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The Religion of Inequality

Stephen McKay and Karen Rowlingson

This chapter considers the relationship between higher education, equal opportunities and unequal outcomes. It also places the reduction of public spending on universities in the wider context of cuts to welfare benefits and the protection of wealth. We argue that the direction of reform is towards changes that reinforce, if not extend, existing inequalities and which reduce the opportunities available to lower income groups. These changes, whatever the rhetoric of fairness, represent an erosion of social rights.

A crisis that was born of poor regulation of free markets in finance is leading to the reassertion of the power of markets, and their great extension to higher education. Tawney's work of 1931 that provides this chapter's title is particularly prescient, in that he talks of the British tolerance for 'a handful of bankers to raise and lower the economic temperature of a whole community' (1964: 41 [1931]). He also enquires whether the system of inequality that Matthew Arnold saw as inevitably breaking down in the long run had yet to run its course – and certainly the optimism that was present between the 1930s and 1960s must now confront a reality of very persistent inequalities that have been reasserting themselves since the mid-1970s. The education system plays a key role here, with unequal educational outcomes being both a cause and a consequence of economic inequality. Dorling has also argued recently that the view that elitism is efficient, and that relatively few may gain from advanced education, helps to perpetuate inequality and is one of his five 'tenets of injustice' (2010: 1).

Under the current set of public policy reforms those who might previously have been labelled as citizens are instead consumers of services. Higher education may be further along that road than some other policy areas, as a result of the Browne Report and its implementation, but this

is the route being well-travelled in other public policy developments. These new policies aim, not at the abatement of class differentials, but at ensuring their importance and their continuation. Among other areas, this may be seen in the current proposals for legal aid and in child maintenance, where consultations are ongoing but the direction of reform seems set. The clear aim in each case is to remove the state as an important player, and rely on solutions being negotiated at a personal level or through exclusively private-sector solutions, leaving clear inequalities in negotiating power. The UK and other liberal economies have already been facing a decline in social cohesion and social trust, which Green, Janmaat and Cheng (2011) attribute to a declining faith in the working of a meritocratic society.

We also look at attitudes towards higher education, using data from various waves of the British Social Attitudes Survey, to demonstrate that what people expect from higher education is at odds with the direction of reform. People believe that opportunities to participate in higher education should be expanded and, if tuition fees are to exist at all, they should be the same for all institutions – in other words not a market with price-based competition. We also show the earnings and occupational status differentials that accrue to graduates. These remain high, compared to those gaining lower qualifications. This set of results is based on new analysis of the latest data from the Labour Force Survey in 2010.

Trends in inequality

Levels of inequality of incomes and especially of top earnings have been growing for some time in the UK, and in many other nations. Whilst Marshall was able to point to the ‘compression, at both ends, of the scale of income distribution’ (1992 [1950]: 44), as being a positive force for welfare state development (via social rights), the more recent picture is of the very top of the income distribution moving further away from those near the top, who in turn are moving away from the middle. The reduction in inequality being observed in the 1950s and before in fact did continue for some time, and between 1961 and 1979 incomes increased throughout the income distribution. Indeed, those at the poorer end of the distribution experienced the fastest income growth, leading to a reduction in inequality of incomes.

This pattern turned around after 1979. Between 1979 and 1995 incomes rose most quickly at the upper end of the income distribution, with only limited increases for those on lower incomes. The richest tenth saw their real incomes (i.e. after adjusting for inflation) rise by 60 per cent while the poorest tenth saw only a 10 per cent rise. Hills has encapsulated these trends up to the mid-1990s: 'the poor fell behind the middle; the middle fell behind the top; and the top fell behind the very top' (2004: 25–6). In the following decade, New Labour pursued a policy of greater redistribution towards lower income households, and particularly those with children. The economic conditions also supported a greater movement into paid work of some poorer groups, in particular lone parents and older workers who had relatively low rates of labour force participation. These trends contributed towards some uplift in the incomes of the poorest groups, and some small but hard-won reductions in poverty. Nevertheless, it was not an explicit part of policy to tackle overall inequality or the dramatic increase in the highest incomes, even where this was attracting considerable public concern (McKay and Rowlingson 2008). Hills' interpretation of changes to the income distribution during this period (up to around 2004) is of 'the poor catching up on the middle to some extent, but the top moving away from the middle' (2004: 26).

Subsequent policy did not really change this picture (Stewart 2009). In the last few years of the New Labour government there was lesser new investment in transfers to lower income families, and child poverty again began to increase.

In the most recent accounts of the development of greater inequality, the top of the income distribution is described as moving away from the rest, and in particular the movement of the very top of the distribution is significant. In Figure 6.1 we focus on some of the highest incomes, and show the share of income received by the top 1 per cent of individuals for each year between 1950 and 2000. What Marshall (lecturing in 1949) perceived as a compression at the top was actually gaining pace with a large reduction in the income of this group between 1950 and 1960, and a further large fall in their share of overall incomes in the early 1970s. In 1950 some 13 per cent of total income was accounted for by the top 1 per cent of income earners. This fell back to a low of 6.5 per cent in 1978, only to again return to the level of 13 per cent by the year 2000.

