, non-transparent, and captured by the producer rather than the consumer. It is largest precisely where the educational investment has most conspicuously failed – a graduate who earns too little to repay generates the largest write-off. This is the inverse of rational subsidy design.

The reform proposed here does not eliminate subsidy – it redirects it from failure to success. Under the reformed system graduates would deduct loan repayments made to their alma mater against income tax, on the same basis that corporations deduct investment in physical capital. Investment in human capital deserves the same preferential tax treatment as corporate investment in machinery. This would make the subsidy self-calibrating – largest where the educational investment has generated the most economic value, and zero where it has generated none – and give students genuine agency over how much education to take and therefore how large a tax subsidy to claim.

The wrong prescription

The reform proposals currently in political circulation, on the other hand, share a common flaw: they treat the

symptom while ignoring the disease. The Conservative opposition has proposed capping the interest rate on Plan 2 loans. Reform UK has proposed scrapping interest entirely. The Liberal Democrats wish to raise the repayment threshold. All of these proposals assume that the problem is the cost of the loan. This chapter has argued that it is not. The cost of the loan is a symptom. The disease is a funding system that pays universities to recruit students rather than to educate them – producing graduates who are poorer than they expected to be, not because of how their debt is structured, but because the institutions that took their money had no financial stake in what happened to them afterwards.

Conclusion

The student loan system is failing everyone it is supposed to serve. Graduates are dissatisfied because they are earning less than they expected. Taxpayers are bearing a growing and largely invisible subsidy that does not produce the economic returns that would justify it. Universities are financially stressed but structurally insulated – under pressure from falling real fee income yet still shielded from the one consequence that would force genuine change: financial responsibility for what their graduates earn. A reformed system would give them both the agency and the incentive to do what they have always claimed to do – prepare students for productive and rewarding careers. And the political debate is focused almost entirely on adjusting an interest rate that is, in the scheme of things, almost irrelevant.

The case for structural reform is not ideological. It is the straightforward application of a principle that every other market accepts as axiomatic: the party best placed to manage a risk should bear it. Universities are best placed to manage the risk that their graduates do not find productive employment. They control what is taught, how it is taught, who is admitted, and what support is provided after graduation. Until they bear the financial consequence of getting those decisions wrong, they will continue to get them wrong – and graduates, taxpayers, and the broader economy will continue to pay the price.

The question the higher education sector must answer is not 'how much should the state subsidise students?' It is: 'how do we design a system in which the institutions that benefit from public funding have a direct and lasting financial interest in the success of the people they educate?' Until that question is answered honestly, the rest is noise.

Legal sources referred to:

Consumer Credit Act 1974, s.9(1) and s.61.
Sale of Student Loans Act 2008, s.8(1).
Dimond v Lovell [2000] 2 All ER 897 (House of Lords).

5 CASH COWS OR CULTURAL ASSETS? BRITAIN'S USE AND ABUSE OF INTERNATIONAL STUDENTS

Joanna Williams

Students have crossed borders to study in Britain's universities since such institutions first came into existence. The medieval notion of *studium generale* has, at its core, both student mobility and a shared intellectual culture grounded in Christianity (Perraton 2014). However, it was only in the 1980s, with the beginnings of a more marketised higher education sector, that the recruitment of international students became a focus for government ministers and policymakers. Since then, Britain's international student population has grown rapidly, leading to profound changes not only in the composition of individual universities but, more fundamentally, in the practice of higher education and what it means to be a student.

How the relationship between UK universities and international students has evolved

The first part of this chapter presents a brief history in tabular form of the changing relationship between

universities and international students alongside the national policy directives that led to key shifts in practice. This leads to an analysis of the current situation. We see that what began as an intellectual exchange slowly morphed into a financial transaction. The current Labour government plans to generate revenue from foreign students, not as a subsidy to specific institutions, or to the higher education sector as a whole, but as a contribution to the welfare state. Universities overly reliant on tuition fees from international students now risk compromising educational standards and their own continued existence.

At the turn of the millennium, the Labour government made increasing the number of international students a specific policy goal. 'Internationalisation' morphed into an important political project that sought not just to increase revenue but also to harness the 'soft' power or cultural capital of the higher education sector to boost Britain's influence on the world stage while using the presence of international students on UK campuses to encourage home students to adopt a more global, and less Eurocentric, outlook. However, even as overseas recruitment was prioritised, concern began to grow about high levels of immigration.

Table 1. International student timeline – the twentieth century

Decade	International student numbers	Key policy initiatives	Reasoning
1960s	14,020 in 1962; roughly 12% of all students. 16,154 in 1968; but a larger rise in the number of 'home' students meant a smaller proportion of total (Ellis 2023).	**1967**: Differential fees are first introduced for home and overseas students (Hansard, 741).	Fiscal pressures meant cuts in government spending. International students' fees are still subsidised by taxpayers, albeit by a lesser amount.
1970s	Steady growth: approximately 58,400 in 1978/79 (Hansard, 972).	**1979**: Removal of state subsidies from overseas students' fees. Differentiation between 'home students' (British citizens), European students, and 'overseas students' (from outside Europe).	Subsidies continued because of perceived cultural, educational, political, and economic benefits international students brought to universities and the nation (Hansard, 367). The 1979 removal was driven by government spending cuts, but also ideological shifts meant education of international students was viewed as a source of revenue rather than a cultural asset.

(Continued)

Table 1. *(Continued)*

Decade	International student numbers	Key policy initiatives	Reasoning
1980s	55,000 in 1980, rising to 95,000 in 1990; a 72.7% increase (Eghosa 2025).	**1984**: The British Council's Education Counselling Service promoted international recruitment.	Strategic marketing of UK higher education sector was employed for the first time.
1990s	Large increase: 95,000 in 1990, rising to 210,000 by 2000. A corresponding increase in home students meant the proportion of international students remained steady at around 12%.	**1992**: Polytechnics changed status to universities. **1999**: Blair's Prime Minister's Initiative (PMI) to recruit 75,000 more international students (Ilieva and Killingley 2023). More strategic branding of higher education sector.	At the start of the decade, international students primarily attended well-established universities. Fewer than 6% attended polytechnics. This changed with new status and better marketing.

Table 2. International student timeline – the twenty-first century

Decade	International student numbers	Key policy initiatives	Reasoning
2000s	210,000 in 2000 to 428,000 in 2010, an increase of 103.8% (Eghosa 2025).	**2006**: Blair's second PMI to increase international recruitment.[29] **2009:** *Higher Ambitions: The Future of Universities in a Knowledge Economy* claimed, 'Universities are one of the key ways in which people from outside Britain engage with us, and through which we engage with the world' (BIS 2009). **2009**: International students to be sponsored by a university and prevented from changing institutions without notifying the UK Border Agency.[30]	Widening participation policies meant more British school leavers going to university, but government funding failed to keep pace. International students, paying higher fees, cross-subsidised the teaching of home students and academics' research. Growth in international student numbers outstripped growth in home students.

(Continued)

[29] BBC News. (2006) 'Overseas students plans unveiled'. 18 April. Available at: http://news.bbc.co.uk/1/hi/education/4917642.stm.

[30] BBC News (2012) 'Up to 50,000 migrants 'exploited student visa flaw to work in UK". 27 March. Available at: www.bbc.co.uk/news/uk-politics-17514732.

Table 2. *(Continued)*

Decade	International student numbers	Key policy initiatives	Reasoning
2010s	428,000 in 2009/10 to 538,615 in 2019/20, an increase of 30% (Eghosa 2025).	**2012:** National Audit Office reported insufficient controls to monitor the compliance of international students with visa regulations. **2013:** *International Education: Global Growth and Prosperity* set out higher education's role in the Government's Industrial Strategy (BIS 2013). **2018:** Migration Advisory Committee noted that 'amounts paid on living expenses and also expenditure by friends and family when visiting the UK', generated revenue that was widely spread around the UK (2018). **2019:** The Conservative government published an International Education Strategy with a target of 600,000 international students by 2030 (DIT 2019).	Focus on increasing the number of international students, estimated as worth £10.2 billion to the British economy in 2011/12 (British Council 2016), with a target to grow by 15–20% in the following 5 years (BIS 2013). BIS claimed that the economic benefit of international students was not confined to universities. At the same time, the Home Office sought to restrict uncontrolled immigration.

(Continued)

Table 2. *(Continued)*

Decade	International student numbers	Key policy initiatives	Reasoning
2020s	605,130 in 2020/21, increasing to 758,855 in 2022/23, when 26% of students were from overseas. This fell back to 732,285 in 2023/24, a 3.5% decrease on the previous year (HESA 2025).	**2021:** The introduction of a graduate visa, which permitted international students to live and work in the UK for two years post-graduation (Home Office 2025). **2023/24:** A 14% decrease in study visas granted and a 17% fall in applications. Students from EU countries fell by 21% to 75,490, while non-EU students declined by just 1% to 656,795 (House of Commons Library 2025b).	Universities increasingly reliant on the substantially higher fees paid by international students. Falling numbers in 2023/24 due to tighter visa restrictions and a global economic downturn.

The current context

Several general trends can be discerned from this brief historical overview. There has been dramatic growth in international student numbers, both as an absolute figure and as a share of the overall student population. The overwhelming majority of international students now come from outside Europe, with most coming from just two countries: China and India. International students attend a diverse range of institutions; while most opt for big cities, they comprise a larger share of the student body at smaller institutions. For

example, in 2023/24, 52% of students at University College London were from overseas, as were 55% of all students at the much smaller University of Hertfordshire. The University of Manchester, meanwhile, had a greater total of international students, with 18,660 compared to UCL's 17,020.[31] Most international students are postgraduates; in 2022/23, there were over 1.5 times more international postgraduate students than undergraduates, and they accounted for a majority of all postgraduate students at UK universities (House of Commons Library 2025a).

International student numbers have grown as government funding to universities has been cut, and fees paid by home students have been frozen. This means that, over several decades, institutions have become financially dependent on revenue generated from overseas students. In 2023–24, international students contributed £12.1 billion in revenue to UK universities, nearly a quarter of their total income. On average, institutions generate 31 pence in the pound from teaching international students but lose 8 pence in every pound for each home student taught (Marsh 2025). In this way, international students cross-subsidise the costs associated with teaching domestic students and make research financially viable (see Chapter 7). However, revenue is not evenly spread across the sector, and neither is it distributed in direct proportion to student numbers.

British universities ranked among the global top 200 charge international students an average fee of £23,790 compared to just £12,513 for those ranked below 1,000. This means that higher-ranking institutions achieve an average

[31] Study Travel Network (2025) *Decline in international students for UK universities in 2023/24*. 21 March. Available at: https://studytravel.network/magazine/news/0/31289#.

surplus of £10,400 per international student recruited, compared to £2,900 on average for lower-ranking universities (Marsh 2025). Research from the Migration Advisory Committee confirms that while 'high research income' universities recover roughly 178% of their international student teaching costs, 'low research income' universities recover just 106% of costs (2024). In other words, there is far less revenue available for cross-subsidising research and the teaching of home students at lower-ranking universities. However, the precarious financial state of some institutions means that even these relatively small sums of money have become vital to the survival of several universities. In the next section, we consider the impact on the nation, universities, and students themselves of financial dependency on international recruitment.

International student recruitment is subject to contradictory government priorities. There is a continued drive to maximise revenue from fees paid by overseas students, buoyed by claims such as that first-year international students enrolling in 2021/22 contributed £41.9 billion to the British economy (Universities UK 2023). This is necessary because decades of reduced government subsidies, combined with a freeze on the tuition fees paid by home students, have left many British universities in a parlous financial state. A 2024 report by the Office for Students found that almost three-quarters of universities expected to be in a financial deficit by the start of the following academic year (Office for Students 2024). Ironically, a reliance on international recruitment – long seen as the solution to the sector's financial problems – is now contributing to the crisis as the number of foreign students falls in the wake of a global economic downturn.

At the same time, there is growing concern that some migrants are using student visas primarily to gain residence and take up low-paid employment or to claim asylum once in the UK. As a result, the Home Office increasingly seeks to prevent abuses of the student visa system (Gov.UK 2024).

These conflicting goals have played out in changes to the eligibility criteria for graduate visas. Students with a graduate visa who have completed a course of study at a British university are currently permitted to remain in the UK for a further two years to find appropriate work, or three extra years in the case of doctoral students. This incentivises international students to choose British universities. However, in May 2025, it was announced that standard graduate visas would be reduced from two years to 18 months as part of a package of measures designed to reduce immigration, although this is yet to take effect (House of Commons Library 2025c). In addition, universities will be penalised if fewer than 95% of international students accepted onto a course start their studies, or fewer than 90% continue to the end.[32] Universities that fail to meet these targets will be stripped of their right to sponsor study visas. This adds monitoring attendance and checking immigration to the work undertaken by academics.

Of greater concern to universities is the government's planned levy of 6% on international student fees, due to be introduced in 2029.[33] Based on annual fees from non-UK

[32] Dathan, M. and Allegretti, A. (2025) 'Universities to lose cash if students claim asylum' in *The Times*. 4 August. Available at: www.thetimes.com/article/b9b1fd7d-4d2a-4513-9c3b-1238c3d7aeb5?shareToken=6eba8a629488b1809557e1ef3c949cbc.

[33] Mitchell, N. (2025) 'English universities lose international student levy fight' in *University World News*. 1 August. Available at: www.universityworldnews.com/post.php?story=20251001145040465.

students totalling £10.3 billion in the most recent academic year, the levy is expected to raise £621 million, of which UCL would contribute £43 million, the University of Manchester £27 million, Imperial College London £22 million, and the University of Oxford £17 million.[34] This may be good news for the Treasury but raises problems for universities.

High-ranking universities that are competitive in the global marketplace may be able to raise fees to cover the levy, although higher costs may make recruitment more difficult. Of greater concern is the likelihood that lower-ranking, less competitive institutions will be unable to command higher fees and will therefore need to pay the additional levy out of existing fee income. For universities that currently have a large proportion of international students but generate only minimal additional revenue from their tuition fees, such as the University of Hertfordshire and the University of the Arts London, this extra tax could prove ruinous.[35]

Labour ministers plan to use the levy on fees paid by international students not to fund the higher education institutions that directly incur extra costs by taking additional students, nor the higher education sector as a whole, but to reintroduce means-tested maintenance grants for students from disadvantaged backgrounds who enrol on courses deemed crucial to Britain's economic growth. This marks a decisive shift in policy and will see international students contributing directly to the living expenses of

[34] Adams, R. (2025) 'International student levy could cost English universities £600m a year'. *The Guardian*. 8 August. Available at: www.theguardian.com/education/2025/aug/08/international-student-levy-could-cost-english-universities-600m-a-year.

[35] Ibid.

poorer British students. Means-tested maintenance grants were phased out over several decades before being finally abolished in 2016; since then, students from the poorest families have relied on loans, bursaries, and part-time employment to fund their living expenses. Using a levy on fees from international students to fund the maintenance of poor British students is an unprecedented demand on overseas students to subsidise the UK's welfare state.

The levy comes with a risk: if increased costs deter international students from studying at lower-ranking British universities, these institutions may be forced to close, merge with neighbouring universities, or reduce recruitment of loss-generating home students. A policy designed to encourage youngsters from disadvantaged backgrounds to participate in higher education may result in fewer university places overall. Poorer students, who are more likely to have lower A-level grades and study at lower-ranking universities, will suffer most if universities close or cut places.

From cultural ambassadors to cash cows

Over several decades, policymakers and university managers have moved from seeing international students as emissaries of Western civilisation to a resource for decentring the Eurocentric views of domestic students. They have moved from viewing international students as individuals worthy of financial subsidy to migrants at risk of abusing the UK's asylum system, and from a source of income for institutions to a means of generating revenue for the national economy. Through each iteration, there has been a failure to ask one vital question: 'What are universities for?'

The upshot is that international student recruitment is often considered quite separately from the broader discussion of higher education's purpose. This has been bad for students, universities, and Britain.

When universities were first established, overseas students were looked upon as itinerant scholars engaged in pursuing the best that had been thought and said in the world. Since this time, the nature of higher education has changed beyond all recognition. The connection between university and scholarship, between higher education and civilisation, has long been abandoned, and today the value of foreign students is often measured solely in financial terms. Yet, as attempts to link international recruitment to the political goal of decolonising the curriculum show, universities are uncomfortable about employing the rhetoric of profit and the market. Just as with other examples of what has come to be known as 'woke capitalism', financial imperatives hide behind the language of diversity and inclusion (McConalogue and Williams 2025). Yet the increase in the number of international students as a proportion of the overall student population that has occurred over the past thirty years and, in particular, the focus on recruitment from just three countries, gives the lie to such claims.

Rather than students from a range of ethnic and cultural backgrounds mixing, some institutions and courses have become 'monocultural' as students from the same country opt for selected courses at a small number of high-ranking institutions and, outside of studying, socialise exclusively with each other. The Higher Education Policy Institute refers to this phenomenon as 'ethnic clustering' and points to several causes, beyond choice of course and university, such as limited proficiency in spoken English and unfamiliarity

with Western social media (Ebel 2024). This 'clustering' can fundamentally alter the social and educational dynamic on campus, as integration and inclusion are more difficult in monocultural communities.

A question on international student impact was last included in the Student Academic Experience Survey, conducted by the Higher Education Policy Institute and Advance HE, in 2018. The survey found that while a majority of UK students believed studying alongside international students provided them with a 'better worldview', a significant minority expressed negative perceptions: one in four suggested that international students required more support from lecturers, 22% said they felt international students slowed down the pace of learning, and 16% said discussions in class were of a lower quality when studying alongside international students.[36]

A lack of fluency in English may mean that international students require additional academic support. International students planning to study at degree level are typically required to demonstrate English language proficiency equivalent to B2 level on the Common European Framework of Reference for Languages scale (CEFR). Roughly one-third meet this requirement by completing a Secure English Language Test. However, some institutions accept other forms of proof, such as completion of a Duolingo English test.[37] An investigation by the BBC found that at one British university, an academic estimated that

[36] McKie, A. (2021) 'How many international students is too many?' *Times Higher Education*. 30 September. Available at: www.timeshighereducation.com/features/how-many-international-students-too-many.

[37] See for example *Duolingo English Test*. Available at: https://englishtest.duolingo.com/test_takers/accepting_institutions.

70% of master's students did not have sufficient English language skills to be on the course.[38] In some cases, it is not universities directly, but agents employed to market institutions abroad, that recruit students without the requisite English language ability.

Additionally, concern has been raised that international students have been accepted into UK universities despite having lower academic qualifications than domestic students. A 2024 investigation carried out by *The Sunday Times* found that 15 Russell Group universities offered international students a pathway to competitive degree-level study via a one-year foundation course with low entry requirements.[39] For example, undergraduate students hoping to study economics at Bristol University are typically expected to achieve grades A*AA at A level. However, international students have access to a foundation course that requires only the equivalent of grades CCC and leads to full-degree-level study the following year.[40] This raises several ethical questions. Is it fair for universities to reject British students who have reached the same academic standard as international students, simply because they pay less? Are universities taking fees from international students who may be unable to engage fully with the service for which they are paying? Are all students placed

[38] Kenyon, P. and Hewison, F. (2024) 'Universities enrolling foreign students with poor English, BBC finds' *BBC File on 4*. 3 December. Available at: www.bbc.co.uk/news/articles/c0mzdejg1d3o.

[39] Calvert, J., Arbuthnott, G. and Menzies, V. (2024) 'Cash for courses: top universities recruit foreign students on low grades'. *The Sunday Times*. 27 January. Available at: www.thetimes.com/uk/article/cash-for-courses-the-foreign-students-with-low-grades-at-top-universities-pcskjb6xx.

[40] Ibid.

at a disadvantage if some of their classmates are unable to participate fully in group work and seminar discussions?

None of this is to blame foreign students themselves for declining standards. Indeed, many international students decry the low expectations British universities have of them. Recent research on the experiences of Chinese students studying at 24 British universities across 14 subject areas characterised Britain's marketised higher education sector as 'easy in and easy out' (Sheng and Lomer 2025). Two-thirds of those interviewed said admission standards are relatively low compared with institutions in the US or China, and one-third said that assessments are less stringent. In other words, easy admission is followed by low expectations and easy-to-meet academic standards. However, alongside this 'easy in and easy out' model, students highlighted the 'outrageous' fees they were expected to pay, along with numerous additional costs, including language tests, agent fees, visa expenses, and services like proofreading and extra dissertation tutoring.

Some of those interviewed expressed concern that courses with a predominantly Chinese student cohort were 'majors for profit' and said they felt as if they were treated as 'cash cows' or 'products' and were expected to act as 'assembly line workers' without adequate rights or protections (Sheng and Lomer 2025). They complained that lectures and coursework were delivered with minimal effort, limited teacher engagement, and little individual support. Worse, some explained that the lack of effort required from them had actually been presented as a 'selling point'. Some universities cite shorter course length as a key factor as

to why international students should choose to study in Britain.[41]

From the pursuit of knowledge to a marketable commodity

A significant number of British universities are reliant upon income from foreign students, not just to fund teaching and research, but for their continued existence. As noted above, high-ranking universities can charge international students high fees and generate revenue to cross-subsidise other activities, but lower-ranking universities cannot. For these institutions, the benefits of 'cross-subsidy' have been greatly overstated (Marsh 2025). Making only marginal financial gains from international recruitment is not, in and of itself, a problem. However, there needs to be greater honesty that this is happening, and also recognition that this signifies a fundamental shift in the academic and social experiences of all students.

Bigger problems arise when universities become dependent upon fee income from international students from just one or two countries. Not only does this have a more profound impact on the student experience, but it also puts institutions at extreme risk when there are changes in the global economic or geopolitical landscape.[42] For example, British universities have recruited heavily from Nigeria in

[41] See, for example, University of Nottingham, *Why study in the UK?* Available at: www.nottingham.ac.uk/studywithus/international-applicants/why-study-in-the-uk/why-study-in-the-uk.aspx.

[42] ICEF Monitor New analysis highlights UK universities' reliance on international enrolments. 17 January 2024. https://monitor.icef.com/2024/01/new-analysis-highlights-uk-universities-reliance-on-international-enrolments.

recent years.[43] When the Nigerian currency lost value, students struggled to pay fees, which, in turn, caused financial difficulties for their institutions.[44] More broadly, there is a risk that the over-recruitment of students with English at a level that is too low for full participation in degree-level courses lowers the standards (and therefore the value) of UK higher education overall.

Since Tony Blair introduced his initiatives to boost international student recruitment, a university place has provided a route to longer-term migration to the UK. This means that universities can end up with some students who have neither aptitude for, nor interest in, the course they have opted to study. Their primary goals are residence in the UK, potentially with family members, and access to Britain's labour market. Until recently, universities have done little to dispel the view that higher education is a path to long-term migration. In a recent survey, almost four in ten universities claimed to have admitted international students on student visas who failed to enrol or to attend following enrolment, whilst almost 20% specifically reported experience of students violating the working conditions of their visas.[45] As most universities do not collect these data, true figures are likely to be much higher.

[43] Jeffreys, B. and Shearing, H. (2025) 'Four in 10 universities face financial challenges' *BBC News*. 8 May. Available at: www.bbc.co.uk/news/articles/c8dgdlrdnrgo#.

[44] Morris, J. (2024) 'Crisis-hit university students ordered to leave UK' *BBC News*. 22 May. Available at: www.bbc.co.uk/news/articles/c888926qx58o#.

[45] Holl-Allen, G. (2025) 'Universities face foreign student ban if too many claim asylum'. *The Telegraph*. 4 August. Available at: www.telegraph.co.uk/news/2025/08/04/universities-foreign-student-ban-asylum.

Change is essential

British universities urgently need to reassess their relationship with international students. This should begin by specifying what role, exactly, international students are meant to play within institutions. It is not good enough for universities to rely upon foreign students as cash cows. This approach has proved to be bad for students, bad for higher education, and bad for Britain.

We need to return to a view of foreign students as potential intellectual collaborators who have as much to offer culturally as financially. This means withdrawing additional immigration benefits and limiting the right of family groups to accompany students. It also requires students to meet far more rigorous entry criteria, specifically in the English language. Universities must be actively discouraged from over-recruiting international students as a proportion of home students and from over-recruiting from any one single nation as a proportion of the total international student numbers. International students have much to offer Britain, but they should be in British universities to study, not to fund poor home students or to fulfil their ambitions to migrate.

6 A WOMAN'S PLACE: THE FEMINISATION OF BRITISH UNIVERSITIES

Annabel Denham

'Does the hon. Gentleman really think that women represent a minority whose participation in higher education needs to be expanded, given that they currently make up 59% of the student body?' —Boris Johnson, House of Commons, 2007

Introduction

Over the past half-century, British higher education has experienced two major transformations. The first has been the transition from an elite to a mass system. The second has been the steady feminisation of university life. These two developments are closely connected. In 1970, men accounted for roughly three-fifths of university students in Britain. By the mid-1990s, women had overtaken men in university admissions for the first time. Today, women comprise roughly 57% of all higher education students, amounting to around 1.55 million students – compared with 1.35 million men.

The scale of change is unprecedented. Female students now outnumber men at undergraduate, taught

postgraduate, and postgraduate research levels. Women are more likely to apply for university, more likely to accept offers, more likely to complete their degrees, and more likely to achieve higher classifications at the UK's top institutions. These trends mirror developments across school careers, with girls outperforming boys at many stages of education.

Whilst the shift is well documented, the implications remain under-explored. If the expansion of female participation in higher education is generally treated in public debate as an unalloyed success, why question it?

Politicians, universities, and the media all view the rise in women's participation as evidence of social progress, as proof that efforts to achieve 'equality of opportunity' are yielding results. Far less attention has been paid to the cultural and institutional impact of a higher education system where women form a clear majority of students and an increasingly large share of staff.

This chapter examines how changes in the composition of the student body may have shaped curricula, teaching methods, assessment styles, administrative priorities, and campus culture. It also considers the neglected corollary to female educational advancement: the growing underrepresentation of men.

The feminisation of universities has not occurred in isolation. It has coincided with mass expansion, changing labour market demands, equality legislation, and the treatment of degrees as labour market signals rather than a way of improving productive skills (Davies 2020). But universities are responsive organisations: as the composition changes, so too do their priorities, expectations, and metrics. As the demographic composition of higher education

has changed, universities have become larger, more inclusive, more bureaucratic, and increasingly attentive to student welfare. Whether these developments represent institutional progress or a dilution of the university's intellectual purpose is contested.

Increasing female participation

In the immediate post-war decades, universities were overwhelmingly male institutions. Women were underrepresented among students, academics, and administrators. Over time, that trend has been reversed, such that women make up a clear majority of students overall. The disparities are wider in some age groups and subject areas.

UCAS admissions data show that women have consistently outnumbered men in enrolment since the mid-1990s, an unsurprising development given changes in school attainment. Girls have achieved higher GCSE results across nearly all major subjects for over three decades. In the seven years to August 2025, girls outperformed boys in securing the highest A-level grades. Last year, boys narrowly took the lead: the percentage of boys' grades that were A* or A was 28.4%, compared with 28.2% for girls. Even so, nearly 19,000 more females achieved at least an A as a result of more girls entering for A-levels in general. Girls made up 54% of all entries.

The scale of the divergence is particularly stark when the cumulative effect is considered. Between 2010 and 2024, hundreds of thousands more women than men entered higher education: the Higher Education Policy Institute (HEPI) estimates that 44,000 fewer men than women entered university in the 2024 admissions cycle. Across a

decade, the deficit amounts to roughly half a million 'missing men' (Hillman 2025).

Women are also more likely to continue into postgraduate study, comprising the majority of taught master's students (between 55% and 60%) and a substantial and growing proportion of doctoral candidates. This expansion is apparent at elite institutions: women now account for just over half of students at Oxford and Cambridge and form majorities at many Russell Group universities.

Historically, female underrepresentation was considered evidence of structural exclusion requiring intervention.[46] There is no such urgency now the pattern has been reversed. In debates around widening participation, attention remains focused largely on socioeconomic disadvantage, ethnicity, care experience, or disability.

This asymmetry is striking because the gender gap in participation is now larger than many other inequalities that receive sustained policy attention. Yet there are few male-focused widening participation initiatives and limited research examining male disengagement from higher education.

Whilst women form a majority of students overall, at subject level the picture is mixed. Women dominate disciplines such as psychology, education, nursing, social work, English literature, and many other humanities subjects. Nursing is particularly female-dominated, with women accounting for around 90% of entrants. By contrast, men dominate disciplines such as engineering, computer science, economics, maths, and physics.

[46] See, for instance, the findings of the Dearing Report (1997).

These differences matter because subject choice shapes labour market outcomes, institutional priorities, and the internal culture of universities themselves. The expansion of higher education has disproportionately increased enrolment in courses associated with public services, welfare and social administration. This partly reflects the credentialisation of occupations historically dominated by women. Nursing became an all-degree profession in England in 2013, for instance. Teaching, social work, human resources, and many health-related occupations increasingly require formal qualifications. This has expanded demand for university education in sectors where women are already heavily represented.

More broadly, the feminisation of higher education has coincided with the long-term rise in female labour market participation. In 1971, around 56% of working-age women in the UK were economically active; by the early 2020s the figure had risen to roughly 72%. As women increasingly entered the workplace, and particularly professional or managerial roles, the economic incentives for other women to obtain a degree grew stronger. The 1997 Dearing Report observed that 'greater female participation in the workforce, together with increasing divorce rates, may increase women's propensity to seek higher education, particularly continuing education' (Chapter 4, para 4.60). In other words, the expansion of female participation in higher education became self-reinforcing: as graduate employment became more normalised, university attendance increasingly appeared both economically necessary and socially expected.

The paradox is that women outperform men educationally at almost every stage of the pipeline yet earn less on average after graduation. Analysis from the Institute for

Fiscal Studies suggests that much of this reflects subject choice: women comprise only around a third of economics graduates – the discipline associated with the highest financial returns – but around two-thirds of graduates in the creative arts, a field with among the lowest returns. Consequently, women are more likely to enter professions with lower average salaries, albeit often with greater predictability and perceived work–life balance.

This does not mean degrees lack value for women: female graduates still earn substantially more than non-graduates on average. But it does suggest that educational attainment does not eliminate disparities in labour market outcomes across the board.

Teaching and assessment

Changes in student composition have coincided with shifts in how universities teach and assess. Over recent decades there has been a deliberate move away from 'high-stakes', end-of-year exams towards continuous assessment through essays, coursework, group projects, and presentations.

This trend is justified on the grounds that it makes higher education more inclusive and accessible. In principle, these are laudable goals which can improve retention and reduce stress, but the risk is that they have weakened the focus on educational outcomes and academic rigour. In-person, unseen exams reward sustained independent preparation, memory, analytical speed, and performance under pressure. Coursework-based assessment will generally produce higher marks than exams and has contributed to rising degree classifications over time. One review

(Richardson 2015) also highlighted concerns around plagiarism and collusion.

There is some evidence that universities have moved away from traditional exam formats in favour of more 'inclusive' assessments to meet learning preferences more commonly reported by female students and faculty. For example, one study of engineering faculty (Ross and Judson 2018) found female instructors expressed more positive views of student-centred learning. Another paper (Wehrwein et al. 2007) found female students in the US often prefer collaborative learning and show a stronger preference for 'reflective', 'verbal', and 'sequential' learning styles compared to the more active or visual preferences of male students. This is supported by a HEPI report (Veenstra-Ashmore 2024), which argued the focus on final-year exams at Oxbridge could disadvantage female students who are 'less likely to take risks' and suffer from premenstrual syndrome.

If female students outperform male students in coursework-based assessment, the decline of exams and the rise of continuous assessment may have the effect – whether intended or not – of widening existing attainment gaps. The institutional incentives are clear. Universities increasingly compete on student satisfaction, retention, and progression metrics. Student-centred approaches often produce stronger continuation rates and fewer failures – and universities have strong financial incentives to minimise attrition.

Alongside a shift in disciplinary balance there has been a change in the content of certain courses themselves. UK universities are increasingly embedding gender, identity, inequality, and social justice into their curricula – reflecting

broader cultural and academic trends which intersect with the changing composition of the student body.

In literature departments, reading lists increasingly include women writers and postcolonial perspectives alongside canonical authors. In history departments, modules commonly examine gender roles, domestic labour, sexuality, and identity. Political science and international relations courses increasingly incorporate feminist political theory and gendered analyses of power.

These developments partly reflect legitimate intellectual expansion, given some earlier courses excluded significant bodies of scholarship and historical experience. Yet they may also reflect a broader redefinition of universities' institutional purpose. In the past, universities primarily viewed their role and purpose through the lens of teaching and research. Increasingly they are considering and presenting themselves as agents of social change.

King's College London's 2019 Strategic Vision, for example, explicitly placed service and social responsibility alongside education and research as core institutional missions. A 2020 investigation by *The Guardian* found that roughly one-fifth of UK universities had committed to 'decolonising' their curricula.[47] These sorts of initiatives often involve reassessing reading lists, teaching materials and historical narratives – with the danger they subordinate scholarship to political activism. In 2021, the University of Leicester attracted controversy after plans emerged to drop medieval literature – including Chaucer and Beowulf – in favour of modules focused on race, ethnicity, sexuality, and diversity as part of a decolonised curriculum.

[47] *The Guardian* (2020) 'Only a fifth of UK universities say they are 'decolonising' curriculum', 11 June.

The University of Salford faced criticism after reports that sonnets were being removed from parts of a creative writing programme because they were regarded as products of 'white western culture'.

The language of 'lived experience', 'social justice', and 'representation' now appears widely across university strategies, teaching frameworks, and equality policies. This does not necessarily imply declining standards, but it does point to a marked shift in emphasis.

Women in academic employment

The feminisation of universities extends beyond the student body, with women now accounting for a growing share of academic staff. HESA data suggest around 32% of professors are women, continuing a long-term upward trend. Among other senior academic staff, women account for roughly 45%. Women are now heavily represented among early-career academics, postgraduate researchers, and teaching-intensive staff.

Yet disparities remain. Women continue to be underrepresented in senior positions, particularly in research-intensive STEM disciplines.

However, these disparities cannot be taken as evidence of discrimination. A range of factors influence academic progression, including unequal caring responsibilities and interruptions to research careers (Wilson 2023). Academic promotion processes often reward uninterrupted publication and grant records, so even temporary interruptions can have long-term effects.

Although women now form a majority of students and a growing share of academic staff, progression to the

professoriate remains slower. Female academics typically take substantially longer – 15 years, according to one analysis – than men to reach professorial rank. Higher participation levels do not, therefore, automatically translate into equal career outcomes. Female faculty staff are often asked to do more committee work, mentoring, student support, diversity initiatives, and other institutional services. These activities might be valuable but they frequently count less towards promotion than publications and grants.

This gap has prompted intervention. The Athena SWAN Charter[48], established in 2005 by what is now Advance HE – a charity which specialises in 'teaching excellence, leadership development, equality and diversity, and governance' – became one of the most influential equality 'frameworks' in British higher education. Initially designed to boost women's representation in science and medicine, it gradually expanded into broader questions of institutional culture, promotion, recruitment, workload allocation, and student experience.

Universities seeking Athena SWAN accreditation are expected to produce detailed equality action plans and monitor gender representation across multiple areas. Its framework has become deeply embedded within university governance – with proponents arguing it has increased transparency and improved career progression for women.

Yet it has been criticised on a number of grounds: for its still limited effectiveness in boosting women's status in institutions, for its substantial administrative burden (much of which ironically falls on women), and for its extension in 2020 to cover trans women as part of a 'gender

[48] Advance HE (n.d.) *The Athena Swan Charter*. Available at: https://advance-he.ac.uk/membership/equality-charters/athena-swan-charter.

spectrum'.[49]The legal backdrop is also burdensome. The Equality Act 2010 introduced the Public Sector Equality Duty, requiring universities to demonstrate 'due regard' to equality considerations in decision-making. Although the legislation does not prescribe specific policies, it has led to universities institutionalising equality monitoring and compliance, with the result that ever-increasing time and energy is devoted to equality, diversity, safeguarding, HR, wellbeing, and inclusion – much of it carried out by female staff.

These roles typically involve mediation, consensus-building, emotional intelligence, and conflict avoidance, and their expansion has accelerated institutional feminisation independent of changes in student demographics. The expansion of EDI offices, safeguarding teams, wellbeing services, and compliance functions is not merely a response to external regulation but also a source of cultural change within universities themselves.[50]

But if institutional priorities increasingly reflect the assumptions, preferences, and professional interests of the groups administering them, this may risk producing policies much more closely aligned with female needs and experiences than male. Whilst overall ratios of academic to non-academic staff in UK universities have remained relatively stable since around 2000, HESA analysis shows a significant internal transformation within the non-academic workforce. Roles that were once small, centralised

[49] Blackburn, L. H. (2024) 'Athena Swan's "all-embracing" equality vision may not serve women', *Times Higher Education*, 5 September. Available at: www.timeshighereducation.com/blog/athena-swans-all-embracing-equality-vision-may-not-serve-women.

[50] Andrews, H. (2025). 'The great feminization', *Compact*, 16 October.

administrative functions – such as HR – have evolved into large, specialised professional services departments.

Welfare, safety, and changing campus culture

The growth in female representation at student and faculty level has been accompanied by changes in campus culture, as institutions place greater focus on student welfare, equality policy, emotional safety, inclusion, and safeguarding. They increasingly present themselves as environments responsible for wellbeing – even though wellbeing and pastoral care remain peripheral considerations in most university rankings.[51]

One manifestation of this shift is the growing use of trigger warnings and content notes in teaching materials, designed to ensure participation and reduce 'harm' in discussions involving sensitive material. Initially associated with subjects involving sexual violence, racism, self-harm, or trauma, these practices have gradually expanded into broader pastoral management and attempts to mitigate emotional risk.

In *The Coddling of the American Mind*, Greg Lukianoff and Jonathan Haidt (2018) argue that universities increasingly encourage emotional fragility by treating discomfort as harm. The authors warn that young people see themselves less as students and more as customers, making

[51] Student satisfaction is a partial proxy but is limited. The National Student Survey, which canvasses around 350,000 undergraduates, measures sentiment through seven metrics: Teaching on my course, learning opportunities, assessment and feedback, academic support, organisation and management, learning resources, and student voice.

demands of administrators who are 'all too willing' to capitulate to their whims.

Surveys indicate that most British students support free speech in principle – yet a significant minority also report reluctance to express certain political views openly. Research from the Policy Institute at King's College London, for instance, found that approximately one-quarter of students were self-censoring political opinions. Conservative students were significantly more likely to feel constrained. The think tank Policy Exchange has repeatedly highlighted concerns about self-censorship and the narrowing of acceptable discourse in student populations.

Within this broader environment, some commentators argue that universities are increasingly seen as spaces of ideological convergence rather than pluralism. This claim is often linked to the gender composition of student bodies and the observation that women, on average, express more socially liberal attitudes.

Surveys on political attitudes in Britain show a well-established gender gap in ideology, with women tending to be more left-leaning than men across a range of issues.[52] Women are generally more supportive of egalitarian policies and more likely to prioritise emotional safety and inclusion. At the same time, research suggests women may be less comfortable with adversarial or confrontational forms of public debate.

More concerning are the implications for academic freedom. Surveys of both academics and students have found consistent sex differences in attitudes towards free expression and the purpose of scholarship. On average,

[52] Lawford, E. (2026) 'Meet the angry young women', *New Statesman,* 25 April.

male respondents place greater emphasis on academic freedom, intellectual autonomy, and the pursuit of truth, whilst female respondents place greater emphasis on inclusion, social responsibility, and the avoidance of harm. If these differences persist as women become an increasingly dominant presence within universities, institutions may become more conformist, willing to subordinate open inquiry to other objectives, such as promoting DEI, protecting students from psychological harm, and improving community cohesion.[53]

The Hidden Marks, produced by the National Union of Students in 2011, is often cited as a turning point in how UK universities began to frame student wellbeing and campus safety, particularly for women. Based on a large-scale survey of female students, it highlighted high levels of harassment, unwanted sexual attention, and fear of reporting incidents, concluding that such experiences were frequently normalised within campus life. Although the report focused specifically on gendered violence and safety rather than broader ideological issues, it may have contributed to a wider shift in institutional priorities.

Universities UK subsequently launched initiatives such as Changing the Culture, which encouraged universities to introduce mandatory consent workshops, bystander intervention programmes, anonymous reporting systems, specialist harassment advisers, behavioural codes, and expanded staff training on inclusion and safeguarding. The University of Oxford, to give one example, now requires all students to complete consent training covering sexual consent, harassment, bystander intervention, and reporting

[53] Clark, C. and Winegard, B. (2022) 'Sex and the academy: Understanding the feminization of academic institutions', *Quilette* 8 October.

procedures as part of its Oxford Against Sexual Violence campaign.

There is only limited evidence to suggest these interventions have clearly reduced rates of sexual violence on campus. But they have added to the bureaucratic burden, and exacerbated the way in which higher education institutions consider themselves responsible not only for education but also for shaping social behaviour and regulating emotional wellbeing.

Further, the risk is that these measures create an atmosphere of suspicion and anxiety among some male students. A study (Abbott et al. 2024) of British undergraduates, for instance, found that discussions of consent among students were heavily shaped by concerns about legality and accusation. The researchers found male students frequently framed consent through the lens of protecting themselves from allegations or misunderstandings.

The economic impact

The expansion of higher education in the past few decades has not simply meant 'more students', but also a major diversification of degree courses. Since the 1990s, there has been a dramatic expansion in disciplines such as sports science, fashion, events management, public relations, and creative arts. Between 2003 and 2022, the number of UK students studying psychology, for instance, more than doubled. UCAS data show that the number of accepted applicants to criminology courses rose from fewer than 4,000 in the early 2000s to well over 20,000 annually by the early 2020s. Media and communication studies have also grown markedly since the 1990s.

This growth partly reflects the financial incentives within the university system. Classroom-based humanities and social science courses are comparatively inexpensive to run, require less specialist equipment than STEM subjects, and can accommodate large student numbers at relatively low cost. Many institutions have responded to these incentives by creating scalable, lower-cost degree programmes aligned with the interests and subject preferences of an increasingly female student population – but this has contributed to a proliferation of courses with weaker labour market returns.

Because women now form the majority of graduates, they also hold a disproportionate share of student loan balances – currently well over £267 billion. Yet female graduates are more likely to enter occupations associated with lower average earnings – including education, social care, creative industries, and administrative professions. Longitudinal Education Outcomes data indicate women are substantially more likely to remain below repayment thresholds for student loans over the long term. This carries significant fiscal implications: unpaid student debt is ultimately absorbed by the taxpayer through the public subsidy built into the student finance system.

The socio-economic consequences are equally significant, though policymakers are often squeamish about discussing them. The relationship between higher education and delayed motherhood is well established: women with degrees consistently have children later than non-graduates, reflecting longer periods spent in education, stronger attachment to professional careers, and the higher opportunity costs associated with interrupting graduate employment.

This leads to graduate women ultimately having fewer children on average than less educated women: a 2025 study using the British Cohort Study found that female graduates – particularly women who were the first in their family to attend university – were substantially more likely to remain childless by their mid-forties than either non-graduates or graduates from already highly educated families.

The effects are significant: the UK Total Fertility Rate – the average number of children a woman would have in her lifetime – fell from 1.94 in 2010 to 1.41 in 2024. Even assuming it doesn't fall further, and absent migration, the country could lose around a third of its population within a century. Persistently low fertility carries significant economic consequences. Most obviously, it worsens the old-age dependency ratio: as birth rates fall and populations age, fewer working-age adults are available to support growing numbers of pensioners through taxation. This places increasing pressure on public finances – particularly healthcare, pensions, and social care.

There have been calls for greater cultural value to be placed on motherhood, changes to the tax system, more 'free' childcare, and higher paternity pay to nudge men to take on a bigger share of the parenting. These measures assume that, because surveys indicate fertility intentions are higher than the birth rate, easing the cost of living might lead to a correction, though based on evidence from overseas, this is doubtful.

The feminisation of universities therefore has implications extending far beyond campus itself. It shapes labour markets, public finance, family formation and fertility patterns, and the country's broader social structure.

The missing men

A neglected aspect of contemporary higher education is the growing absence of men. Male underrepresentation begins long before university: boys are more likely to be excluded from school, less likely to achieve strong GCSE results, and less likely to complete A-levels. As such, by the time they reach 18, many have already disengaged from formal education.

HEPI's report *Boys Will Be Boys* (Hillman and Brooks 2025) estimated that around half a million fewer men than women had entered higher education over the previous decade. This imbalance is especially severe among white working-class boys, who now exhibit some of the lowest educational participation rates in Britain.

Yet policy responses remain limited, with most widening participation programmes focusing on socioeconomic disadvantage rather than gender directly. This partly reflects the fact that male educational underachievement is concentrated among poorer groups, but it also reflects a broader reluctance to view men as an underrepresented or disadvantaged group. When Ben Bradley, the then Conservative MP for Mansfield, tried to ask an 'Equalities' question about working-class white boys in Parliament in 2020, he was turned down by the Table Office because they do not have any 'protected characteristics'.

A healthy society requires electricians, engineers, plumbers, technicians, and skilled tradesmen as much as graduate professionals. Many men who do not attend university go on to build stable and productive lives, but the concern is that large numbers of boys appear to be disengaging from education because it is becoming increasingly inaccessible.

Lower educational attainment among men is also associated with weaker labour market outcomes, higher rates of economic inactivity, and lower social mobility. Recent estimates are that approximately 510,000 young men (aged 16 to 24) are classified as NEET (not in education, employment or training), compared with 448,000 young women. At the same time, sectors historically providing stable employment for non-graduate men – manufacturing, heavy industry, and manual skilled trades – have contracted substantially. Manufacturing jobs have plunged from over 7 million in 1973 to under 3 million in recent years.

Britain has long struggled to develop vocational and technical routes with the same prestige, funding, and institutional support awarded to university. As a result, many non-graduate men increasingly face labour markets that still reward credentials while offering fewer secure alternatives than in previous generations.

No functioning society can simply abandon an entire cohort because it has seemingly become unfashionable to discuss their difficulties. The issue is not whether men are universally worse off than women, but whether boys and young men have access to educational achievement. A society in which large numbers of men become detached from both education and stable employment risks broader social consequences – which include declining marriage rates and delayed family formation.

Conclusion

The feminisation of UK universities is often presented in policy and public debate as an unambiguous success story: higher participation, improved attainment, greater

representation. On a narrow set of indicators, this is clearly true. Women now make up a majority of students, complete degrees at higher rates, and are increasingly visible in postgraduate study and academic employment. The widening of opportunity can be considered a significant social achievement.

However, it is less clear that these changes have been an unqualified good for universities as intellectual institutions. The same period that has seen rising female participation has also seen a noticeable shift in the structure and purpose of higher education: away from a relatively elite system centred on selective entry, high-stakes assessment, and intellectual or disciplinary rigour, towards a mass system increasingly focused on student experience and well-being.

This expansion raises difficult questions about the relationship between higher education and labour market outcomes. While graduates still earn more on average than non-graduates, the 'graduate premium' has shrunk, and become more even. As a result, we have a system in which more people hold degrees, but a growing share of those qualifications are linked to relatively modest earnings returns.

At the same time, changes in pedagogy and assessment – the shift towards continuous assessment, group work, and structured learning outcomes – have arguably reduced exposure to the kind of intellectual pressure that traditionally defined university education – and still does in many countries which are our rivals and competitors. Efforts to make higher education more inclusive and supportive risk diminishing the emphasis on critical thinking or intellectual risk-taking.

Whether that represents progress or dilution depends on whether we believe universities exist to deliver social justice or to cultivate intellectual excellence and productive skills. But if Helen Andrews's 'Great Feminization' thesis[54] is correct – that as women have become the dominant presence within universities, institutions have over time adopted priorities more closely aligned with female preferences and behavioural tendencies – then the changes documented throughout this chapter are not temporary policy fashions but the early stages of a deeper and potentially enduring institutional realignment.

[54] Andrews, H. (2025). 'The great feminization', *Compact*, 16 October.

7 UNIVERSITY RESEARCH: BOOSTING USEFUL KNOWLEDGE OR MISALLOCATING RESOURCES?

J. R. Shackleton

Introduction

In this chapter I explore the position of research in the modern university, and consider whether it occupies too large a space. This involves raising questions about the necessity for government involvement in subsidising and promoting research, about the value of including it in the remit of universities rather than in other types of research institutions, and about the way in which funding is allocated within the university sector.

The emergence of research in universities

Research is nowadays considered a key element in what constitutes a university and sets it apart from other types of educational institution. But this was not always so. The medieval university was a teaching establishment, usually under the patronage of the Church, recycling the knowledge of the classical writers and interpreting the Bible and religious commentaries. Some institutions trained lawyers

and doctors as well as future priests. In later centuries, universities became less fixated on religion, although it was not until the second half of the nineteenth century that Oxford, for example, began to remove religious tests for degree students. But research as we know it – the 'intentional accumulation of new knowledge' (Rospigliosi and Bourner 2019: 207) – was not then a feature in Britain's universities. Indeed that mid-Victorian authority John Henry Newman, whose *The Idea of a University* (1852) still resonates, thought that universities should concentrate on cultivating students' intellects rather than developing new knowledge, which might better occur elsewhere – perhaps in specialist academies, learned societies, or other locations without the distraction of teaching. He wrote that the object of a university is:

> the diffusion and extension of knowledge rather than the advancement. If its object were scientific and philosophical discovery, I do not see why a university should have students (Newman 1852: preface).

In this he was implicitly arguing against Wilhelm von Humboldt's conception of the university with research at its centre (Youvan 2024). It was Humboldt's reforms to Prussian education, and the creation of the University of Berlin[55] in 1810, that first developed the conception of research as being a core function of universities. This idea, together with Humboldt's emphasis on academic freedom, institutional autonomy, and the higher study (later the doctoral process) as preparation for university teaching,

[55] Now the Humboldt University of Berlin.

was influential in the nineteenth-century development of universities in the United States[56], and thence to much of the rest of the world in the twentieth century.

Although there had been earlier government support for such institutions as the Royal Society, the Royal Observatory, and the British Geological Survey, government support for university research in Britain only really began during the First World War. In 1915 the Department of Scientific and Industrial Research was set up; although it conducted research in-house, it also made grants available for university projects. In 1918 an important report by Viscount Haldane (who was involved in the founding of Imperial College amongst other educational interests) argued that government should fund some university research in the post-war world. But it should step back from the allocation of such funding, which should be in the hands of scientists and other academics. This 'Haldane principle' became the orthodoxy which led to the foundation of autonomous research councils.

The economics of research

The modern economic argument for government funding of research in general – and by extension its funding in universities – arises from the idea that there is a 'market failure'. In the words of Kenneth Arrow (1962: 618):

> We expect a free enterprise economy to underinvest in invention and research.... because it is risky, because the product can be appropriated

[56] Although the British emphasis on liberal education – cultivating the intellect in Newman's terms – also retained a foothold.

> only to a limited extent[57], and because of increasing returns in use. This underinvestment will be greater for more basic research.

Arrow was writing at a time in the Cold War when the US government, in the wake of Sputnik, was worried that US science might be slipping behind that of the Soviet Union. Belief that a private enterprise economy was incapable of generating enough basic scientific research, conceived of as a public good which was non-rival in use and largely non-excludable in practice, led to the contention that government spending on research should fill the gap left by inadequate private investment. This contention has spread far beyond the United States, and has certainly been very influential in the UK.

More recently, writers such as Mariana Mazzucato (2015) have attracted attention by advocating a larger role for the state in investing in research and development as part of a conscious 'mission-led' industrial strategy. She believes that innovations such as the internet and the iPhone were only made possible by prior government funding of basic research in the United States.

Not everybody agrees, however, that state funding of research is essential. Kealey (1996) sees the development of scientific understanding in the eighteenth and nineteenth centuries as being led by incremental technological developments in the private sector. Much private research of this kind may have been 'crowded out' by state activity in the twentieth century, with trained personnel and other

[57] Against this, the supernormal profits which can be obtained, at least for a while, from an innovation can arguably provide sufficient incentive for research.

assets being diverted from the private sector. This would mean that the total resource devoted to research may not be increased by government intervention. Rather it may be diverted from high-value uses (leading to product and process innovation) in the private sector to less important objectives favoured by politicians or indeed by researchers themselves, on Haldane lines. As Kealey puts it (p. 257) 'all scientists everywhere now campaign for more government money' to allow them to pursue their own interests – although this money usually comes at the cost of massive bureaucratic hurdles.

Kealey's scepticism is echoed by Matt Ridley, who disputes the need for government subsidy for 'basic' research which, in the orthodox narrative, is necessary to underpin the technological innovation fuelling economic growth. He argues that technology has a 'kind of autonomy': it does not rely on basic scientific research so much as generate scientific advance itself:

> The steam engine owed almost nothing to the science of thermodynamics, but the science of thermodynamics owed almost everything to the steam engine. The discovery of the structure of DNA depended heavily on X-ray crystallography of biological molecules, a technique developed in the wool industry to try to improve textiles.[58]

Kealey and Martin Ricketts (2014) have offered a characterisation of research as a 'contribution' good. By this they mean that the spillovers from the allegedly public-good

[58] Ridley, M. (2015) The myth of basic science. *Wall Street Journal*, 23 October.

characteristics of research can only be fully exploited if the users, too, are engaged in research. In this view again the need for state involvement is minimised, and should largely be concerned with creating the conditions within which private research can flourish. Excessive involvement by the state could push scientific activity beyond the socially optimal level, distorting the allocation of resources.

UK research funding

Nevertheless, the predominant approach to research amongst policymakers sees government spending on research as an undisputedly good thing. In a recent government briefing paper (Department for Science, Innovation and Technology 2025) the bold claim is made that 'on average, £1 of civil public R&D investment generates £8 in net economic benefits for the UK over the long term'. It does so by boosting productivity, creating higher quality jobs, improving health and quality of life, 'supporting our transition to Net Zero' and building defence capabilities that protect our sovereignty. But this document, despite what it calls 'our evidence-based approach' is more of a political pamphlet than an objective analysis of the case for government spending.

Indeed, it is difficult to see how there can be any objective basis for aggregate government targets. But as there appears to be a correlation between a country's spending on research and development and its overall economic performance (Yazgan and Yalçinkaya 2018; Ciaffi et al. 2024; Kim 2025), a rule of thumb is often to see what other countries are doing and then try to match or exceed it. This is irrespective of any detailed appraisal of 'needs' or indeed

of capacity – though there is always a generous supply of interested parties who can suggest a rationale for spending more public money on an endless variety of pet projects.

In 2017, believing that the proportion of UK GDP devoted to research and development was too low, well below that of comparable developed economies, the government plucked a number out of the air and set a target of 2.4% to be reached by 2027. In the 2020 budget the Chancellor announced that there would be an increase in annual public sector R&D from £9 billion in 2017 to £22 billion in 2024-25. The following year, however, the £22 billion target was pushed back to 2026–27.

But then in 2022 the Office for National Statistics announced that its new methodology calculated the actual level of spending in 2021 to have been between 2.8 and 2.9% of GDP, comfortably above the 2.4% target (Rough and Harari 2026). Far from being an international laggard, the UK was actually spending more than many of its comparators. This did not, however, lead to a cutback in planned government spending on research.[59] Political parties continue to chase the vision of being 'a science and tech superpower', being a 'global leader', doing 'world class research' at 'the

[59] Across the public sector arbitrary targets such as spending 0.7% of GDP on foreign aid, 3.5% on defence, £2.2 billion to Horizon Europe and a whole range of Net Zero targets are common. They make politicians feel good, and grab a few headlines. But without any specific plans, it is left to bureaucrats and lobbyists in a jungle of hubs, challenge funds, expert groups, councils, and so forth to determine strategies, roadmaps and action plans for what taxpayers' money is spent on (Rough and Harari 2026). Waste is inevitable as 101 intermediary bodies rush to grab a share and spend budgets.

Table 3. Sources of R&D spending by sector, 2023

Sector	£ billion
Public Sector	21.2
Businesses	41.1
Private non-profit	2.0
Overseas	8.3
Total R&D funding	72.6

Source: Rough and Harari (2026)

cutting edge' – all expressions used in recent government documents.[60]

What do the data on research funding show? As Table 3 indicates, the private sector, understood to mean commercial firms, charities, and other not-for-profit entities, is able to support a considerable amount of research spending despite the alleged 'public good' problem – well in excess of government spending. Arguably it could support even more. This doesn't just apply to research, of course: in areas such as health, education, and the arts, government finance may indeed be supporting activities which private funding would otherwise provide – the crowding out mentioned earlier.

Note the role played by charities and non-profits. This is particularly marked in biomedical sciences, where bodies such as the Wellcome Trust, Cancer Research UK, and many others play a major role. However it is not confined to this area: the Nuffield Foundation, the Leverhulme Trust, and the Joseph Rowntree Trust also fund research

[60] All terms from documents cited in Rough and Harari (2026).

Table 4. Higher education expenditure on research and development, 2023

Sector funding the R&D	£ million
Government excluding UKRI	1,597
UKRI	2,837
Higher Education Funding Councils	2,462
Higher Education	6,916
Business Enterprise	1,544
Private non-profit	1,335
Overseas	442
Total	17,133

Source: ONS

projects and fellowships in areas such as the social sciences and education.

Turning to the higher education sector, our chief concern, Table 4 provides an insight into how university research is supported financially. The first line of the table shows the way in which various government departments (most notably Science; Innovation and Technology; Defence; and Health and Social Care) finance research projects in leading universities. Many of these involve direct funding. However DSIT also sponsors a body called the Advanced Research and Invention Agency (ARIA), founded in 2022 to support 'high-risk, high-reward' 'blue-skies' research. Much of this funding stream also ends up in universities.[61]

[61] It is worth noting, however, that government funds a significant amount of research outside the HE sector, including supporting the UK

UK Research and Innovation (UKRI) is an umbrella body created to bring together Innovate UK (which supports business-led innovation) with the research councils (which fund projects allocated on the basis of competitive submissions) and the funding to higher education on the basis of the Research Excellence Framework, of which more shortly.

The most intriguing line of this table is 'Higher Education'. This means that universities themselves fund their own research, to the extent of around 40% of the total spend. Some of this comes from endowments, from surpluses on commercial activities such as room lettings and so forth. But the bulk of it is cross-subsidisation from teaching income. Although this is not easy to pinpoint, it seems likely that around 20% of total fee income is used to subsidise research. Much of this comes from overseas students' fees, which are typically set far higher than the capped fees for domestic students. This has been true for a long time. As Hillman (2020: 10) notes:

> In 2017/18, there were over one-quarter of a million (272,000) non-EU international students in England and Northern Ireland. On average, each one paid £5,100 more than it cost to educate them and around £4,250 of this went towards reducing the deficit on research.

The practical meaning of this implicit subsidy is apparent in Transparent Approach to Costing (TRAC)[62] data.

Space Agency, the UK Atomic Energy Authority and the Meteorological Office.

[62] Office for Students (2020) *TRAC data*. Available at: www.officeforstudents.org.uk/data-and-analysis/trac-data.

This shows deployment of academic staff time to teaching, research and administration; institutions are obliged to produce it for the Office for Students each year. Whether students paying high fees and building up substantial debt are aware that such a sizeable chunk of their fees is going to support staff's research is doubtful, and whether they would approve of this even more so. Some might consider it something of a scandal: the whole student finance system in Britain is sold on the idea that students are paying for their own education, not in effect being taxed to support research. But more of this later.

The dual funding system

The main *explicit* sources of university research finance are via the 'dual funding' system. There are seven research councils[63] for different disciplines, and they distribute funding for specific research projects in priority fields (climate change, healthcare and so on) and support training (PhD and research fellowships, for example). The councils call for proposals, which are assessed by peer review and ranked in order of merit in terms of quality of application, originality, and feasibility. A panel then decides which approved proposals can be supported. It is said that about half of top-rated submissions go unfunded.

[63] These are the Arts and Humanities Research Council (AHRC); the Biotechnology and Biological Sciences Research Council (BBSRC); the Engineering and Physical Sciences Research Council (EPSRC); the Economic and Social Research Council (ESRC); the Medical Research Council (MRC); the Natural Environment Research Council (NERC); and the Science and Technology Facilities Council (STFC).

The vast majority of awards go to universities, though other research bodies do receive some funding from this source.[64] These council awards are competitive and based on specific research projects with deliverables which are monitored. But the other major source of funding for university research goes to higher education institutions on the basis of the quality of their previous work – the 'QR' (Quality-related Research) money. The institutions are then free to allocate the funding received to whatever research purpose they wish, on an extension of the Haldane principle. Institutions may choose to allocate research funding on the basis of 'equity' between departments, or to support whatever priorities they wish. The implication is that funding may support projects which are inferior in quality to those approved but unfunded by research councils. This may be a reason why governments have shifted the balance of funding over time from QR towards the councils.

The Research Excellence Framework

The basis of the quality assessment which determines payouts to individual universities is what is now called the Research Excellence Framework (REF)[65]. This procedure, previously (and more accurately) known as the Research Assessment Exercise, is conducted every few years. Under different titles, and using different methodologies,

[64] These are not just scientific or medical research institutes but include economic research bodies such as the Institute for Fiscal Studies and the National Institute for Economic and Social Research. Apart from grants for specific projects, the IFS also receives core funding for some of its work.

[65] See Explainer: QR funding and the REF – UKRI.

universities have had their research evaluated in 1986, 1989, 1992, 1996, 2001, 2008, 2014, and 2021. The next iteration is due in 2029; the gap between the last exercise and the next is because a review is under way to redesign the way in which research evaluation is carried out.

It is not surprising that the process is being reviewed. While initially a very useful exercise in seeing what universities were doing with government research funding, there have been diminishing returns to successive iterations as the centres of research expertise are largely consistent from one exercise to another. But the costs rise. The 2021 REF cost £471 million, up from £246 million in 2014 (itself about four times the cost of the 2008 exercise). REF 2021 was a huge exercise, taking up vast amounts of time and involving universities employing many staff whose sole function (over several years) was to help prepare the institution's submission. In some ways it was marginally trimmed back from the previous exercise after an earlier report (Stern 2016). But it still involved reviewing 185,000 pieces of research (journal articles, books, and other publications) from 76,000 academics based in 157 higher education institutions, together with 6,700 'impact' case studies[66]. There were 34 subject-based units of assessment, involving around 1,500 individual assessors at various levels – mainly senior UK academics, with some representation from other countries' researchers and from business, charities, health sector leaders, and other research users.

[66] Introduced in the 2014 REF, there is a requirement for universities to submit a number of studies showing how research has impacted outside academia, in areas such as industrial development, national policy changes, media attention and public engagement. Evidence has to be adduced from a variety of sources.

Critics of the REF point to several concerns. The cost is one, obviously. It is argued that the elaborate process of assessment could be conducted much more cheaply, and produce largely the same result in terms of funding allocation, by using already-available metrics such as citations (Tooley and Craven 2018). Another issue is the way in which universities attempt to 'game' the REF by such devices as appointing fractional staff from outside at a late stage of the assessment period, bringing in their publications to count on the scoresheet even though they have little prior relation to the university.

Economists know that altering rules tends to alter behaviour. Following the 2014 exercise, when institutions tried to gain higher rankings by excluding staff with weak research records, the Stern Review recommended that all staff with a research responsibility in their contract had to be included, and this was implemented in the 2021 REF. The consequence was a growth in 'teaching-only' contracts (from 26% of UK academics in 2014–15 to 32% in 2019–20), a trend clearly visible in research-intensive Russell Group universities, suggesting that many of the most active researchers were shedding teaching responsibilities. This was not necessarily good for students, as I shall argue shortly, but it also led to less secure and less rewarding jobs, often part-time and/or fixed-term, for many new entrants to university employment. It appears that women were particularly likely to be given these teaching-only contracts (Dandridge 2023: 27).

Another line of criticism relates to 'grade inflation', something which has been much discussed in relation to assessing students' work, but which seems also to apply to research – though this is less often discussed. In the 2008

Research Assessment Exercise, 14% of submissions were rated 'world-leading' (4*). In 2014, this rose to 30%. In 2021 – despite there being more submissions than ever – the proportion was 41%. Much UK research may indeed be of a high standard, but this seems on the face of it an implausible rate of improvement. It points to the essentially subjective nature of these assessments, and arguably also to the academic profession's collective vanity and interest in bigging up its contribution to funders and the general public.

A longstanding criticism of the REF and its predecessors is the pressure it puts on researchers to produce short-form research which can be packaged into relatively brief and quickly published journal articles rather than books or longer research reports. But other pressures are also emerging as the criteria for 'excellence' mutate.

For instance, the increasing importance of impact case studies. First introduced in 2014 with a weighting of 20% in the overall review, these impact studies are supposed to demonstrate how research has been perceived and used outside the academic hothouse. In 2021 their significance was increased to 25% of the overall rating, and spawned a cottage industry generating documented evidence of impact on public policy, on business, on the environment and so forth. This shifts the emphasis from 'pure' to applied research – inadvertently, perhaps, undermining the Arrow-style argument for government subsidy of basic research.

Another development is the growing importance of what is termed 'the research environment'. Until the 2014 exercise, things such as support and mentoring for researchers, training schemes for doctoral students and the

completion rates of PhDs were taken into account informally. However in 2014 this element became formalised, with a weighting of 15%. Following the Stern Review, the elements of a healthy research environment were more tightly specified to include staff development and responsible and ethical research behaviour. Equality and Diversity also featured for the first time. Although the proposals for the 2029 REF are not yet finalised, the main outlines are clear.[67] There will be three elements: 'Strategy, people and research environment' (weighted at 20%), 'Engagement and impact' (25%), and 'Contribution to knowledge and understanding' (55%). Critics such as Eric Kaufmann (2025 and Chapter 9 of this book) see this downplaying of the importance of the intrinsic quality of published research as dangerous, in particular taking issue with the emphasis on EDI in the evaluation of the research environment.

Reduced concentration on the technical quality of outputs is part of a growing emphasis on the social context of research.[68] It is worth reminding ourselves of the type of research which is funded by the REF and the research councils. People outside universities may assume that research is conducted by 'scientists' in white coats. This is, however, not the case. Most researchers are not even going to try to discover a cure for cancer or a new elementary

[67] REF 2029 (2025) Section 1 – Overview. Available at: https://2029.ref.ac.uk/guidance/section-1-overview.

[68] Various academics, including Professor Richard Dawkins, have criticised the prestigious *Nature* stable of scientific journals for publishing some papers on identity-based criteria rather than technical excellence. Searles, M. (2025) 'Leading journal accused of abandoning science over "social justice agenda"', *The Daily Telegraph*, 26 October. Available at: www.telegraph.co.uk/news/2025/10/26/top-journal-accused-science-over-social-justice-agenda.

particle. In the 2021 REF only around half of the 76,132 FTE staff submitted were in Panel A (Medicine, health and life sciences) or Panel B (Physical sciences, engineering and mathematics). Approximately the same number were submitted under Panel C (Social Sciences) and Panel D (Arts and Humanities). Social sciences was the largest Panel, with 23,451 submissions. Of this category, incidentally, only 920 were under economics and econometrics; politics and international studies submissions were more than double that figure, as were geography and environmental studies. Business and Management Studies (6,634) was the largest single unit of assessment in social sciences, followed by Education and Law. In Arts and Humanities academic books and articles were only part of submissions, which also included novels, poetry collections, exhibitions, and musical compositions. While such activities may be interesting and indeed useful, they do not easily fit within the Arrow parameters.

The continual emphasis on the high quality of UK research is understandable self-promotion by the British academic establishment, but there are problems with the boom in research worldwide which this country does not entirely escape. Arguably, the pressures produced by the significance attached to publication in exercises such as the Research Excellence Framework are one of the factors associated with the apparently increasing levels of scientific fraud. As Ritchie (2020) argues, scientists can be quite deliberately fraudulent, manipulating evidence or making up data, or failing to publish negative findings.

According to Richardson et al. (2025) 'systematic scientific fraud is a growing threat to the scientific enterprise'. Examples of outright fraud in the UK – such as the case of

the made-up results of Malcolm Pearce's foetal transplant work or Andrew Wakefield's notorious attempt to link MMR vaccine to autism – are few, but the danger is there in the sheer volume of work that is published. The system depends on – often unpaid – peer review, which can only catch the most egregious cases. Arguably a more problematic issue than fraud is the 'replicability crisis' in some disciplines, particularly in the social sciences.[69] Many empirical findings may have been published in good faith, and accepted into the corpus of knowledge, but have not been replicated when researchers attempt to reproduce them using the same methodology with new data, or even using the methodology with the original data in some cases.

Perhaps there is just too much research produced? The papers and other works submitted to the REF are only a small subset of all the work published in the relevant review period. A 2012 government estimate[70] suggested that the UK produced 6% of the world's published academic articles. Assuming that proportion still approximately holds, and making allowance for papers published outside universities (by research institutes, for example), this would suggest university staff published upwards of 250,000 papers in 2025. There will also have been a penumbra of discussion papers, conference submissions and so forth, as

[69] See for instance Open Science (2015). In this exercise, researchers attempted to replicate the results of 100 studies in the psychological literature. Less than 40% were considered to replicate successfully the original findings.

[70] Department for Business, Innovation and Skills (2012) *Public access to publicly-funded research*, GOV.UK, 2 May. Available at: www.gov.uk/government/speeches/public-access-to-publicly-funded-research.

well as perhaps 5–10,000 academic books. Paul Ormerod[71] observes that half of all published papers are never cited by anyone else. Most of this work is of little value, he claims, 'slop' read only by a handful of people. Its publication is driven by the necessity for academics to be seen to be producing research, and in this country the driving force for this effort is the REF.

The relationship between teaching and research

In his 1963 Report, Lord Robbins made a point of emphasising that research is an essential part of university life. He said that 'we are in total disagreement with the extreme view that would remove research altogether from the universities and concentrate it in research institutes, leaving the universities to devote themselves wholly to teaching' (Robbins Report 1963: Chapter XIII, p. 182). His argument was nuanced, however. He recognised that, over their careers, the emphasis of academics might shift between research, teaching and administration. He argued that outstanding teaching should give access to promotion to senior lecturer and professor, rather than just confining senior roles to leading researchers. And he noted the concern in some quarters that 'the emphasis on research in the universities is excessive, and that university teachers devote too much time and energy to their personal research to the detriment of their teaching' (ibid.), though he considered this fear to be exaggerated.

It is common for academics to assert the complementarity of teaching and research in higher education.

[71] Ormerod, P. (2026) 'How universities became a marketplace for academic slop', *City AM* 11 March.

Teaching at undergraduate degree and higher is said to require staff to be research-active. But how exactly does research support teaching? It may be reasonable to argue that most teaching staff need to have a continuing involvement in research activity at some level, as it feeds into the development and maintenance of up-to-date syllabuses and gives lecturers a firmer base for the analysis they develop in their lectures and classes. This boosts students' confidence in, and enjoyment of, the courses they are studying.

However it is reasonable to query some of the more expansive claims for synergies between research and teaching. In many fields – law, accounting, architecture, art and design, some areas of medicine and paramedicine, languages among them – students are probably best taught by practitioners, often part-time, who rarely if ever conduct formal academic research. Requiring all staff in these areas to be research-active, regularly publishing in 4* journals, may be counterproductive.

Even staff in traditionally research-intensive disciplines will usually be doing some, perhaps most, of their teaching in fields in which they are not currently research-active, and to students who may not be studying the discipline in any depth (most courses require students to take some modules in peripheral subjects). Some staff may resent this, and try to design syllabuses which play to their research specialisms rather than the needs or interests of their students.

Most worryingly, the keenest researchers can be so involved with their current projects that they neglect class preparation, mark coursework superficially, and offer students little opportunity for one-to-one discussion of their work and problems which may arise in their studies.

If the relationship between teaching and research can be antagonistic as well as synergistic, can we evaluate how this works overall? Some time ago a study by uz-Zahman (2004) attempted to assess this quantitatively, summarising a number of studies which had used indicators of research output and teaching quality. In his conclusion he suggested that the relationship between research and teaching was modestly positive, with a correlation of around 0.10, though he pointed out that 'the overall quality of the statistical analyses is not high'. He thought, however, that the relationship 'is likely to be stronger at postgraduate than undergraduate levels', a significant point, as most discussions about university policy tend to focus on undergraduates.

Over the last two decades significant changes have occurred. In a recent paper for the Higher Education Policy Institute, Nicola Dandridge (2023) sees the relationship between teaching and research as complex, and the link between them not always clearly defined or visible to students. She writes (p. 5) that 'it is now largely accepted that there is no automatic correlation between good teaching and good research'. She sees a growing structural separation, with increasing numbers of staff having teaching-only roles, while different institutions place greater or lesser emphasis on research. While ideally research and teaching should support each other, in practice the relationship is often weak. 'Research-informed teaching' – a loose description, all things to all people – can still have 'a substantial and positive impact on students' learning experience', but Dandridge feels the trend towards separation is likely to continue. She raises concerns about the equality implications of a growing proportion of staff

(disproportionately women) who have a teaching-only role, but that in itself is not grounds for reversing a move towards specialisation.

Conclusions/proposals

The case for general government subsidies to research is weaker than self-interested academics believe, and needs to be made in the context of specific areas such as medicine and defence where there may possibly be genuine barriers to private efforts. Subsidies should be targeted rather than general. Setting artificial spending targets such as X% of GDP is a recipe for waste.

Although research will always have a role to play, it should not occupy so prominent a place in the work of universities. Higher education institutions are funded primarily to teach students and arguably misappropriate some of this money to support research which is of little intrinsic merit or interest beyond a narrow circle. Students – particularly foreign students – are unknowingly paying excessive fees to subsidise research, and can also lose out when academic staff prioritise research over teaching and pastoral commitments.

Core research funding for universities, which should be less than that currently provided, should be based on available metrics rather than on the REF system, which has outlived its usefulness. It is costly and bureaucratic and incentivises gaming.

I would argue that more of the balance of funding should be project-based, though with a much streamlined process for reviewing applications. The government should consider whether the Haldane principle should be

revisited. It seems wrong that good quality submissions to research councils go unfunded, while QR funding is given to universities with few strings attached.

Government objectives to encourage 'impact', regional balance and Equality (increasingly, 'Equity'), Diversity and Inclusion should not be part of the process of allocating research funding. If these things are desirable – and they need to be much more rigorously justified – they should be separately funded.

The university sector might sensibly be encouraged to separate further into different types of institutions rather than taking the Russell Group as the model for all to aspire to. While there will always be some research activity in higher education institutions (as there was in the old pre-1992 polytechnics and specialist colleges), there is a case for saying that research and development funds would be more effective in promoting whatever 'public good' justification exists for government funding if they were concentrated in a smaller number of very research-intensive institutions or perhaps even placed in dedicated institutes whose staff are committed to full-time research without the distractions of teaching. University staff could be seconded to such institutes from time to time.

Of course, UK universities still produce some very high quality research output. But this should not be used to obscure the need for critical reflection on the place which research occupies in our university system and the priorities of its academic staff.

8 THE TWO CULTURES: THE POLITICAL ECONOMY OF WOKENESS AND SOCIAL JUSTICE ACTIVISM IN UK HIGHER EDUCATION

Michael Ben-Gad

Introduction

An outsider observing the recent bouts of campus strife – from battles over academic freedom to clamours to 'decolonise' the curriculum, and myriad new dogmas enforced under the banner of 'social justice' – might assume a generational war is raging. One could be forgiven for picturing a kind of mini Cultural Revolution at our universities, with woke Gen-Z students acting as zealous Red Guards taking aim at their older, predominantly centre-left but liberal professors.

However, the true conflict is not student versus teacher at all, but lecturer versus lecturer – a civil war within the ranks of the academic staff which cuts across disciplines rather than generations. In disputes ranging from whether 'biological sex' is no more than a social construct to the ferocious academic boycott campaigns against Israel, one

faction of the academy – dominated by activist scholars for whom the pursuit of political power has become the paramount objective of intellectual life – seeks to impose its narrow, politicised paradigm on fields that have thus far resisted its totalising vision, all in a bid to arrest its own decline in funding, status, and student appeal.

Broadly speaking, British academia today has bifurcated into two camps that no longer share a common vision of their university's mission. In one camp, largely comprising the natural sciences, engineering, mathematics, and economics, the traditional ethos of disinterested scholarship still prevails. These disciplines cling to the model of the university as an institution dedicated to open inquiry and education, upholding Enlightenment ideals of empiricism, the scientific method, and free thought that have slowly evolved over the past few centuries. This camp – what mathematician Abigail Thompson (2025) calls 'Knowledge U' – treats truth-seeking as the university's highest purpose.

The opposing vision reimagines the academy as an engine of political activism dedicated to a broad array of social justice causes. It forms part of a postmodern assault on Western liberal democracy and market economics, rejecting the very notion of objective truth or scientific neutrality as *ipso facto* immoral (or at least as hopelessly 'white' and Eurocentric). In what Thompson labels 'Dogma U', power relationships – dominance and oppression – are held to be the only real forces at work in every domain of knowledge, whether we are examining the structure of society or the laws of physics or mathematical theorems. In disciplines governed by these ideas (largely found in humanities departments and the less quantitative social sciences), all

scholarship is meant to serve a political end. The few remaining (usually older) traditional scholars who persist in fields such as sociology, education, or literature are true profiles in courage, as academic life behind enemy lines can be quite harrowing in an environment so hostile to any form of dissent.

One mechanism by which this Dogma U imposes its will campus-wide is the burgeoning bureaucracy of Equity, Diversity and Inclusion (EDI) – an apparatus whose Orwellian name belies its reality. Far from promoting true diversity of thought, the bureaucratic EDI apparatus enforces ideological uniformity, pressuring even the more scientific departments to adopt the new postmodern orthodoxy of critical theory or face administrative consequences.

In the next section of this chapter, I provide some historical background on the campus divide – the origins of critical theory. My thesis is that the rapid adoption of critical theory during the 1960s, and the intensifying radicalisation of the arts, humanities, and qualitative social science disciplines since then, was (and remains) a response to these disciplines' loss of status relative to the sciences that followed the experience of the World War II and the early years of the Cold War. One expression of this loss of status is reflected in the declining demand for these subjects in UK higher education. This shows up partly in a decline in observed enrolments, but also in more subtle ways, including the relatively low academic calibre of the students who study these subjects, as reflected in the UCAS points they obtain during their secondary education. These are the numerical scores used to measure applicants' qualifications for entry into higher education, and in the absence of differences in tuition fees they serve as an alternative 'shadow

price.' Finally, I will argue that the rhetoric of identity politics has furnished university administrators with a useful tool for deflecting criticism over falling standards while assuaging students' sense of intergenerational unfairness that resulted from the introduction of tuition fees in 1998.

Critical theory as a response to the rise of STEM

Critical theory is a school of Marxist philosophy first developed at the Institute for Social Research at Goethe University in Frankfurt, Germany, in the 1920s. Philosophers at the Institute, including Theodor Adorno, Max Horkheimer, and Herbert Marcuse, sought to integrate the humanities, the arts, and psychology with Marx's narrower focus on political economy. The hope was to explain why Marx's revolutionary vision had failed in the industrialised West and to build a movement that could overcome capitalism's success in co-opting the masses.

With Hitler's ascent to power, the members of this group found a new home at Columbia University in New York. Adorno and Horkheimer returned to Frankfurt after the war, but its arguably most radical member, the political theorist Marcuse, chose to remain in the US, working at Columbia, Harvard, Barnard, and the University of California, San Diego, until his death in 1979. Marcuse, a veteran of the Spartacist uprising in Berlin – the 1919 attempt to replace the emerging Weimar Republic with a communist state – would be lionised as the 'Father of the New Left' during the 1960s. Today, Marcuse's work is the animating spirit behind the radical movements that have seized control of large swathes of academia in the US, UK, and Canada. These movements have, it is true, other points of origin

(including French postmodern philosophy and critiques of the US legal system by Derrick Bell). But one can draw a straight line from Marcuse's writings – especially his 1965 essay *Repressive Tolerance* – to the contemporary campus.

In that essay, Marcuse argued that unlimited tolerance serves only to empower the oppressors. Marcuse distinguishes between two types of tolerance:

> (1) the passive toleration of entrenched and established attitudes and ideas even if their damaging effect on man and nature is evident; and (2) the active, official tolerance granted to the Right as well as to the Left, to movements of aggression as well as to movements of peace, to the party of hate as well as to that of humanity. I call this non-partisan tolerance 'abstract' or 'pure' inasmuch as it refrains from taking sides – but in doing so it actually protects the already established machinery of discrimination. (Marcuse 1965: 85).

This distinction notwithstanding, in both cases it is clear that 'liberation' may require suppressing rival viewpoints. Thus, *Repressive Tolerance* provides explicit justification for treating academic freedom as a threat – and thereby gives critical theory its crusading, intolerant character. Adopt its Manichaean worldview and you are apt to view any competing theory as not only wrong, but morally corrupt.

Marcuse and others also blended Marx's idea of alienated labour with Freudian psychology. On campus the result is claims that traditional curricula are alienating and must be 'decolonised' to better align with students' identities.

Failing to do so risks harming students' mental health – a useful argument that justifies further administrative meddling in teaching.

Another feature of critical theory is its deep scepticism of the natural sciences, and of scientists' quest for objective knowledge unrelated to the social context in which it was produced. Already evident in Horkheimer's 1937 essay *Traditional and Critical Theory* ('But he removes himself from the affair; he has no concern except – science'), this attitude only intensified during the Cold War, as all social structures and knowledge, particularly the sciences, came to be viewed as vehicles for domination and oppression.

All this is a departure from an earlier progressive tradition that embraced science. H. G. Wells, the Fabian socialist, devoted an entire chapter of his manifesto *Mankind in the Making* (1903) to higher education, arguing that universities should prioritise the sciences (particularly the physical sciences) in training the leaders for a 'New Republic.' These scientific subjects, Wells believed, were 'the ones most likely to be useful and fruitful' in a 'modern community.' By contrast, his view of what was then the core of the humanities, namely classical Latin and Greek, was less complimentary:

> It is alleged by those who have had the experience that to learn Latin and Greek more or less thoroughly and then to stumble through one or two Latin and Greek authors 'in the original' has an educational value surpassing any conceivable alternative.... For my own part I believe all this defence of the classics on the part of men with classical education is but one more example of

> that human weakness that splashes Oxford metaphysical writings with needless tags and shreds of Greek and set Demetrius the silversmith bawling in the streets (Wells 1903: 334).

The world of letters was still perceived to be an outpost of reaction and aristocratic privilege in 1959 when the Cambridge chemist C. P. Snow, frustrated by the social snobbery to which scientists were still subjected at the time, wrote about the dangerous schism between *The Two Cultures* of arts and sciences: 'I remember being cross-examined by a scientist of distinction. "Why do most writers take on social opinions which would have been thought distinctly uncivilised and démodé at the time of the Plantagenets?"' (Snow 1993 [1959]: 7).

How quickly things changed. The growing popularity of Marcuse's ideas during the 1960s signalled the shift, and by 1971 John R. Searle would write about US universities in his book *The Campus War* that there was considerable variation from one academic subject matter to another, with the humanities and the social sciences tending to be the most left wing, and then, moving rightwards, the biological sciences, physical sciences, and the professional schools. Sociology in the UK had become so closely associated with radical campus politics by 1975 that it warranted the creation of the fictional sociologist Dr Howard Kirk in Malcolm Bradbury's *The History Man* (1975), busily recruiting for the 'Revolutionary Student Front, that vague, contentious coalition of Marxists and Maoists and Marxist-Leninists and Revolutionary Socialists', and destroying the prospects of any students who failed to parrot his tautological, cultish ideology.

Snow was writing less than fifteen years after World War II, when university science departments in both the UK and the US were fully and systematically integrated into the war effort. Already in the First World War academics were enlisted for weapons research, and institutions such as Cambridge's Cavendish Laboratory provided expertise in materials science and instrumentation. That is where the physicist William Lawrence Bragg, who developed the method of sound ranging for locating enemy guns, had worked prior to joining the Royal Artillery. Similarly, it was at the Beyer Laboratory at the University of Manchester that the biochemist Chaim Weizmann developed a fermentation process that converted starch into acetone for use in the production of cordite, a key component in the manufacture of smokeless gunpowder.

From the outset of World War II, much US defence-related research strategy was determined by university-based scientists at the National Defense Research Committee, and then implemented by the Office of Scientific Research and Development, which contracted with university laboratories on specific projects. The most famous of these, the Manhattan Project, was fundamentally an academic–military collaboration, with the University of Chicago, UC Berkeley, and Columbia University serving as its intellectual core until purpose-built national laboratories formally took over in 1943.

In the UK, universities supplied experts to government laboratories without undertaking major research themselves. (Henry Tizard, chairman of the British government's Aeronautical Research Committee, who led the 1940 Tizard Mission to share British defence technology with the US, was Rector of Imperial College; ironically, one result of

the mission was the creation of the MIT Radiation Laboratory.) Cambridge mathematician Alan Turing worked on code-breaking and helped lay the foundations for modern computing at the Government Code and Cypher School at Bletchley Park. Cambridge physicist Patrick Blackett led a team at the Admiralty that founded the field of operations research. As the Cold War intensified, the prestige of academic science on both sides of the Atlantic increased further, prompting intense criticism from Marcuse (2002 [1964]: 20): 'Technological rationality reveals its political character as it becomes the great vehicle of better domination, creating a truly totalitarian universe in which society and nature, mind and body, are kept in a state of permanent mobilization of this universe.'

Resentment against the increasing prestige and resources husbanded by STEM in UK academia was expressed by Snow's Cambridge colleague, the lecturer in English F. R. Leavis, in 1962, in a direct rebuttal to Snow's thesis that the failure of his colleagues in the arts to understand the second law of thermodynamics was intellectually equivalent to never having read Shakespeare. Leavis distinguished between the 'essential Cambridge' (the humane tradition of culture and critique) and the ascendant 'academic Cambridge' represented by Snow's technocratic outlook. He denounced Snow as 'undistinguished as it is possible to be'. But his word of warning went further:

> If that were all, and Snow were merely negligible, there would be no need to say so in any insistent public way, and one wouldn't choose to do it. But I use the adverb 'portentously' just now with full intention: Snow is a portent. He is a portent in

> that, in being negligible, he has become for a vast public on both sides of the Atlantic a mastermind and a sage (Leavis 1962: 10).

The demand for higher education

Leavis was right to be worried. In the decades since, the sciences have come to dominate the competition for academic resources. During the 2023/24 academic year, university research council income allocated through the Economic and Social Research Council (ESRC) amounted in total to a mere 7.2% of the overall share (5.9% if one excludes economics, business, and management), with the Arts and Humanities Research Council (AHRC) accounting for a further 3.5%. The sciences, including medicine and engineering, account for nearly 90% of all research funding (HESA n.d., Table 5).

Yet research grants and contracts have been a declining share of total income for UK higher education over the last decade, accounting for 17.8% of total income in 2014–15, but only 14.9% by 2019–20 and 14.3% by 2023/24, while the share of income covered by tuition fees rose from 46.4% to 51.60% and then 52.3%. (HESA n.d., Chart 1). So how do Thompson's Dogma U and Knowledge U fare when it comes to attracting students and tuition revenue?

In the most recent period (2019–20 to 2023–24), which coincides with the sustained growth in the 18-year-old population after years of decline (Bekhradnia 2024), total UK student entrants (undergraduate and postgraduate) increased by 181,775, from 1,136,910 to 1,318,685. This

expansion is more than fully accounted for by rising enrolments in four broad, largely vocational subject areas not typically associated with critical theory: computer science/information technology (+34,500), health/medicine (+36,130), engineering (+64,920), and, most notably, business/management/marketing (+94,460). By contrast, nearly all disciplines in the humanities saw sharp reductions, down 10,420 overall – albeit from an already modest base of 75,540 (HESA n.d., Table 5).

To better illustrate the shifting fortunes across academic fields, I focus on seven relatively large disciplines within the HESA dataset, of which three are heavily associated with critical theory (education, media studies, and sociology) and four that are not (chemistry, economics, mathematics, and physics) but crucially, not as explicitly vocational as those listed above. Enrolment declined very slightly across the two sets of disciplines between 2019–20 and 2023–24, from 69,095 to 68,445 for the former and from 56,225 to 55,195 for the latter (HESA n.d., Table 5).

Fees from undergraduate programmes constitute the bulk of tuition income, and for most UK and especially English students, undergraduate tuition fees have been capped and consequently eroded by inflation, as indicated in Chapter 1. As the capped fee is not a market-clearing price, we can usefully consider a 'shadow price' in the form of admissions standards. In UK higher education this comes largely in the form of UCAS tariff points (the points assigned to student applicants' secondary school exam results).

Figure 6 and Figure 7 chart the distributions of UCAS entry points for students in our sample disciplines in 2019–20

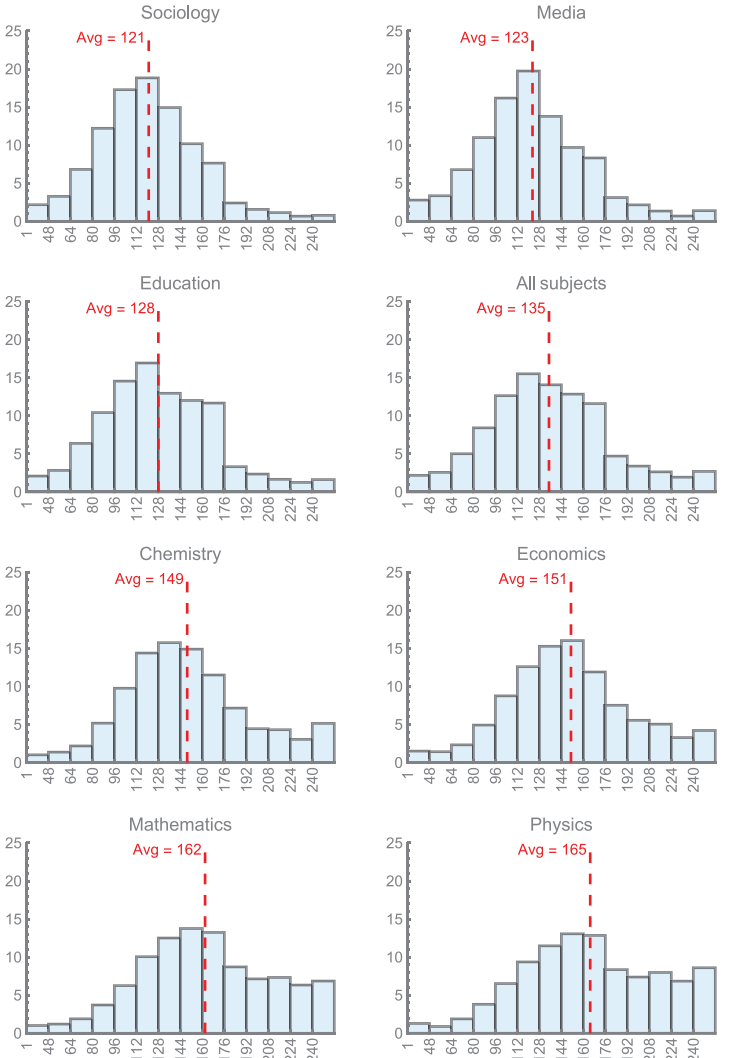


Figure 6. UCAS points for student entrants (2019–20)

Source: HESA (n.d.), Data Collection

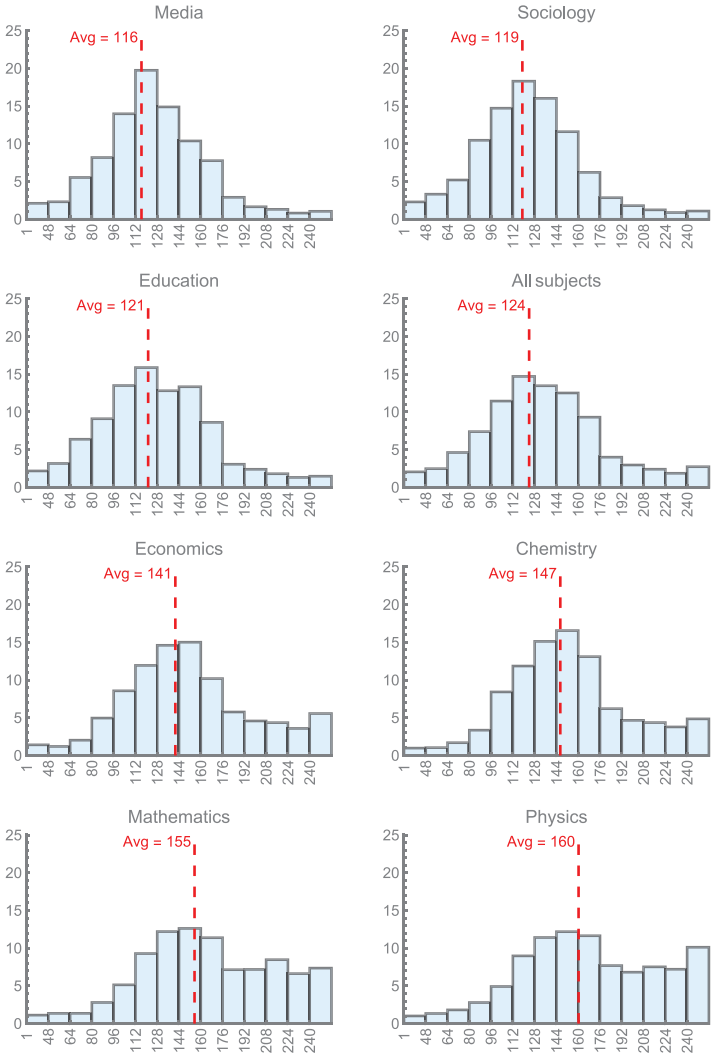


Figure 7. UCAS points for student entrants (2023–24)

Source: HESA (n.d.), Data Collection

and 2023–24, respectively.[72] The decline in standards over just four years is hard to ignore. In 2019, the average incoming student across all these fields had 135 tariff points. By 2023, that average had slipped to 124. Each discipline saw its mean entry score fall. Among the critical theory–heavy subjects, media studies dropped from an average of 123 points to 116; sociology from 121 to 119; education from 128 to 121. For the less 'woke' subjects, economics went from 151 to 141, chemistry from 149 to 147, mathematics from 162 to 155 and physics from 165 to 160. Despite these shifts, the relative selectivity of the disciplines remained similar: Physics entrants still had the highest grades on average, followed by mathematics, followed by chemistry and economics (which changed places), followed by education, and then sociology and media studies (which also changed places).

Does this downward trend in entry requirements reflect a genuine decline in secondary-school achievement, or less lenient marking of A-level papers? Hard to say, but anyone working in the sector knows that the advertised tariffs for courses, outside the most highly selective institutions, are

[72] The dataset for 2019–20 [2023–24] entrants contains a list of 36,398 [37,890] observations for university courses throughout the UK (for small courses these are aggregated with the previous year's entrants – I divide these entries by two). After removing courses where no UCAS points are recorded and duplicate entries (some interdisciplinary courses are coded up to three times), the sample reduces to 14,032 [14,756] observations, equivalent to 564,718 [605,960] students. Disciplines are determined by the key words in the course title, so for example economics includes those enrolled in courses titled Business Economics or Financial Economics, or degrees combining economics with business, marketing etc. Mathematics includes statistics and operations research, and physics includes natural sciences and physical sciences.

far softer than is usually publicly admitted. Thus, any apparent decline in performance will be matched by more permissive, though not necessarily acknowledged, admissions policies.

These figures aggregate courses across hundreds of institutions, including 141 universities, and therefore obscure very large differences between courses within each discipline. Yet in the sample shown in Figure 7, of the students enrolled in sociology courses, 21.3% arrived with less than 80 tariff points (the equivalent of CDD at best at A-level), and only 25.7% with 144 or more (equivalent to AAA or higher). By contrast, in physics the corresponding shares are 6.9% with less than 80 tariff points and 63.2% with 144 or more.

To better understand the nature of these differences, I turn to Figure 8. Here I divide the same students into three institutional categories: those attending the 24 relatively selective Russell Group universities (average tariff 153), the 75 institutions that fall into the category of post-1992 universities (average tariff 106), and 184 other higher education providers, including a number of small specialist institutions. Of these, only 61 institutions provide courses in any of the seven disciplines under consideration here (average tariff 123).

This breakdown reveals two key reasons behind the disparity in entry standards across disciplines. First, subjects such as education, media studies, and sociology are heavily concentrated in the less selective institutions (post-1992 and other providers), whereas the hard sciences and economics have a stronger presence in the elite Russell Group. Within the post-1992 tier, the spread of average tariffs among disciplines is not extreme – and notably, courses in

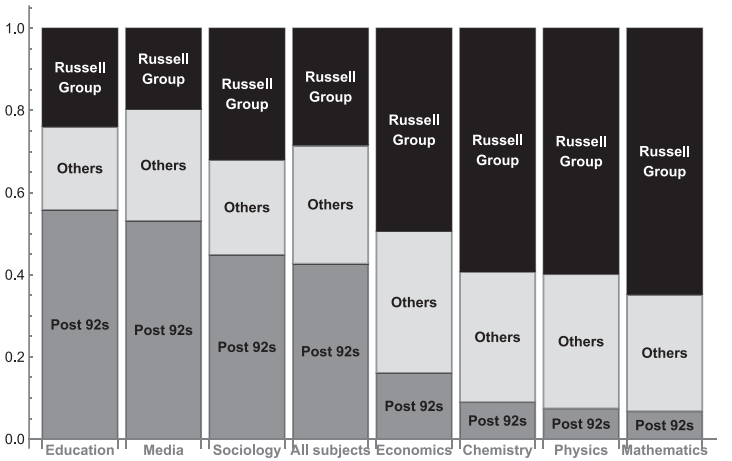


Figure 8. Distribution of students (2023–24) by HE institution type

education or sociology at these newer universities do not have lower requirements than chemistry, maths, or physics courses at the same universities. Second, within the Russell Group itself (the top tier), there are *very large* gaps in selectivity between different subjects – media studies has an average entry tariff of 127 (ABB is 128 UCAS points), while physics averages around 175 (A*A*A* is 168). It is hard to imagine that such disparities in standards – where one department is admitting students with A-level grades a full tier or two lower than those accepted by another department in the same university – can deepen much further.

All this invites an intriguing chicken-and-egg question: Does a discipline's overt political wokeness repel prospective students, or is it the lack of student interest that pushes a discipline deeper into ideological extremism? The likely answer is a bit of both – a feedback loop whereby shrinking

applicant pools and increasing radicalisation feed one another. On the one hand, a subject that drifts far from the mainstream (with courses heavy on critical theory and light on tangible skills) might simply become less attractive to students worried about their future job prospects. On the other hand, academics in a declining field may double down on radical politics as a rationalisation for why their departments deserve more support despite low enrolment ('We're fighting for social justice!').

Likewise, it's no surprise that these academics are often enthusiastic champions of institution-wide widening participation schemes through contextual admissions that aggressively lower admission standards for applicants from underrepresented groups based on ethnicity or class. These initiatives, couched in the language of equity, conveniently obscure the achievement gap between disciplines, forcing the more selective courses to take students with weaker preparation.

Not that scientists are never cynically complicit in the drive to lower standards. The philosopher Allan Bloom (1987), summarising his experiences when radicals took over Cornell University in 1969, described how scientists adopted the new rhetoric of revolution while evading its implications on themselves:

> The natural scientists were above the battle, an island unto themselves, and did not feel threatened. [...] In the attempt to use the admission of students and appointment of faculty as means for this or that social goal, which has lowered university standards and obscured the university's purpose, they cooperated with the new agenda,

in their own way. They adopted the rhetoric of anti-elitism, anti-sexism and anti-racism, and quietly resisted doing anything about the issues in their own domain. They passed the buck to the social scientists and the humanists, who proved more accommodating and could be more easily bullied. Natural scientists too are Americans, in general favourably disposed to the mood of the times. But they are also pretty sure of what they are doing. They cannot deceive themselves that they are teaching science when they are not. They have powerful operational measures of competence. And inwardly they believe, at least in my experience, that the only real knowledge is scientific knowledge. In the dilemma that faced them – mathematicians wanted, for example, to see more blacks and women hired but could not find nearly enough competent ones – they in effect said that the humanists and social scientists should hire them. Believing that there are no real standards outside of the natural sciences, they assumed that adjustments could easily be made. With the profoundest irresponsibility, scientists went along with various aspects of affirmative action, assuming, for example, that any minority students admitted without proper qualifications would be taken care of by other departments if they did not do well in science. The scientists did not anticipate large-scale failure of such students, with the really terrible consequences that would entail. They took it for granted that these students would succeed somewhere else in the university.

> And they were right. The humanities and social sciences were debauched and grade inflation took off, while the natural sciences remain largely the preserve of white males. Thus the true elitists of the university have been able to stay on the good side of the forces of history without having to suffer any of the consequences (Bloom 1987: 347–53).

Enlightenment or dogma?

Here we arrive at an historical irony. Today's campus radicals appear revolutionary, but are in a way quite reactionary. After all, nearly all great Western universities began life as religious seminaries. Until 1871, Oxford, Cambridge, and Durham would not appoint a professor (nor award an MA degree) to anyone outside the Church of England. Harvard and Yale were founded to train Congregationalist clergymen, and Princeton, Presbyterian ones; Columbia was originally an Anglican (Church of England) college. In a certain sense, today's social-justice inquisitors – intolerant of heresy and zealous in enforcement of orthodoxy – are the true heirs of that founding ethos. Even the impenetrable jargon of their academic papers harkens back to an era when universities taught in Latin to keep knowledge in the hands of a learned few. Indeed, many observers have noted the quasi-religious features of woke ideology. Bottum (2014) and McWhorter (2021), among others, have drawn explicit parallels between today's campus wokeness and the fervour of sixteenth-century Puritanism. The resemblance is more than superficial. Sin, guilt, orthodoxy, excommunication of

heretics, even the concept of original sin (privilege) – all have their analogues in the modern campus creed.

Such religiosity has its purposes. Consider the commonly repeated trope that university education in the UK used to be 'free', but no longer is. In truth, education was never free; what changed in 1998 was that the burden of funding degrees began to shift from older taxpayers to individual students. One might argue that there is some justice in imposing these costs on those who benefit and are likely to earn more in the future. Yet the fact remains that a previous generation – the generation that flew Lancaster bombers, rode through Europe on Churchill tanks, or endured the Blitz – willingly taxed *itself* in order to vastly expand the scope of higher education in the UK and make it freely available to their (often spoilt and ungrateful) progeny. In due course, that new and far better educated generation of taxpayers relieved itself of this burden.

Politicians, eager to deflect questions about the intergenerational unfairness this shift entailed, regularly reinforce the narrative that university education used to be free, but now that it is not, we must demand greater value for money. Students pick up on this rhetoric and arrive in their first year already carrying a sense of grievance.

Thus university administrators find themselves under enormous pressure not only to attract tuition-paying students but also to perform well on student satisfaction surveys – metrics which often constitute key performance indicators that university councils monitor. Education is an investment: work hard now to reap rewards in the future. But it is hard enough to sell that proposition when the reward is merely a better chance of a better job in three years' time. Imagine how much harder it is to persuade

students to work hard, delay gratification, and engage with great works of literature or Western thought when the payoff is instead a deeper understanding of the world, a richer inner life, or a more philosophical perspective on the human condition decades down the road.[73] Students might come to appreciate a rigorous liberal arts education much later in life, but their younger selves are the ones who must be appeased now.

How, then, to keep students happy and deflect dissatisfaction about tuition fees? Beyond easier courses and grade inflation, one tempting way is to design curricula that not only validate but intensify any sense of grievance they may feel and deflect it outwards, towards the wider society. The university and its lecturers can then be portrayed as the students' allies in that struggle.

Students arrive at university as teenagers – a time when many are struggling to define their identities and their place in society. Some belong to ethnic, racial, or religious minorities. Some may be gay; others may be working class. Some may live with disabilities or be overweight. Often students belong to more than one of these categories.

Rather than treating such identities as incidental to one's role as a student, critical theory places them front and centre, and in a way that is instrumentally useful. You feel alone and misunderstood – what young person doesn't? Society may disrespect you, but fear not, the university is on your side against the wider world.

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[73] As US Admiral and fighter pilot James Stockdale later recalled (Stockdale 1993), to resist his captors (and provide leadership to other prisoners of war) during his imprisonment in the 'Hanoi Hilton', he relied not on the curriculum of the Naval Academy but on the lessons in Stoic philosophy he had studied at Stanford.

Once one starts down this path, the incentive is not to help students resolve these tensions but to exacerbate their sense of persecution – to stoke grievance and even paranoia, much as cult leaders do. Hence yet another connection to religion. Here we come full circle. In the war between Dogma U and Knowledge U, placating the very students who have been newly radicalised after arriving on campus becomes an excuse for enforcing yet more ideological conformity. In the event of resistance, these same students provide a ready reservoir of shock troops to force recalcitrant lecturers into line.

Conclusion

The fundamental divide that C. P. Snow lamented in 1959 – the gap between two cultures, one rooted in open inquiry and the other in entrenched dogma – remains as relevant as ever. Snow himself, in an earlier essay, captured the dynamic between a declining traditional culture and an ascendant scientific:

> The traditional culture, which is, of course, mainly literary, is behaving like a state whose power is rapidly declining – standing on its precarious dignity, spending far too much energy on Alexandrine intricacies, occasionally letting fly in fits of aggressive pique quite beyond its means, too much on the defensive to show any generous imagination to the forces which must inevitably reshape it. […] The resentment which the traditional culture feels for the scientific is shaded with

> fear; from the other side, the resentment is not shaded so much as brimming with irritation.[74]

Equally, the origins of today's cultural intolerance were visible on campus decades ago. Allan Bloom observed that in 1969 the radicalised students at Cornell 'discerned that their teachers did not really believe that freedom of thought was necessarily a good and useful thing, that they suspected all this was ideology protecting the injustices of our 'system'.'

It was perhaps inevitable that a generation educated in this hothouse of ideological training would carry its dogmas outward into the broader society. The mindset incubated on campus – intolerant of dissent, fervently moralistic, quick to 'cancel' and condemn – has now metastasised far beyond campus. In the arts, in the media, even in corporate boardrooms, we witness the same impulses that have eroded academic freedom: the policing of language, the purging of heterodox thought, the elevation of subjective offence over objective inquiry. The scenario Bloom described has become a recurring pattern in much of our public life. As journalist Andrew Sullivan (2018) put it, 'We all live on campus now.' Today, it would seem, every day is Bloomsday.

[74] Snow, C. P. (1956) 'The two cultures', *New Statesman*, 9 January 1956. Available at: www.newstatesman.com/culture/2013/01/c-p-snow-two-cultures.

9 THE HIGHER EDUCATION GREENHOUSE EFFECT

Eric Kaufmann

The greenhouse metaphor

In this chapter I argue that a self-reinforcing cycle has taken hold across many British universities in which a lack of political diversity and restrictions on free expression mutually intensify one another. It is a sort of 'greenhouse effect'.

The greenhouse effect on Venus occurred when heat from the sun evaporated surface water and broke it down, allowing the hydrogen to escape while the oxygen combined with carbon to create carbon dioxide, trapping more heat, which further increased CO_2 in a runaway feedback loop that has created searing surface temperatures on the planet.

The academic greenhouse effect revolves around a similar feedback mechanism: as political uniformity increases, conformity pressures rise, which in turn discourages dissenters from speaking, entering, or remaining within the profession. Their absence further entrenches the dominant ideology, further fuelling conformity and reducing the ability of institutions to correct course.

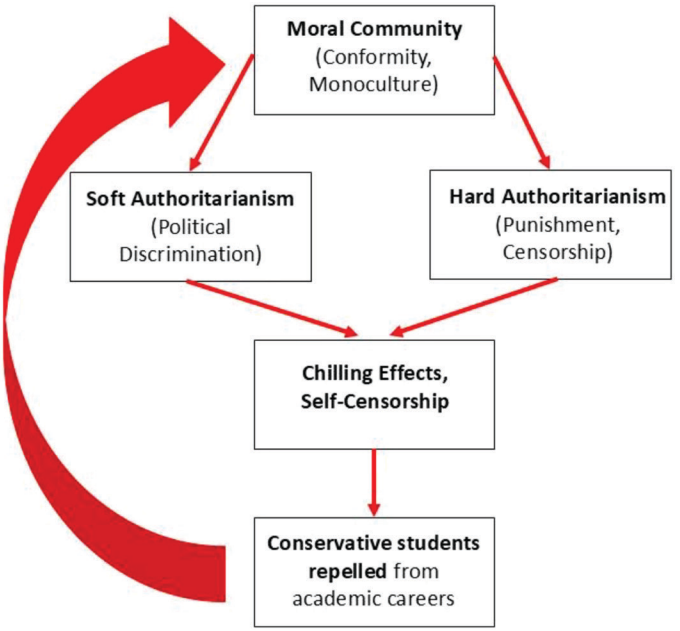


Figure 9. The academic greenhouse effect

Peer review is the core mechanism behind publication, funding, hiring, and promotion. Because academia is a profession in which career advancement and day-to-day collegial life depend heavily on peer judgment, this 'greenhouse effect' is especially potent. The consequences extend beyond the university sector into wider cultural, political, and bureaucratic life.

A diagram of this academic greenhouse effect is presented in Figure 9.

To understand the intensity of these pressures, it is necessary to recognise the unique ecology of the academic profession. Universities are highly networked

environments in which professional reputation circulates through informal channels as much as through formal evaluations. Scholars must secure favourable judgments from journal editors, peer reviewers, grant panels, hiring committees, and promotion boards. These processes are controlled, overwhelmingly, by colleagues who share similar ideological orientations. The small size of many fields, the repeated interactions among disciplinary peers, and the importance of collegial endorsement for career progression all create unusually strong incentives to conform to prevailing norms. For younger scholars on fixed-term contracts or seeking permanent positions, the risks associated with dissent are especially acute. As permanent jobs are scarce, disciplines become even more gatekept by those who already dominate senior ranks. It is therefore unsurprising that ideological minorities often choose silence or withdrawal as a means of self-preservation.

The decline of viewpoint diversity

Research in political science underscores the value of ideological pluralism within decision-making bodies. Studies of three-judge US appellate panels show that when panels contain at least one judge appointed by the opposing party, decisions tend to be more moderate, even when the majority still favours one ideological side (Sunstein 2019). Where ideological uniformity prevails, decisions are more extreme. This pattern is generalisable: viewpoint homogeneity fosters polarisation, while political diversity encourages moderation.

Universities exemplify this principle in reverse. As political variety has withered within the academic workforce,

incentives have shifted from rewarding scholars who bridge interpretive divides to those who most faithfully embody the ideological commitments of the dominant camp. John Ellis (2020) observes that in balanced environments, academic prestige accrues to individuals capable of reconciling competing intellectual frameworks. When the balance collapses, the incentive structure tilts decisively in favour of those who demonstrate uncompromising adherence to group norms. This tendency creates fertile ground for what Sunstein (2019) describes as 'opprobrium entrepreneurs' – fundamentalist figures who enhance their standing by intensifying moral expectations, policing deviations, and mobilising collective censure against offenders.

This dynamic is visible across British public life. The BBC has experienced repeated crises involving accusations of political or cultural bias, culminating in senior resignations following revelations about the editing of politically sensitive material. These incidents illustrate how internal cultures can drift away from wider public sensibilities, particularly when ideological homogeneity prevents internal self-correction. Mark Urban, a journalist who spent decades at the BBC, attributes these shifts partly to generational turnover. Younger journalists, socialised in environments steeped in activist vocabulary such as 'lived experience', 'structural harm', and 'silence is violence', imported these sensibilities into editorial processes. As Urban notes, challenging such framings carries reputational risks in workplaces where 'progressive' moral intuitions dominate. The effect is a self-reinforcing ideological bubble: dissenters become reluctant to speak, others internalise the costs of dissent, and institutional culture becomes more

uniform.[75]Parallel developments are observable in the civil service and research funding bodies. A 2024 study by former civil servants and Behavioural Insights Team members found that policy and communications staff across major UK public agencies disproportionately exhibit values associated with the 'Progressive Activist' values segment – around 60 to 90% in these organisations, compared with only 8% of the broader public (Ruda et al. 2025).

Meanwhile, big-data analyses of UK Research and Innovation (UKRI) grant abstracts show a dramatic expansion in research framed around themes of equity, diversity, inclusion, and social justice. Between 2000 and 2025, funding for such topics increased thirty-fivefold, with especially steep growth after 2015 (Kaufmann 2025). These trends suggest a broad cultural realignment within institutions that shape public discourse.

Wokeness as progressive moral intensification

To understand why ideological conformity exerts such strong pressures within universities, it is necessary to examine the moral system that underpins contemporary left-liberal political culture. Wokeness can be conceptualised as a secular moral order grounded in the sacralisation of historically marginalised groups defined by race, gender, and sexuality. Once identity groups become sacralised, criticism or deviation from approved narratives concerning these groups becomes taboo. Offending the sensibilities of even the most hypothetically sensitive group member is reframed not as disagreement but as a profaning of

[75] Urban, M. (2025) 'Liberal bias? Us?!' *Substack*, 8 November.

the sacred that violates the moral core of the community. Under such conditions, allegations of racism, sexism, or transphobia function as moral indictments rather than empirical claims. They carry an immense emotional charge and can trigger significant social or institutional penalties, regardless of their veracity.

This moral architecture draws on longer-term transformations in public ethics. Jonathan Haidt (2012) argues that contemporary progressives prioritise the moral foundations of care/harm and fairness/equality above all others. From the civil rights era onward, these moral intuitions increasingly attached themselves to categories of identity, beginning with race. Shelby Steele (2006) notes that antiracism emerged suddenly, around 1964–65, as a binding moral imperative across mainstream American culture. Paul Krugman recalls, like Steele, how this suddenly emerged as a taboo in polite society in the mid-1960s[76] .

This shift generated powerful expectations that white majorities virtue signal their opposition to racism and police ambiguous transgressions. To be accused of racism became what John McWhorter terms 'social death': people bent over backwards to avoid this risk while outrage entrepreneurs spotted an opportunity to weaponise the taboo to eliminate political opponents (McWhorter 2021). Over time, the scope of 'anti-racism' expanded, creating a hierarchy of moral sensitivity centred on minority identity categories.

The 2010s witnessed an intensification of this moral system, propelled by social media. Platforms such as Twitter incentivised online dogpiles operating via the 'like' button. Concepts such as 'white privilege', 'microaggression', and

[76] Krugman, P. (2013) 'Unacceptable prejudices', *New York Times*, 9 August.

'transphobic harm' migrated from radical academia into mainstream journalism, HR policies, school curricula, and political rhetoric. The collapse of traditional media advertising models accelerated this trend, as digital outlets shifted towards opinion-driven content that rewards emotional engagement (Ungar-Sargon 2023; Klein 2020). As Sunstein (2019) observes, social ties amplify group polarisation by using group pressure to quash dissent. This mechanism strongly shaped the 'Great Awokening' of the 2010s.

Cultural socialism

Cultural socialism applied Haidt's care/harm and egalitarian moral intuitions to the sacred woke totems of race, gender, and sexual identity. Unlike classical socialism, which targeted material redistribution, cultural socialism demands parity across identity categories in representation, language, and institutional practice. Under this view, disparities in representation are interpreted as evidence of structural injustice; subjective feelings of exclusion or emotional discomfort are treated as actionable harms; and institutions are expected to implement interventions – such as mandatory training, bias monitoring, and representational targets – to rectify such disparities and harms.

This ideology increasingly shapes university governance. Diversity statements are introduced into hiring; land acknowledgements appear on departmental websites; pronoun rituals become common; and HR policies integrate expansive interpretations of psychological harm. The cumulative effect is the institutionalisation of a cultural socialist moral order that enforces New Left ideological conformity.

Note that our ambient public morality is a form of soft cultural socialism, but that this cultural environment provides the legitimacy for upsurges of fundamentalism known as great awokenings.[77] That is, in the same way that a pious Muslim society acts as a seedbed for Islamic fundamentalism – unless there is a powerful counter-fundamentalist religious authority.

In thinking about how to reform universities, it is vital to understand the soft left ambient elite public morality within which higher education and other institutions operate. Rehabilitating universities' true purpose is partly an act of short-run political intervention, but cannot be fully secured without winning a long-run battle of ideas that goes beyond using government to defang cancel culture. We must also learn to rebalance our taken-for-granted, progressive, emotional architecture of taboos and victimhood narratives, dialling down their force so that they act as proportional penalties rather than instruments of sudden social death.

Universities and the wider culture

Universities constitute the central incubators and disseminators of the ideas that define cultural socialism. From the 1960s onward, academic fields such as postmodernism, critical race theory, gender theory, and multiculturalism provided theoretical foundations for identity-based activism. Applied professional schools – including journalism, law, education, social work, and medicine – translated

[77] Yglesias, M. (2019) The great awokening. *Vox*, 22 March.

these ideas into practices that later spread into the professions.

David Rozado's (2022) large-scale text analysis illustrates this pattern vividly. Examining 175 million academic abstracts alongside 25 million mainstream news articles, Rozado shows that themes related to racism, sexism, homophobia, and transphobia rose dramatically during each of three 'awokenings': the late 1960s, the late 1980s/early 1990s, and the mid-2010s. Figure 10 depicts the frequency of academic mentions in articles (bold line) and media mentions (dashed line) for racism-related (left panel), sexism-linked (middle), and homophobia-related (right chart). The first two awokenings of the late 60s/early 70s and late 80s/early 90s only took place on campus, with this cultural leftist spirit largely bypassing mainstream media. Hence the gap between the solid and dotted lines in each pane.

In the 2000s and 2010s, mainstream media lost their classified advertising revenue and were forced to pivot to a clickbait model based on stoking partisan emotion. Then, in the 2010s, social media bridged the campus and opinion pages more firmly as journalists and academics interacted in online networks. Virality on social media came to be especially prized (Klein 2020; Ungar-Sargon 2023). As Figure 10 reveals, the 2010s represent the first era in which mainstream media discourse closely tracked academic trends, demonstrating the extent to which radical academic frameworks permeated the wider culture.

It is important to note that universities' main line of influence over society does not come from the direct brainwashing of students, which is overstated. Longitudinal studies show that those who attend university experience



Figure 10. Academic and media mentions of political themes

Key: Bold lines = academic articles
Dashed lines = media mentions
Source: Rozado (2022)

little change in their political beliefs, moving left by, at most, a few points (Goldstein and Kolerman 2025). Rather, universities have their main effect by working through elite culture and institutions. Graduates carry academic frameworks into teaching, media, NGOs, public administration, and corporate HR, thereby influencing the institutions that mediate public discourse and social norms. Reducing student numbers or cutting lower-prestige programmes at new universities will not affect this process. The crucial drivers are the ideological orientations of elite universities and their graduates. That is where reformers need to focus their efforts.

Components of the greenhouse effect

The academic greenhouse effect operates through two illiberal mechanisms. *Hard authoritarianism* involves formal sanctions: speech codes, disciplinary investigations, speech-related complaints, or the use of HR processes to control academic expression. Although these incidents are relatively rare, their chilling effect is considerable. Even so,

the more significant constraints arise through *soft authoritarianism*: informal norms, social pressures, and reputational incentives that shape what academics feel able to say.

Hard authoritarianism begins with institutional codes of conduct, which are weaponised by activists to compel punishment of the transgressor. Universities increasingly adopt policies that frame disagreement or critical discussion as forms of harm or harassment. Widened definitions of 'psychological safety', 'hostile environment', or 'offensive speech' allow institutions to pursue disciplinary action against scholars whose research or public commentary triggers complaints. The presence of such mechanisms – combined with the well-publicised nature of disciplinary cases – produces widespread fear.

Soft authoritarianism is more pervasive. It arises through peer disapproval, social ostracism, hiring bias, and the implicit norm that colleagues must align with progressive values. It affects hiring and promotion rather than firing; funding, publication and networking rather than exclusion from the classroom.

The effects are profound. Even at universities with strong formal free-speech commitments, such as the University of Chicago, self-censorship remains high because the progressive slant of academics and the student body generates peer pressures to conform with the dominant tendency in the institution (FIRE 2022).

A political monoculture oxygenates both hard and soft authoritarianism. Institutional punishment worsens because, as John Ellis (2020) and Cass Sunstein (2019) argue, when the political composition of an institution shifts towards homogeneity, incentives for cultural entrepreneurs

change from focusing on positive sum moderation (to win maximum approval) to exemplifying communal values through fundamentalism. Sunstein's analysis of judicial decisions on three-judge panels where all judges are Republicans compared to when Republicans outnumber Democratic-registered judges 2:1 shows that while Republican justices win in both instances, they are less radical when panels have a 2:1 composition. This is because the minority viewpoint checks the tendency for partisans to push each other towards extremism. Viewpoint diversity keeps decisions tethered to reality and the median citizen. A monoculture allows the extreme to appear normal. This empowers the hard authoritarianism of cancel culture.

Viewpoint uniformity also increases the effect of soft authoritarianism because political discrimination hits harder. When colleagues are balanced 50:50, the conservative applicant can count on half the professoriate to discriminate in their favour to counterbalance those prejudiced against them. When the ratio moves towards 90:10, there are 9 prejudiced against the conservative candidate for every one in favour. For purely mathematical reasons, even if each side discriminates equally (which recent research[78] suggests is not the case), the effects of discrimination are borne almost entirely by conservative applicants. Soft authoritarianism thereby becomes more suffocating the more uniform a university's political composition.

Together, hard and soft authoritarianism interact to produce a hostile climate for dissent. This leads to avoidance: conservative, Zionist, or gender-critical young scholars choose not to enter academia. Middle-aged

[78] Carl, N. (2022) 'Who doesn't want to hear the other side's view?' *Medium*, 28 April.

conservatives exit, retiring early or changing careers. These developments deplete ideological diversity, further intensifying the conformist climate that drove dissenters away in the first place. The process generates a progressively less ideologically diverse academic environment, which worsens both hard and soft authoritarianism, increasing monoculturalism, and so on, giving rise to a Schelling-style doom loop (Schelling 1978).

Evidence for the academic greenhouse effect in Britain

Empirical evidence supports the 'greenhouse' model of illiberalism and monoculturalism. Let us begin with hard authoritarianism in British academia. While the Higher Education (Freedom of Speech) Act (HEFOSA) has introduced new enforcement mechanisms to limit institutional censorship, its half-hearted implementation by Labour – particularly the exclusion of student unions and the removal of individual plaintiffs' access to a statutory tort against their university – limits its impact. While its provisions only came into operation in August 2025, making it too early to discern its effect, data from Academics for Academic Freedom (AFAF), presented in Figure 11, shows that incidents of cancellation[79] – whether successful or otherwise – rose sharply in the late 2010s, mirroring US trends, and remained elevated after 2021 rather than declining, as in the US (FIRE 2025). Hard authoritarianism remains a bigger problem on campuses in Britain than in America.

[79] *Cancellation* refers to attempts to ban, punish, or sack individuals from speaking at universities in the UK and Ireland – often orchestrated by activists locally and/or online.

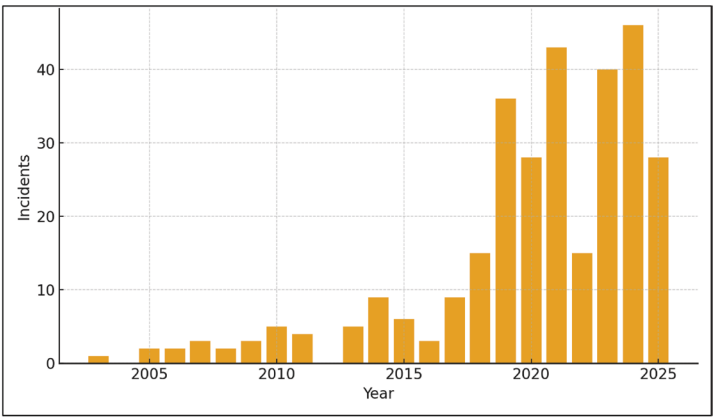


Figure 11. Cancellation incidents, UK

Source: Academics for Academic Freedom (AFAF) 'Banned List'.

Soft authoritarianism is, however, the stronger force behind the loss of academic freedom. My survey research, for example, shows that only a small minority of conservative academics feel comfortable expressing their political views to peers. In the UK, 80% of Leave-supporting social science and humanities academics conceal their vote from colleagues, as do 60% of Leave-supporting students (Kaufmann 2021; Simpson and Kaufmann 2019). In the United States, only one in ten Trump-supporting academics would disclose their political preferences to a colleague (Kaufmann 2021).

This is because many British academics are politically prejudiced to the left and the wise dissenter can reasonably presume that expressing a conservative view is, at best, career-limiting. In the UK, a third of academics would discriminate against a known Leave supporter in hiring. Among students and staff, the left-right ratio stands at around 6:1,

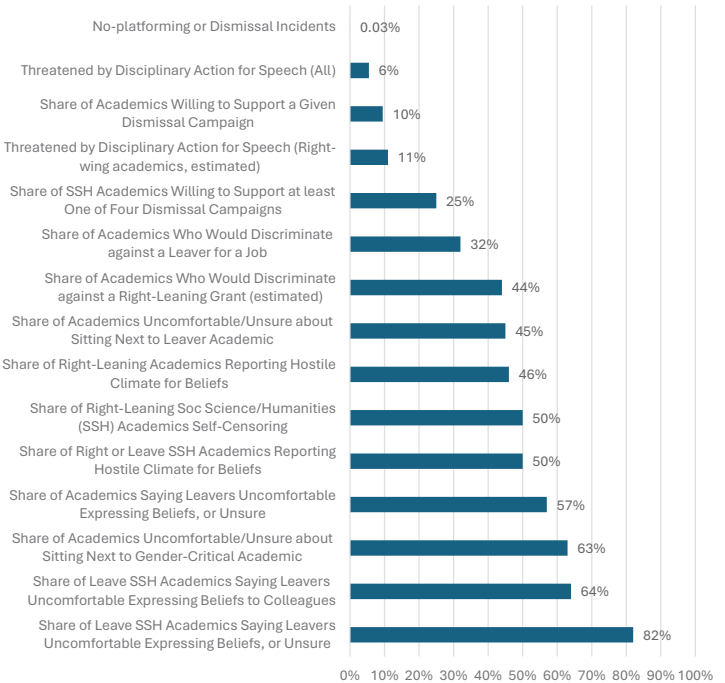


Figure 12. The 'iceberg' of threats to academic freedom in the UK

Source: Kaufmann (2021)

with an increasingly morally absolutist style that views political opponents as not just wrong but evil. Those on the left, or Remainers, are at least twice as likely to unfriend or block someone for their political views as conservatives or Brexiteers (Carl 2022). In a relatively skewed political climate, conformist pressure from colleagues bears down hard on dissenters, convincing them to clam up.

Figure 12 paints a picture of British academic attitudes based mainly on my survey research. Data comes from a

sample of 820 past and present academics drawn from the YouGov Profiles panel of several hundred thousand people who take surveys for the firm. It is thus not a self-selecting sample, with most academics on the panel taking the survey. It shows that while almost nobody has been fired, hard authoritarianism is a problem, with 1 in 10 academics on the right estimated to have been threatened or disciplined for speech by a superior, or by their institution. The same share would back a campaign to expel an academic doing controversial research in one of four hypothetical areas (empire doing more good than harm, traditional family producing better outcomes, diversity reducing solidarity, women and minorities worsening organisational performance).

Yet it is in the realm of soft authoritarianism where pressures are more ubiquitous. Half of conservative academics describe their departments as a hostile environment for their views and self-censor their opinions in research, teaching or discussion. In some studies, this rises to three-quarters of conservatives self-censoring (Kaufmann 2021; Goodwin 2022). Nearly half would not feel comfortable sitting down to lunch with a known Leave supporter and nearly two-thirds would not feel comfortable lunching with a gender-critical feminist. 8 in 10 Leave-supporting social science and humanities academics would self-censor these views when speaking with a colleague.

Younger academics and graduate students are twice as likely to back cancelling dissenters in one of the four scenarios as older cohorts, suggesting that progressive illiberalism is likely to intensify through cohort replacement as the median academic becomes a Millennial, and then a Zoomer. The typical senior academic in the 2040s may be

an illiberal 'progressive' who places sensitivity to racial and sexual minorities, or women, above free speech, changing the academic climate in a way that can no longer check the excesses of Rod Dreher's concept of therapeutic totalitarianism (Dreher 2022).

Both hard and soft authoritarianism produce self-censorship and a hostile environment, which purifies the profession politically. Graduate surveys show that young conservative graduate students in Britain and North America are significantly more likely to cite ideological mismatch as a reason to avoid an academic career track. I also find that non-progressive scholars are disproportionately likely to leave academia before standard retirement age. Together, these patterns produce rising progressive dominance as the feedback loop outlined in Figure 9 grips ever more tightly to produce the greenhouse effect.

Figure 13 shows that British academia shifted from a roughly balanced 47:35 left-to-right voting ratio in the

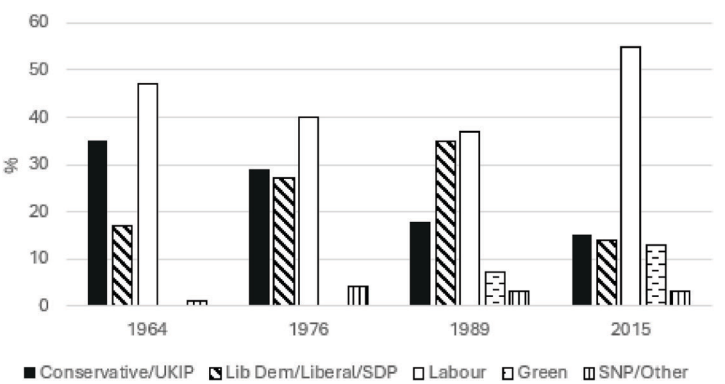


Figure 13. Voting choices of British academics (1964–2015)

Source: Hanretty (2016), Carl (2018).

1960s and 70s to 2:1 in the late 1980s, 4:1 by the mid-2010s, and over 6:1 today. Similar trends are documented in the US (Abrams 2016), Canada (Dummitt and Patterson 2022) and Western Europe/Australasia (Norris 2023). Goodwin (2022) shows that across a sample of elite universities in the UK, US, Canada, and Australia, social science academics leaned left to right by a 76:10 ratio. Moreover, the leftist majority was more politically extreme and intolerant: 70% of left academics disliked right-wing voters compared with just 36% of the right-wing minority who said they disliked left-wing voters.

Policy options

Counteracting the academic greenhouse effect requires government policy, civil society efforts, and cultural change. Strengthening formal protections by fully implementing HEFOSA is essential for combatting hard authoritarianism in Britain. Reintroducing a statutory tort would allow individuals to sue universities over breaches, further limiting institutional punishment. Extending academic freedom obligations to student unions is essential, as they frequently ban speakers or amplify cancellation campaigns.

Governments, as Hobbes and Locke noted, are important in protecting freedom from private violence and censorship, or corrupt and illiberal intermediate institutions. If one views society as consisting of three tiers – government, intermediate institutions, and citizens – then the Hobbes-Locke tradition is the relevant one in this instance rather than the Madisonian focus on government versus citizens (Turley 2022). The failure of associationalism to check corrupt institutions is one reason why elected gov-

ernment, the only institution outside the cultural left's control, becomes more important. For instance, the main UK university trade union, the Universities and Colleges Union (UCU), is ideologically extreme and therefore unable to protect the free speech of non-progressive staff. Thus the UCU has taken the trans activist position on an issue which, according to the Free Speech Union's external affairs spokesperson, amounted to 40% of its caseload.[80] Explicitly banning forms of compelled speech such as mandatory diversity statements or pronoun declarations would protect academic autonomy. Adopting the University of Chicago's Kalven Report principles on institutional neutrality[81] would end the practice whereby dissenters must violate official university pronouncements to exercise their academic freedom and speech rights.

Soft authoritarianism is more serious, and lies closer to the problem of viewpoint diversity. Yet it is more difficult to address. What can be done?

Managerial intervention in hiring – particularly in highly ideologised fields – is one possibility, mooted by Vanderbilt's Daniel Diermeier. This would see university leaders halting approval and funding for new hires in 'grievance studies' fields and radical specialisms within the soft social sciences and humanities. This would be replaced by efforts to rebalance the curriculum with tenure lines in traditional subjects such as diplomatic and military history, or controversial but sound approaches like evolutionary psychology, that might appeal less to progressives. The

[80] Freeman, C. (2025) 'How a Tory peer and his 28 staff turned the tide on non-crime hate incidents', *Telegraph*, 21 October.

[81] University of Chicago Office of the Provost (1967) *Report of the University's Role in Political and Social Policy* (The Kalven Report).

risks here are threefold: first, that progressive candidates in a tough job market will badge their interests to fit the disciplinary criteria before swiftly changing course once in post; second, that departments will label job ads broadly enough to catch a wide pool of applicants and effectively hire as before; and third, that even if a conservative or classical liberal slips through, they are both isolated and domesticated enough to remain in the closet.

A second option is to establish ring-fenced institutions that can incubate their own academic atmosphere. The United States has developed numerous heterodox centres and civic-thought institutes: established spaces such as the Hoover Institution at Stanford or the James Madison Program at Princeton; private institutes in college towns such as Cambridge, Massachusetts' Abigail Adams Institute; new schools for civic thought such as SCETL at Arizona State or the Hamilton Center at the University of Florida; and new universities such as the University of Austin or Ralston College.[82] There is now a growing ecosystem, even as it is relatively weakly networked, faces a shortage of quality recruits, and has concentrated on the humanities while neglecting heterodox social and historical research.

Britain has nothing comparable. The University of Buckingham has a neoclassical non-conformist tradition, but its direction is in peril in its fiftieth anniversary year, ever since the failure to renew the contract of the previous vice-chancellor. Moreover, most of its staff and student body leans left, hence there is no real haven from progressive peer pressure.

[82] See Conroy (2025a, 2025b) Conroy, J. Oliver, 'Move over, gender studies: the conservative tide coming for US universities', *Guardian*, 31 October 2025; 'The Battle for 'Viewpoint Diversity', *Inside Higher Education*, 2 September.

Given the paucity of private educational philanthropy in Britain outside prestige donations to Oxford and Cambridge, the only reasonable path forward for viewpoint diversity is to establish government funding for new centres. This means a pipeline of public money for non-progressive research institutes and schools of civic thought. This could operate through earmarked viewpoint diversity funding from government departments or via dedicated 'heterodox' UK Research and Innovation (UKRI) research council funding pots in the social sciences and humanities. Research assessment criteria under the REF could change to prioritise viewpoint diversity as a component of the scoring system. Needless to say, none of this is possible without a right-of-centre government willing to defy the educational establishment.

In the US, Republican higher education reform has correctly focused on Diversity, Equity and Inclusion, antisemitism, and the lack of viewpoint diversity at elite institutions rather than the politically easier non-ideological path of applying the financial squeeze to low value institutions and courses. Scrapping DEI in the name of emphasising meritocracy, non-discrimination, equal treatment, and compliance with the Supreme Court's decision in *Students for Fair Admissions v. Harvard* makes sense – even if the implementation has been needlessly arbitrary and retributive in tone. Removing cultural socialist (i.e. DEI) bureaucracy from higher education necessitates an active interventionist government that does not release its grip on universities when they attempt to shapeshift DEI using proxies and shiny new labels. The war on DEI in American elite universities has been vital in dismantling the administrative-policy complex that undergirds institutional wokeness on campus. This has helped free up the system for dissenters.

But it does not address the viewpoint diversity problem. To do so, Republican states and the Trump administration have raked universities over the coals for their ideological homogeneity while state legislatures have decreed that schools of civic thought be established in state flagship universities with public funds. Trustees appointed by Republican governors ensure that the leadership of institutes for civic thought are conservative, or at least not progressive. While leadership succession is always slippery – with many conservative institutes taken over by progressives in the past (Schalin 2015) – political energy from the state houses should ensure that schools retain a conservative or classical liberal ethos.

The rise of the new schools is a vital step because it gives rise to a new countercultural community which insulates dissenting scholars from the peer pressure that creates soft authoritarianism: hostile climates leading to self-censorship. My survey research shows that the political composition of an institution is by far the most important determinant of conservative self-censorship – whether for faculty or students. Without controlling the intellectual environment, heterodox viewpoints remain unspoken and unwritten, failing to rebalance our skewed production of knowledge.

Britain will likely have a left-wing government for several more years. In the meantime, therefore, one possibility may be to integrate heterodox academic research centres with conservative think tanks, leveraging their more secure funding and routes to media and policy impact. The IEA-Vinson Centre connection at the University of Buckingham is the paradigm case, and could serve as a blueprint for further initiatives. My own Centre for Heterodox

Social Science at the University of Buckingham is exploring similar links, in this case with the Prosperity Institute, where the Centre held its launch in February 2024.

Once these institutions are in full operation, they can reach out to willing parts of the progressive mainstream to engage in cross-political colloquia. I have personally profited from such fora (both at SCETL at Arizona State University and in a forum hosted by an American Enterprise Institute – Johns Hopkins partnership). The AEI-Hopkins link was made possible through cooperation between centrist scholars at Johns Hopkins and moderate conservatives at AEI. However, these civil but difficult exchanges, while productive, are unlikely to become the norm in a world where colleagues wish to let their hair down and be collegial.

I would say the same for adversarial collaborations between conservative and progressive scholars (Clark et al. 2022). They are pathbreaking for knowledge production, but socially and institutionally tricky in the present climate. The aim in my view should be to endow scholars with a firm 'home base' that is intellectually supportive, but to punctuate this with more adversarial arenas where competing views can clash to reach a higher truth. An ecology of viewpoint diversity should come first, followed by an architecture of cross-political interchange.

A final dilemma is worth considering in light of higher education reform in the United States – namely the tension between meritocracy and viewpoint diversity. Trump's purging of DEI raised the accusation that his accent on viewpoint diversity was 'affirmative action for conservatives', a contradiction. This critique makes sense insofar as the proposals for schools of civic thought go well beyond

instituting safeguards against non-discrimination. The emphasis on non-discrimination means that the Schools must rely on informal mechanisms, a political coding of the meaning of civics and the judicious appointment of trustees to ensure that the Schools remain countercultural.

One principled answer to this conundrum may be to consider political discrimination on a par with discrimination based on race or sex.[83] A policy of 'equivalent action' would mandate equal attention between promoting minorities and women, on the one hand, and conservatives on the other, with fines for non-compliance. Universities could dial both back or advance both, but would be prevented from advancing progressive categories while neglecting conservative ones (Kaufmann 2024). Requiring symmetry between identity-based diversity measures and political diversity measures would constrain the tendency of DEI initiatives to entrench progressive causes because doing so would mean pushing more conservative personnel and ideas into the university. By the same token, proponents of new heterodox centres or schools could point to existing progressive centres, departments and schools to justify their funding on the basis of equivalent action. This would place viewpoint diversity on a more secure ethical footing even as it may make the full gutting of DEI marginally more difficult.

In my view such a compromise is our best hope for reform because anti-conservative animus can easily coexist

[83] In the UK, under the 2010 Equality Act, 'religion or belief' is a 'protected characteristic' in the same way as race or sex. Case law has extended this category to include a range of secular beliefs such as ethical veganism and a belief in anthropogenic climate change. So far, political commitment or opinion is not protected in the same way.

with a 'merit'-oriented framework: discrimination in hiring and promotion is difficult to prove while the meaning of merit in many fields is elliptical and subjective. Merely removing institutional limits on freedom of speech and conscience, or equal treatment, is not enough when most speech pressure comes from peers. Creating new intellectual environments – beachheads of viewpoint diversity – is arguably more important. One day the ambient public morality surrounding universities may grow less focused on the equality and care/harm moral foundations as they apply to race, gender, and sexuality. This will open up the possibility of a new renaissance of free inquiry that can reconquer entire universities. Until then, reformers must focus on maximising both academic freedom and viewpoint diversity.

Conclusion

British academia has entered a self-reinforcing cycle that undermines intellectual diversity and academic freedom. Without intervention, the ideological sanitisation of universities will continue, with significant consequences for knowledge production and democratic legitimacy. Restoring viewpoint diversity is essential if universities are to fulfil their core mission of protecting the academic freedom to pursue truth.

10 THE BUCKINGHAM LICENCE: AN EXPERIMENT IN MARKET-LED HIGHER EDUCATION[84]

James Tooley

Introduction

Any higher education institution in England[85] wanting degree-awarding powers has to register with the Office for Students (OfS), an agency set up under the Higher Education and Research Act 2017. Registering with the OfS brings with it a huge range of regulations, with implications for content taught, teaching methods, employment of staff, and admissions of students, which drastically undermine educational independence.

Degree-awarding powers in England, as in many countries across the world (for instance Australia, India, Ireland, the Netherlands, and New Zealand) go in tandem with strict government regulations. However, is it conceivable to provide higher education without degree-awarding powers and hence freedom from these regulations?

[84] This chapter was previously published in *Economic Affairs* 44.1 (2024)

[85] In the UK, higher education is a devolved responsibility. Northern Ireland, Scotland, and Wales have their own regulatory bodies.

This article focuses on the case of the University College at Buckingham's 'licence' as an example of what is, or at least was, possible. The experiment lasted from the 1976 opening of the University College at Buckingham until the University of Buckingham was granted a Royal Charter in 1983.

To be clear, I am not discussing here higher education in countries which have permissive regulatory regimes, such as the United States, where there is no national protection of the title of university and degree-awarding powers (although some states have restrictions). In such countries, different issues could be explored, outside the context of this chapter. In certain states in the US, for instance, unaccredited institutions of higher education arise, often deemed to be low-quality and dubbed 'diploma mills', although conversely there are also unaccredited Bible colleges and seminaries, whose degrees do have considerable value in the market. Instead, this article asks: in countries where degree-awarding powers and the use of the university title are tightly regulated, is it possible to conceive of market-led higher education outside of this government tutelage? I argue that the case of Buckingham answers this question in the affirmative.

A potted history

By the late 1960s, notable academics in the UK were worried about the ways in which government was impinging upon university autonomy, and hence on academic freedom and scholarly excellence. They sought to launch a new university as a beacon for independence. This was not some fringe group: chaired by Sir Sydney Caine, Director of

the London School of Economics (LSE), the Planning Board for an Independent University included distinguished professors such as Oxford's Max Beloff, and the LSE's Michael Oakeshott and Alan Walters.

In the introduction to the seminal paper setting out the case for a new independent university, Arthur Seldon of the Institute of Economic Affairs wrote: 'For some years the increasing finance of universities by government has provoked thought on the urgency of at least one major centre of university teaching and research that would be free of government finance and therefore of government influence' (Seldon 1969: 4).

Professor Max Beloff, who was to become the first Principal of Buckingham from 1974 to 1979, outlined how the new independent university would be explicitly designed to challenge three commitments which 'have dominated the public approach to higher education in this country'. These were:

> a commitment to egalitarian at the expense of elitist values; a commitment to collectivism at the expense of individual or group initiative; and a commitment to conceal from the beneficiaries of higher education and the public at large the real costs of the expansion in the provisions for higher education (Beloff 1971: 20).

The greatest problem with universities, he wrote, is the 'inroads on their autonomy', which 'have led increasingly to their absorption into a single system like the Napoleonic *université* (ibid.: 22).

On 29 March 1973 the University College at Buckingham Limited was incorporated as a company limited by guarantee, that is, a non-profit company without shareholders. Classes started on 3 February 1976. The first Matriculation speech was given by Margaret Thatcher, then the leader of the Conservative Party and first female Leader of the Opposition in Parliament. 'I am here because I believe in an ideal', she said, 'and I believe that ideals are meant to be lived'. The ideal was of educational freedom: 'independence, we must remember, is not a gift', she said. 'It is not something that governments confer, but something that a free people enjoys – and uses' (Conservative Central Office 1976).

Buckingham was created under an 'extremely hostile Labour government' which 'ignored it, in the hope that it would fade away' (Hedgcock 1983). Indeed, the Department of Education and Science boycotted the inauguration (*Buckingham Advertiser* 1976).

The first graduation took place on 17 February 1978, hosted by Sir Ralph Verney (Vice-Lord Lieutenant of Buckinghamshire) with His Royal Highness Prince Philip, Duke of Edinburgh, in attendance. Of the 48 students who sat their finals, 43 were successful, in law, economics, and politics. There was one first-class honours award.

The Buckingham licence

But what exactly were the students graduating with? Herein lies a story of entrepreneurial flair against an adverse regulatory environment. There were two major innovations – the first of which led, not quite intentionally, to the second.

First, Buckingham was unique in that its undergraduate programmes were of two years' duration, rather than the three which had long been the norm in England. As one commentator put it, three-year programmes in the UK are 'sacrosanct … it has always been like that, for excellent reasons nobody can quite recall'.[86] Except reasons *could* be recalled: During the Middle Ages, Oxford and Cambridge were subject to plague during the summer months. Scholars were safer vacating the towns, avoiding the plague, and they could also help with bringing in the harvest back home. As Walden dryly noted, it 'being some time since anyone died of the plague in Buckingham', the Buckingham founders inserted an additional term where other universities have the long summer break. With the additional teaching time, undergraduates could complete degrees in two years, suffer no learning loss because of the extended summer holiday, and enter the labour market a year earlier and with one fewer year of accommodation expenses.

Financial efficiency arguments were also important for a new private university where every penny mattered. What was the sense in raising money to purchase land and buildings and employ staff, if these were fully used for only around half the year?

Second, however, students were graduating with 'licences' of the University College at Buckingham, not degrees as might be expected. These licences had no government imprimatur. And yet, awarding only these licences, the new university expanded over sevenfold in numbers (from 67 students in 1976 to 473 in 1982). How did this transpire?

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[86] Walden, G. (1992) 'When three into two will go', *Daily Telegraph*, 2 October.

The issue of what awards the new independent university could offer was discussed at the first meeting of the Planning Board for the Independent University, on 22 January 1969. A customary route to becoming a new university at this time was for a university college first to offer teaching for University of London external degrees. After some years doing this successfully, a putative university could petition for a Royal Charter and gain degree-awarding powers, or, less commonly, achieve the same through a private Act of Parliament.

Royal Charters can be traced back to medieval times in Europe, when monarchs began granting special privileges and legal powers to certain towns, guilds, or groups, to encourage economic development and to regulate and promote trade. Some of the earliest Royal Charters were granted to universities, including Oxford and Cambridge and their colleges, from the thirteenth century onwards.

The decline in the prominence of these charters in commercial life can be attributed to many factors, including the emergence of parliamentary systems, where legislative bodies took on a greater role in shaping laws and regulations, so reducing the exclusive authority of monarchs. Hence, their significance in commercial life diminished, replaced by more modern legal and regulatory frameworks that govern economic activities.

However, following the traditions of Oxford and Cambridge, institutions of higher education in the UK were spared the general desuetude of Royal Charters, as a result of a range of factors. Many universities and colleges have deep historical roots, often dating back several centuries, and the tradition and prestige associated with these institutions contribute to the continued value of Charters.

Moreover, donors and benefactors may be more likely to contribute to institutions with a long-standing and prestigious history, again associated with Royal Charters. From the late nineteenth century until 1992, all new universities except Newcastle, which was separated from the University of Durham by Act of Parliament, were created and given degree-awarding powers by Royal Charter.

Starting as a college offering University of London external degrees and then petitioning for a Royal Charter to become a university in its own right was the tried and tested route that had been followed by, amongst others, the Universities of Birmingham, Manchester, Bristol, Reading, Nottingham, Southampton, Hull, Exeter, Leicester, and Cardiff. Overseas institutions following the same route included the Universities of Ceylon, West Indies, Ghana, Ibadan, and Nairobi.

However, an alternative route to degree-awarding powers had opened in 1964 when the Council for National Academic Awards (CNAA) was established, to regulate technical higher education institutions known as 'polytechnics'. In 1972, an Academic Executive was established by the Planning Board for the Independent University, given the task of deciding between the options of the London external and CNAA degree routes.

Although a widely accepted and well-trodden pathway, the University of London option was seen as imposing 'an intolerable straitjacket' (Pemberton and Pemberton 1979: 64), and so the CNAA route was chosen. It may seem counterintuitive that the Planning Board would seek to be *directly* regulated by a central government agency rather than *indirectly* through the University of London. This may have been because of the role of Lord Hailsham, who was

closely involved with the new university, unveiling its foundation plaque and becoming the first 'Visitor' of the university on 3 May 1974 – and later in 1983 becoming its first Chancellor. The CNAA had been inaugurated when Lord Hailsham (then known as Quintin Hogg) was secretary of state for education and science; it may have been felt that he could extend some influence over it.

On the other hand, in his speech unveiling the foundation stone, Lord Hailsham pointed out that going to the CNAA was 'some derogation from the bold ideal of absolute independence'. However, he continued, 'there seems no other way of doing justice to students who commit their future to a new institution, and are entitled to expect something of objective value recognised by the outside world as the result of their studies' (Hailsham 1974). In other words, even those at the forefront of promoting independence in higher education could see no alternative to state endorsement as the way of achieving recognition.

At the time there would have been a range of certificates that were issued by private sector bodies and *not* endorsed by the state. Examples would have included the newly created International Baccalaureate, music certificates, and martial arts awards (see Tooley 2021). It is interesting that no equivalent contemporary examples of alternatives to state recognition could be thought of in higher education.

Negotiations

In 1972 the Academic Executive of Buckingham informally approached the CNAA, reporting back to the Planning Board that no difficulties were envisaged, as long as the new institution didn't call itself a University; 'University

College' would suit nicely. Negotiations with the CNAA began, with good progress made between April and November 1973 discussing the first course, a two-year law degree. However, it was the two-year nature of the programme that was to be the major obstacle, as set out in a letter dated 28 November 1973 from the CNAA to the Principal, Max Beloff. Degrees were of three years' duration, the CNAA declared, and there could be no exceptions.

Beloff replied at length to the CNAA on 22 February 1974: 'The Buckingham two-year degree', Professor Beloff wrote, 'should be called an eight term degree, since there will be four terms, each of approximately 10 weeks, in every calendar year'. He pointed out that this total of 80 weeks for the course compared favourably with the 72 weeks overall for an Oxford and Cambridge degree. He highlighted the mode of instruction:

> In formal teaching, the hours of class work per week are substantially the same as those of universities offering a three year degree course. Since these hours include a high proportion of tutorial teaching – much higher than in most modern universities and comparable with that given at Oxford and Cambridge – there is no doubt that the highest standards can be maintained within the eight term degree (Quoted in Pemberton and Pemberton 1979: 66).

The CNAA stalled, saying they would not be able to reach a decision until their next full meeting of Council on 21 May 1974. The Board of the new University College at Buckingham by this time was getting nervous – they had

wanted to open to new students in April 1975, a date fast approaching.

On 8 July 1974, the CNAA sent a delegation to Buckingham. Because the University College buildings were being renovated, meetings were held at the Swan and Castle (now the Villiers) Hotel. At these meetings, 'The proposal for a two-year degree course was probed in detail, and it was apparent that this was a topic fraught with difficulty' (Pemberton and Pemberton 1979: 69). So it was 'not entirely unexpected' when the CNAA wrote to Buckingham at the beginning of August 1974 that they were *not* 'prepared to accept' two year degrees. Rather than seek recognition for three-year degrees, Buckingham withdrew from the negotiations. The Board decided that 'to obtain for its students the reassurance which the CNAA's imprimatur might have provided would have required too great a sacrifice of freedom in such central matters as curriculum design and the structure of the academic year' (ibid.).

Enter the 'market solution'

So what was to be done? The Planning Board decided to name the Buckingham qualification a 'licence', and pursue a genuinely free-market alternative to government-sanctioned degrees. They aimed to gain recognition for the licence from a portfolio of 'end-users', and then publicise this widely to prospective students. The aim was to show potential employers and other universities that a Buckingham licence was considered equal to a normal degree.

A letter in *The Times* (17 August 1975) set the tone, being 'signed by representatives of six of the country's leading companies'. This stated:

> As heads of companies which recruit widely among university graduates, we would like to put on record that we look forward to welcoming applications from future graduates of Buckingham and will certainly accept Buckingham degrees [*sic*] as evidence of their qualifications (quoted in Pemberton and Pemberton 1979: 70).

Second, overtures were made to the legal profession; and the Law Society (for solicitors) and the Council of Legal Education (for barristers) both wrote to the University College that they were persuaded that the Buckingham law licence was equivalent to any law degree awarded by recognised British universities (Law Society 1975; Council of Legal Education 1975).

Third, after Buckingham's approaches, the Association of Cost and Executive Accountants, the Institute of Chartered Accountants in England and Wales, and the Institute of Chartered Secretaries each agreed that Buckingham licences were equivalent to degrees from elsewhere. Other groups took slightly longer to persuade, but by 1981 the Civil Service Commission and the Armed Forces had also accepted that Buckingham licences were equivalent to degrees.[87]

Finally, external examiners for University College at Buckingham programmes were recruited by the Registrar on the explicit basis that they apply equivalent standards of marking to those they would at any other recognised university. Indeed, as the second Principal, Professor Alan Peacock, pointed out, this was a two-way process: 'No

[87] Stevens, A. (1983) How licences became degrees at Buckingham. *The Observer*, 20 February.

better indication of [equal] recognition can be given than the fact that several senior academic staff (at Buckingham) are presently external examiners … for other universities, including Oxford, Cambridge, St Andrews, London and Liverpool' (Peacock 1982: 3).

By the time of the third student intake in 1978:

> It was possible not just to claim, but also to prove from experience, that for most practical purposes a student coming to Buckingham was on an equal footing with a student reading for an honours degree in corresponding fields in British universities' (Pemberton and Pemberton 1979: 74).[88]

From market-led licence to Royal Charter

In 1982, Professor Alan Peacock opened the Prospectus acknowledging that 'The process of *de facto* recognition of the Licence seems to be approaching completion'. Hence, 'The Council of Management has now decided that this is the right moment to petition Her Majesty-in-Council for a Royal Charter' (Peacock 1982: 3).

Recall that the original aim had been for the University (College) to prove itself for a number of years, and then seek a Royal Charter. Having proven itself, the Royal Charter route was now available to take.

[88] Licences of the University College at Buckingham were held by many in high esteem. When the Royal Charter was awarded in 1983, earlier graduates were offered the chance to convert their licences to degrees. Many did not do so. One wrote, 'The Licence is a unique qualification and I would be reluctant to relinquish membership of the exclusive band of its holders.'

However, the *de facto* recognition was a much greater accomplishment than what was originally set out to achieve. The University College had proven that a purely market-driven institution could create a completely new market-led qualification to which end-users such as the law and accountancy societies, the civil service and armed forces, and other universities gave a value equal to government-endorsed qualifications. This was so much more significant a step than simply achieving successful teaching towards CNAA or University of London degrees for a number of years. Indeed, *de facto* recognition could arguably have become the legitimate end-goal for an independent, market-led university, rather than a stepping stone to state sanction through a Royal Charter.

This argument (although present in contemporaneous discussions[89]) did not carry the day, and so it was that the University College at Buckingham applied for its Royal Charter. Just as for the CNAA application, it was by no means a foregone conclusion that it would be granted. *The Times Higher Education Supplement* speculated that the 'University Grants Committee, the Committee of Vice-Chancellors and Principals and the Council for National Academic Awards' would have been unlikely to support the application.

However, the Royal Charter was awarded on 11 February 1983,[90] with the formal presentation on 23 July 1983. It

[89] Personal communication from Professor Martin Ricketts.

[90] The story goes that Professor Alan Peacock went to London to pick up the Royal Charter, and was directed to a dingy back entrance to the Department of Education and Science where a taciturn janitor eventually located it (having gone off to rummage through piles of dusty old paper where it had somehow become lodged). Professor Peacock was asked for identification before the charter was handed over. All he had

must be stressed that being awarded the Royal Charter was seen by many as heralding a victory for the principles of the independent university: the *Birmingham Post* (1983) noted that the 'University College at Buckingham, which has been quietly notching up successes since it was opened by Mrs Thatcher in 1976 … will be the only full-blown university financed by private means and not dependent on central Government grants'. *The Australian* noted that the Royal Charter made Buckingham 'theoretically equal to Oxford, Cambridge and all the rest' (Hedgcock 1983).

The award of the Royal Charter showed, said *The Times*, that:

> academic institutions can survive apart from the apron strings of the University Grants Committee; that degree-level tuition is not tied to a fixed three-year undergraduate course; that staff can prosper without a long vacation. Buckingham's success is a useful reminder that from humble beginnings (its classrooms occupy former stables and barracks) institutions of note can grow.[91]

The Economist[92] took a similarly positive line in favour of the independent university: 'As the government has applied the scalpel to university funding, Buckingham has prospered.' It compared Buckingham to 'Enterprising universities … such as the London School of Economics',

available was his American Express card. According to his rendition, the response, echoing the famous advertisement of the time, was 'that will do nicely sir'.

[91] *The Times* (1983) 'Graduation day for Buckingham', 18 February.

[92] *The Economist* (1983) 'Royal charter for Buckingham', 9 February.

which 'have likewise reduced their dependence on government grants as fast as they can'.

So on the one hand, the award of the Royal Charter could be seen as notching up a victory for independence. A small, independent university without any government funding had achieved the accolade of a Royal Charter and with it degree-awarding powers in perpetuity.

However, it is interesting to note that in newspapers at the time an alternative perspective was also voiced, from surprising quarters, reflecting the alternative market approach that some at the University also held. The leader in the *Times Higher Education Supplement* noted:

> The founding principle of Buckingham was that it should be entirely free from state control. … Now it has been compromised … by the successful campaign to win a Royal Charter. A free university, which is what Buckingham aspires to be, should not require the bureaucratic endorsement of the state.
>
> The simple truth is that Buckingham should never have been granted a Royal Charter and, more importantly perhaps, it should never have asked for one.[93]

The Observer (1983) made the same point: 'Now Buckingham is to become a university like any other, the question must be how long it can retain its ideological purity.'

Was the Royal Charter then a victory for independence or a betrayal of market principles?

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[93] *Times Higher Education Supplement* (1983) 'A charter for Buckingham', 25 February.

Conclusion

Fast-forward to the present day and it would seem that quite a strong case could be made for the second view. The higher education regulator, the Office for Students (OfS), classifies providers of higher education into two categories, 'approved (fee cap)' and 'approved', which *prima facie* coincides with what people think of as 'public' and 'private' respectively.

Universities under the first heading are subject to 24 sets of regulations, covering an enormous range of territory, including access and participation (A conditions); quality and standards (B conditions); protecting student interests (C conditions); financial sustainability (D conditions); good governance (E conditions); providing information (F conditions); and fees and funding accountability (G conditions).

Universities under the second heading, which include the University of Buckingham (supposedly 'independent'), are subject to 21 of the 24 conditions. The three exceptions – the ability to set one's own fees; not being held accountable through an access and participation plan (which restricts universities' abilities to conduct student admissions as they wish); and not having to enter the Research Excellence Framework, a process for ranking universities which many consider to distort the research process (Tooley and Craven 2018; see also Chapter 7) – are three freedoms worth having. But arguably these are dwarfed by the 21 remaining sets of regulations which potentially impinge upon most aspects of university autonomy, including course content and delivery, teaching quality, and staff recruitment.

Alarmingly, Royal Charters can now be revoked by the new regulator, even if, like Buckingham's, they were supposedly granted in perpetuity (Higher Education and Research Act 2017, s. 45; OfS 2022, para. 269). In other words, the hard-won accolade of the Royal Charter, which gave such a fillip to the independent university, is vulnerable to regulatory removal by a bureaucratic fiat.

Could a new institution go the free-market route that Buckingham originally embraced? Under the current regulations (OfS 2022, paras 58, 70) it would be difficult, but not impossible. It could not have degree-awarding powers; Buckingham showed that was not required. It could not call itself a university; again, Buckingham showed that that was not essential. It couldn't access public funding or student support; these would not be obstacles to a free-market alternative. The major stumbling block may be that, without registering with the OfS, it could not acquire a Home Office Tier 4 licence, and hence could not bring in international students. However, negotiations may be possible with the Home Office to explore other routes for international student admissions. It's a further question, of course, whether any of the potential end-users of free-market certification would be as open to Buckingham-style innovations now as they were then, or whether the regulatory state is now much more all-encompassing, hindering escape.

Nevertheless, a tantalising 'what if …?' question remains. What if the University College at Buckingham had continued with its market-driven licence awards, without the Royal Charter? Could it have avoided being sucked into the current regulatory quagmire? Would its existence have provided an example for others to follow, and

a counterbalance to the government's demand for increasing regulatory encroachment?

Perhaps it could have been different. In any case, a role for a university like Buckingham today is to point out the excesses of the current regulatory regime – not just for so-called 'independent' universities, but for all of England's universities – and to detail potential alternatives.

11 ARTIFICIAL INTELLIGENCE AND THE END OF THE IVORY TOWER

James Stanfield

This chapter takes the form of a thought experiment to explore how higher education might evolve over the coming decades in response to advances in artificial intelligence and the deregulation of the sector. A scenario set in 2050 is constructed through a series of case studies following the deregulation of the sector in 2030. The purpose is not to claim that this future will occur exactly as described, but to use it as a lens through which to interrogate the assumptions, constraints, and possibilities shaping higher education today. Higher education is often assumed to be a fixed system, but this hides the extent to which it is shaped by regulation, funding structures, and historical convention. By removing or altering these constraints, thought experiments reveal how different the system could be and how quickly it could change. Hopefully it will help policymakers, researchers, and practitioners to think more critically about the direction of travel and the consequences of maintaining the status quo.

This chapter has been written with the support of *ChatGPT 5.4 Thinking*, which showed a remarkable ability to look into the future and describe different possibilities.

Introduction

We are in the year 2050 and following the deregulation of higher education reforms introduced in 2030, the UK now has one of the world's most innovative higher education sectors. This chapter will aim to bring the reader up to date with some of the key developments over the last twenty years. It begins with a case study of a traditional university that successfully reinvented itself in response to growing competition. This is followed by the introduction of six new higher education providers that have emerged in the reformed sector, along with an explanation of how systems of 'regulation without the state' developed to ensure quality and trust. The chapter then explains why the traditional Higher Education Credit Framework was eventually abolished and describes the new system that replaced it. Finally, it concludes with an overview of the key reforms introduced in 2030 that made these changes possible, followed by some final reflections on the thought experiment.

Reinventing the university: University X

In 2030, the UK government introduced reforms designed to increase competition and innovation in higher education. The reforms allowed new providers to enter the market, and encouraged the development of shorter, AI-enabled qualifications. Universities were no longer protected by traditional degree structures or funding models that favoured long, standardised programmes. Instead, institutions were required to compete on cost, learning outcomes, flexibility, and labour market relevance.

By 2050, University X has emerged as one of the most successful examples of institutional adaptation. Instead of defending the traditional three-year degree model, University X fundamentally redesigned its educational offer. It retained the strengths of the university, community, research, and intellectual development, while transforming the way learning is delivered, assessed, and credentialed.

The reform strategy

University X's transformation was built around a simple principle: the traditional degree had bundled together many different services – teaching, assessment, social development, credentialing, and professional networking – into a single expensive package. In the new competitive market, students increasingly demanded the freedom to purchase these elements separately. University X therefore 'unbundled' the degree and rebuilt its educational model as a flexible learning ecosystem.

The university introduced a stackable system of qualifications allowing students to progress through short certificates, professional diplomas, and degree-equivalent qualifications at their own pace. Many programmes that previously required three years could now be completed in twelve months, depending on the learner's prior knowledge and the speed at which competencies were demonstrated. Students who chose to leave earlier did not 'drop out'; instead, they exited with recognised qualifications that carried labour market value.

At the heart of the new system was the integration of adaptive artificial intelligence. Every student at University X was assigned an AI learning tutor capable of monitoring

progress, diagnosing knowledge gaps, and dynamically adjusting learning pathways. Routine teaching functions such as content delivery, practice exercises, and formative feedback were largely handled by the AI system. Academic staff shifted away from lecture delivery towards higher-value activities such as mentoring, project supervision, ethical debate, and interdisciplinary problem solving.

Competency-based learning

University X replaced fixed academic timetables with competency-based progression. Instead of completing a set number of weeks in a classroom, students progressed once they demonstrated mastery. Assessments moved away from traditional written examinations and towards continuous performance evidence, simulation-based testing, and oral defence of real projects. For example, business students were required to design and operate a small venture, with financial performance and strategic decision-making forming part of their assessment. Students in tourism programmes developed and managed live travel experiences in partnership with industry organisations. Nursing students trained extensively in AI-driven clinical simulations before moving into supervised healthcare placements. This approach allowed students to acquire real-world experience much earlier in their education.

Campus redesign

As digital learning expanded, University X repurposed its physical campus. Large lecture theatres were gradually replaced by collaborative studios, simulation laboratories,

and maker spaces. Facilities were designed to support activities that could not easily be replicated online: experimentation, creative production, teamwork, and immersive problem solving. The residential experience also remained an important part of the university's offer. University X recognised that many students still valued the opportunity to leave home, build independence, and develop social networks. Residential learning communities were therefore redesigned to combine independent living with structured peer collaboration, entrepreneurship projects, and leadership opportunities.

Industry integration

One of the most significant changes at University X was the development of sector-based 'guilds' in partnership with employers. These guilds functioned as collaborative ecosystems linking students, faculty, and industry partners within specific economic sectors such as digital technologies, healthcare, environmental engineering, and creative industries. Through these guilds, students worked on live industry projects, gained access to mentoring from professionals, and built portfolios of verified performance evidence. Employers increasingly relied on these portfolios when recruiting graduates, as they provided richer evidence of capability than traditional degree classifications.

Affordability and transparency

Competition from new education providers forced University X to rethink its cost structure. By replacing lecture-based teaching with AI-supported learning and by

allowing students to progress more quickly, the university significantly reduced the average cost of obtaining a qualification. University X also introduced transparent pricing. Students could clearly see the cost of individual learning components, AI-supported knowledge modules, practical laboratories, residential experiences, mentoring, and credentialing services. This transparency enabled students to design pathways that matched both their financial circumstances and their career goals. Outcome data was also published openly. Prospective students could access information on completion times, employment outcomes, and graduate earnings for different pathways. This level of transparency was intended to help students make informed decisions and to reinforce the university's accountability in a competitive market.

Looking ahead

Looking towards 2060, University X's strategy focuses on lifelong learning. Rather than viewing education as a one-off stage completed in early adulthood, the university now positions itself as a long-term partner in professional development. Alumni maintain access to AI learning systems, industry guild networks, and short reskilling programmes throughout their careers. University X is also expanding its use of dynamic skill portfolios – digital records that document a learner's evolving capabilities, project outcomes, and professional reputation. These portfolios are increasingly used by employers to evaluate candidates and are expected to complement or, in some sectors, replace traditional degrees as signals of competence.

University X's experience illustrates how universities can adapt successfully to a deregulated and technologically transformed higher education landscape. By embracing AI-enabled learning, competency-based progression, and close collaboration with industry, the university has reduced costs while increasing the practical relevance of its qualifications. At the same time, it has preserved the social and intellectual benefits traditionally associated with university life. In doing so, University X demonstrates how universities can remain relevant in an era where knowledge is abundant, technology is transformative, and students expect education to be both flexible and affordable.

Six new higher education providers

Despite the reforms introduced in 2030, several global companies remained dissatisfied with the lack of innovation across the sector and decided to offer their own AI-enabled learning experiences. By 2050 the following six examples are now well established in the market.

Google DeepLearn Global operates a fully AI-orchestrated global learning grid. Learners subscribe to a lifelong learning stream rather than enrolling on degrees. AI continuously analyses labour market data, personal cognitive patterns, and global research outputs to auto-generate personalised curricula updated daily. Students learn through immersive mixed-reality simulations and AI-moderated global peer networks. Assessment is continuous, invisible, and skill-verified through real-world project outputs. Employers trust DeepLearn credentials because they are dynamically validated against live workplace performance data.

Amazon TalentForge integrates learning directly into global employment ecosystems. Individuals begin learning pathways while working in micro-apprenticeship roles across Amazon's global partner network. AI workforce models predict future skill shortages five years ahead and automatically recruit learners into funded training pipelines. AI mentors monitor performance minute-by-minute, offering cognitive coaching, emotional resilience training, and productivity optimisation. TalentForge eliminates the separation between learning and employment. Instead of graduating, learners continuously unlock higher earning tiers.

OpenAI Personal Knowledge Architect (PKA) is not an institution but a lifelong cognitive co-pilot. Every learner owns a sovereign AI that builds a unique knowledge architecture based on personal goals, ethics frameworks, and neurological learning preferences. The AI negotiates with employers, assembles learning experiences from global providers, and generates bespoke simulations based on real-time global challenges. It can design entirely new disciplines tailored to emerging industries. By 2050, many people no longer attend education providers; instead, they curate personal knowledge ecosystems.

Tencent Civilization Learning Network operates massive civilisation-scale learning environments where students solve global problems collaboratively. AI generates synthetic but scientifically accurate planetary simulations (climate systems, economies, political systems) where learners test policy interventions in real time. Credentials are awarded based on contribution to solving simulated or real global crises. Governments and corporations recruit directly from top simulation performers.

Apple LifeCampus Network operates premium residential learning cities combining living, learning, health, and career development. Residents live in small peer cohorts matched by AI for complementary personality traits, career ambitions, and psychological compatibility. AI coaches track wellbeing, productivity, and skill development, offering daily guidance. Learning happens through project-based challenges set by global industry partners. Residents rotate between global campuses every three months to build cultural intelligence and networks. Unlike universities, LifeCampus guarantees interview pipelines into partner companies. The social experience is intentionally designed and independence is scaffolded through financial literacy coaching, shared governance, and AI-supported life management training. An increasing amount of Apple's philanthropic work is now done through these programmes by offering scholarships to students from low-income families.

Unilever Global Citizenship Residencies are residential academies focused on leadership, sustainability, and global development careers. Learners live in diverse international cohorts working on real supply chain, climate, and public health projects. AI tracks collaboration, ethical decision-making, and leadership behaviours. Residents receive responsibility for managing micro-budgets, local social enterprises, and community impact projects. Social independence is a core curriculum outcome and learners must demonstrate financial management, conflict resolution, and cross-cultural competence. Graduates move directly into global leadership pipelines across industry, NGOs, and public sector. The residential experience is designed explicitly around employability and adult capability formation.

Regulation without the state: the rise of CivicGrid Learning

Following the deregulation reforms introduced by the UK government in 2030, the higher education sector evolved into a far more open and competitive marketplace. The reforms removed many of the traditional regulatory barriers that had historically limited who could issue recognised qualifications. Instead of relying on a single government regulator, the sector increasingly developed systems of private governance. Accreditation bodies, independent assessment organisations, insurers, reputation platforms, and employer networks collectively created a framework of trust that ensured quality and accountability. By 2050 this system had become the dominant way in which new higher education providers established credibility. The experience of CivicGrid Learning, an AI-native education provider founded in Manchester in the late 2040s, illustrates how this decentralised regulatory ecosystem operates in practice.

Launching a new provider

CivicGrid Learning entered the market with a 10-month qualification in AI-assisted health logistics, a rapidly growing field focused on the coordination of hospital supply chains, emergency response systems, and predictive healthcare infrastructure. The programme combined AI tutoring, simulation-based training, and short workplace placements. Although CivicGrid was able to deliver teaching quickly using advanced AI learning systems, its greatest challenge was not pedagogy but credibility. In a

deregulated environment, a new provider could not rely on statutory recognition to establish trust. Instead, it had to demonstrate quality to students, employers, and investors through a network of private regulatory institutions.

Accreditation through competing quality marks

The first step for CivicGrid was to obtain accreditation from recognised independent assurance bodies. In 2050, multiple accreditation brands exist, each specialising in different aspects of educational quality. CivicGrid chose to apply for two widely respected marks. The first was the Learning Integrity Mark (LIM), which emphasised academic standards, secure assessment systems, and strong student protection policies. The second was the Employer Guild Standard (EGS), a certification developed by major employer associations to signal that a qualification aligns closely with industry competency requirements. Both accreditation bodies conducted extensive audits of CivicGrid's programme design, assessment model, governance structure, and student protection arrangements. Accreditation was voluntary, but it was effectively essential for market credibility. Without recognised quality marks, employers would not recognise the qualification and students would be reluctant to enrol.

Independent assessment and credential verification

Another defining feature of the 2050 system is the separation of teaching from certification. CivicGrid could design and deliver learning experiences, but final credentials were validated through an independent assessment pro-

vider. For this purpose, CivicGrid partnered with NorthStar Assessments, a specialist organisation responsible for conducting high-stakes professional examinations and simulation-based testing across multiple education providers. NorthStar reviewed CivicGrid's curriculum and developed a standardised assessment framework to ensure that graduates met measurable competency thresholds.

Students therefore completed their learning with CivicGrid, but their final professional certification depended on passing NorthStar's independently administered performance tests. This arrangement ensured that employers could trust the qualification regardless of where the teaching had occurred. All credentials were recorded in a secure digital registry used across the higher education sector. This system allowed employers to instantly verify qualifications and review performance evidence associated with each graduate. As a result, fraudulent or unverified credentials became extremely difficult to use in the labour market.

Insurance as a mechanism of quality control

A crucial layer of regulation in this ecosystem is provided by the insurance market. Before CivicGrid could enrol large numbers of students, it had to secure several forms of insurance coverage. These included teach-out insurance, which guarantees that students can complete their studies elsewhere if a provider collapses, and outcome assurance insurance, which compensates students if a provider fails to deliver the services it promised. Insurers conducted their own rigorous audits before offering coverage. They examined CivicGrid's financial stability, assessment integrity

systems, student support mechanisms, and the reliability of its AI teaching technologies. Only after CivicGrid implemented additional safeguards – including external monitoring of its AI systems – did it secure affordable insurance premiums. In practice, insurers became powerful regulators of provider behaviour. A provider that failed to meet standards could quickly lose coverage, making it impossible to operate in the market.

Reputation and transparency

Beyond accreditation and insurance, CivicGrid's success depended heavily on reputation. By 2050 several independent data platforms monitor higher education providers and publish transparent performance indicators. These platforms track completion rates, employment outcomes, employer satisfaction, and student experience metrics. CivicGrid's graduates initially achieved strong employment outcomes, and these results were publicly visible on national learning dashboards used by prospective students. Positive ratings on these platforms rapidly increased CivicGrid's enrolments. Conversely, poor outcomes would have been equally visible and could have damaged the provider's reputation within months.

Employer recognition

The final stage of CivicGrid's regulatory journey involved gaining recognition from the National Health Logistics Guild, a professional network representing hospitals, healthcare providers, and logistics specialists. The Guild maintains a list of approved training pathways for roles

within its sector. After reviewing CivicGrid's curriculum, assessment evidence, and graduate performance data, the Guild formally recognised the qualification as meeting its competency standards. This recognition meant that CivicGrid graduates became eligible for fast-track recruitment into participating healthcare organisations. In effect, employer recognition functioned as the final layer of market validation. Once the Guild endorsed the programme, CivicGrid's credentials gained immediate labour market value.

Conclusion

CivicGrid Learning's experience illustrates how regulation without the state can operate within higher education. Instead of relying on a single government regulator, quality assurance emerges through a network of institutions including accreditation bodies, independent assessment providers, insurers, credential registries, reputation platforms, and employer organisations. This reflects wider arguments in political economy that regulation can be provided through systems of private governance, voluntary standards, and market-based mechanisms rather than centralised state control (Blundell and Robinson 2014; Ostrom 2010). Each element performs a different regulatory function. Accreditation signals programme quality, independent assessments ensure competency, insurance protects students, reputation platforms provide transparency, and employer recognition determines labour market relevance. Together these mechanisms create a system in which providers must continuously demonstrate credibility in order to survive. By 2050 this decentralised regulatory model has allowed new entrants to innovate rapidly while

maintaining high standards of accountability. The CivicGrid case shows how trust can be generated not through centralised government control but through overlapping systems of private governance and market discipline (Klein 1997).

Reforming the higher education credit framework

One of the less visible but highly significant reforms introduced alongside the deregulation of higher education in 2030 concerned the Higher Education Credit Framework (HECF). For decades, the credit framework had served as the accounting system of higher education. It allowed universities to structure degrees into modules, measure learning volume, and facilitate credit transfer between institutions. A typical undergraduate degree consisted of 360 credits accumulated over three academic years, with each credit representing a defined number of hours of student learning. While this system worked reasonably well within a traditional university model based on standardised courses and fixed timetables, it proved increasingly incompatible with the new competitive landscape that emerged after the 2030 reforms. As shorter AI-enabled qualifications, employer-led programmes, and competency-based pathways began to proliferate, the limitations of a credit system based on learning hours became increasingly clear.

Limitations of the traditional credit framework

The traditional credit framework assumed that learning occurred in structured academic modules delivered over a defined period of time. Credits were awarded largely

according to the estimated number of hours students spent studying. This approach reflected a model of education in which students progressed through programmes at roughly the same pace. However, by the mid-2030s new educational models were emerging that challenged these assumptions. Adaptive AI tutors allowed students to learn at very different speeds. Some learners could master material quickly and move on, while others required additional time and support. At the same time, new providers including employers, technology companies, and professional training organisations began offering highly targeted qualifications focused on specific skills or competencies. In this environment, measuring learning in terms of hours spent studying became increasingly difficult to justify. What mattered more was demonstrated capability rather than time spent in a classroom or online module.

The reform of the credit system

In response to these changes, policymakers and sector organisations began reforming the credit framework in the late 2030s. Rather than abandoning the idea of a framework altogether, they sought to redesign it so that it could function within a more open and competitive education market. The result was the development of the National Skills and Learning Framework (NSLF), which gradually replaced the traditional Higher Education Credit Framework. Under the new system, credits were no longer tied primarily to notional learning hours. Instead, they were linked to verified competencies and levels of mastery. Learners accumulated recognised units of learning by demonstrating that they

had achieved specific capabilities, regardless of how long it took them to reach that level.

Key features of the new framework

The National Skills and Learning Framework introduced several important changes. First, the system became far more granular. Instead of large twenty-credit academic modules, learners could accumulate much smaller units of verified learning. These units could be earned through universities, employer training programmes, simulation-based assessments, or AI-enabled learning platforms. Second, the framework became provider-neutral. Learning recognised within the system could come from universities, professional bodies, private education companies, or workplace-based programmes. As long as the learning outcomes were independently assessed and verified, they could contribute towards recognised qualifications. Third, the system supported stackable credentials. Smaller qualifications could be combined over time to form larger awards equivalent to traditional diplomas or degrees. This allowed learners to move in and out of education throughout their careers without losing the value of previously completed learning. Fourth, the framework relied on digital credential verification. Each unit of learning was recorded in secure digital credential wallets that allowed employers and other institutions to verify achievements instantly. This system made credit transfer far more efficient than under the previous framework.

Impact on the higher education sector

The reform of the credit framework played an important role in enabling competition within the sector. By recognising learning from multiple providers and focusing on demonstrated competence rather than time spent studying, the framework allowed students to combine learning experiences from different institutions and organisations. Universities remained important contributors to the system, particularly in areas requiring advanced research training, professional practice, and intellectual depth. However, they now operated within a broader ecosystem of education providers rather than serving as the sole gateway to recognised qualifications.

The new framework also supported the growth of lifelong learning. Individuals could accumulate recognised learning units throughout their careers, updating their skills as technologies and labour market demands evolved. By shifting the emphasis from time spent studying to demonstrated competence, the new framework provided the infrastructure needed for a diverse range of education providers to operate within a coherent national system of recognised qualifications.

The deregulation of higher education policy reforms

The following policy reforms were introduced in 2030 and were designed to stimulate innovation, increase competition, and reduce costs across the higher education sector. For decades, universities had operated within a tightly regulated system that limited entry into the market,

prescribed the structure of academic qualifications, and protected traditional three-year degrees as the dominant model of higher education. These reforms aimed to open up the sector to new providers, new delivery models, and new forms of qualification, thereby fundamentally reshaping the higher education landscape.

Deregulation of qualifications

One of the most significant reforms involved removing the long-standing monopoly universities held over recognised higher education qualifications. Under the new system, private providers, employer organisations, professional bodies, and specialist education companies are permitted to award recognised qualifications. This reform allowed a wide variety of innovative qualifications to emerge, including short AI-enabled certificates, simulation-based professional licences, and employer-endorsed industry qualifications. Universities were therefore forced to compete with new entrants that could offer faster and more targeted training pathways aligned directly with labour market needs.

Recognition of shorter, competency-based qualifications

The government formally recognised competency-based education models in which students progressed by demonstrating mastery rather than completing a fixed number of academic years. This change enabled the development of significantly shorter programmes in areas such as business, digital technologies, and tourism management. Students could now complete 'degree-equivalent' qualifications in

twelve to eighteen months if they demonstrated the required competencies. Longer programmes remained necessary in certain regulated professions such as medicine, but in many subject areas the traditional three-year structure was replaced by flexible learning pathways.

Opening the market to new providers

The reforms also removed many of the regulatory barriers that had previously prevented new organisations from entering the higher education sector. Technology firms, global education platforms, employer-led training institutes, and international universities were able to establish operations in the UK more easily. This increased supply of education providers intensified competition and encouraged universities to innovate in their programme design, teaching methods, and pricing structures.

Introduction of Portable Lifelong Learning Accounts

To support student choice, the government introduced Portable Lifelong Learning Accounts that allowed individuals to access student loans and government grants to help fund learning opportunities delivered by a wide range of providers throughout their careers. This more open funding model was important to help increase competition between different types of providers.

Introduction of a fully functioning pricing system

A major reform involved removing the long-standing cap on university tuition fees, which had required institutions

to charge similar prices across most undergraduate programmes. From a Hayekian perspective, such price controls suppressed the informational function of prices, limiting their ability to signal differences in cost, quality, scarcity, and labour market value (Hayek 1945). By removing the cap, a more effective pricing system was allowed to emerge, enabling providers to differentiate their offerings according to programme length, mode of delivery, and expected economic returns. Shorter, AI-enabled qualifications could be priced significantly lower, while specialised programmes with higher delivery costs or stronger employment outcomes could command higher fees. In line with Friedman's argument that competition and consumer choice drive innovation and efficiency in education (Friedman 1955, 1962), this reform encouraged providers to reduce costs, experiment with new delivery models, and develop more flexible and affordable pathways into higher-skilled careers. It also enabled students to make more informed choices by comparing programmes on the basis of price and value, much as they would in other competitive service markets.

Conclusion

Taken together, the reforms introduced in 2030 reshaped the higher education system from a protected sector dominated by traditional universities into a competitive market characterised by innovation and diversity of provision. By lowering barriers to entry, recognising shorter qualifications, introducing flexible pricing, and shifting funding towards student choice, the government created conditions in which universities had to adapt to remain

relevant. While many traditional institutions continued to thrive, their success increasingly depended on their ability to innovate, reduce costs, and demonstrate clear value to students and employers.

Concluding reflections

Back in the reality of 2026, this thought experiment has helped to shed light on the most important hidden cost of maintaining the status quo in higher education. By contrasting a more competitive, AI-enabled system with the current model, it becomes clear that many students today incur substantial financial costs (debts exceeding £50,000) for qualifications that may have very little value. The extension of the traditional academic qualification into a multitude of non-academic subject areas is a good example of a sector-wide failure to innovate. Encouraged by government policy, universities have simply adopted a one-size-fits-all approach, irrespective of student needs and demands. As a result, students continue to spend more time on holiday than in the classroom and it still takes three years to complete a programme, just as it did 100 years ago. While this has provided universities with a steady stream of income it has resulted in record levels of student debt. This is the primary reason why the sector is in need of radical reform.

It is also clear that AI could play an important role in helping to disrupt higher education. However, it is important to acknowledge that while AI excels at pattern recognition, optimisation, and mathematical modelling it does not possess judgement, responsibility, or moral reasoning. Universities will therefore retain a critical role in cultivating forms of intelligence that remain fundamentally human.

This includes the ability to frame problems, exercise ethical judgement, collaborate across disciplines, question assumptions, and take responsibility for decisions in complex and uncertain environments. Universities will also retain their role as social and intellectual ecosystems, which recognise that learning is not just an individual activity, but a process shaped by dialogue, collaboration, and exposure to different perspectives. In a world where AI enables increasingly personalised and isolated learning experiences, these shared spaces could become more valuable, not less.

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