Figure 6.1 Share of total incomes received by the top 1 per cent, 1950-2000*Source:* Leigh 2007. UK data drawn from Atkinson 2007

As with wider trends in income distribution, the 1980s stand out as being associated with rapid increases in inequality and the level of rewards at the top. This concentration of incomes continued during the 1990s, and was only slowed (rather than halted or reversed) in the first years of the New Labour government. Overall, therefore, the income share of the top 1 per cent of earners in Britain was broadly the same in the year 2000 as it had been in 1950.

Beyond the top 1 per cent there is evidence of even greater concentration of incomes. Atkinson and Salverda (Atkinson and Salverda 2003) have used records of income tax to examine the incomes of those at the very top of the earnings distribution (and known to the tax authorities). They investigate trends among the very top 0.05 per cent (broadly, the 'top ten thousand'). Their share of income fell between the mid-1920s and

mid-1970s – very much in line with the fortunes of the top 1 per cent. However, their incomes have rebounded to such an extent that by 1997 their share of income was higher than it had been in 1937 – at around 2.4 per cent of the overall income distribution.

In 2010, the new National Equality Panel reported that the UK had relatively high levels of inequality compared to other countries, and in the 1980s saw a more rapid increase in levels of income inequality. It emphasized that it was the pattern at the top of the income distribution that was mostly responsible for the UK's relatively high degree of inequality.

There have been similar, perhaps more marked, trends in the changing distribution of wealth, as well as income. The sharp inequalities of asset-holding were challenged during the first three-quarters of the twentieth century, some of which may be attributed to the effects of death duties, but much of which reflected a redistribution of assets within the wealthy (Atkinson and Harrison 1978). In 1923, the wealthiest 1 per cent of the population owned 61 per cent of the marketable assets. By the more equal 1970s, this had fallen to only 21 per cent of the assets – but it was still the case that the top 10 per cent of wealth-holders accounted for half the overall assets. During the 1990s this reduction in wealth inequality went into reverse. From 1988–99, the top 1 per cent increased their share of wealth from 17 per cent to 23 per cent (HM Revenue and Customs 2011).

The inequalities of pay mentioned above are also found *within* universities. At our own research-intensive Russell Group University (the University of Birmingham), annual accounts show that the number of staff (other than the vice-chancellor) earning in excess of £100,000 rose from thirty-two people in 2001–2 to ninety-six people by 2009–10. Figures for Reading University, a member of the 1994 Group, show a rise over the same period from just one person to twenty-two people in the most recent figures. University College London has over 300 people receiving such salaries. The increased remuneration levels of vice-chancellors have already been documented, and appear to have only a limited association with institutional performance (Baimbridge and Simpson 1996; Tarbert, Tee and Watson 2008). Instead vice-chancellors' earnings seem to be driven by the level of pay being given elsewhere in the university (differentials), the size of remuneration being offered to other vice-chancellors and to changes in the compensation of chief executives in the private sector (Tarbert *et al.* 2008).

These figures describe very high levels of inequality. However, we might also consider whether these differences are the result of fair opportunities. If all people have a more or less equal chance of getting on in life, rather than life chances being determined at birth, then there is a case to be argued that the inequalities we observed may be fair. Certainly, the political parties are mindful of low rates of social mobility and their deleterious effects, and apt to promote the concept of equality of opportunities rather than of outcomes. This is very clear in the policies and speeches of Prime Ministers Blair and Brown. Even within the coalition government we may see the same concern for opportunities – and the same disdain for merely looking at simple figures on the inequality of income or wealth. Nick Clegg, the Deputy Prime Minister and the leader of the Liberal Democrats, said that, ‘Social mobility is what characterises a fair society, rather than a particular level of income inequality. Inequalities become injustices when they are fixed: passed on, generation to generation’ (Clegg 2010). We look at some inter-generational features, below. However, there is strong evidence that inequalities are relatively fixed and are passed on.

The research evidence on social mobility shows clearly that we do not live in a perfectly meritocratic society: people’s occupational and economic destinations depend to an important degree on their origins (Blanden, Gregg and Machin 2005; Blanden and Machin 2007; Breen and Goldthorpe 1999; Goldthorpe and Mills 2008; Iannelli and Paterson 2006; McKay 2010; Macmillan 2009; National Equality Panel 2010; Nicoletti and Ermisch 2007). And if we compare Britain with other countries, rates of intergenerational mobility in terms of incomes are low and in terms of occupation are below the international average for men and at the bottom of the range for women. Blanden (Blanden 2009) has shown that social mobility is lower in societies which are more unequal. Britain, the United States and Brazil had the lowest levels of social mobility in terms of income. It therefore seems to matter more in Britain who your parents are than in many other countries.

Parents matter because they pass on a range of forms of capital to their children: social; cultural; and human. They also, crucially, pass on substantial economic capital, in relation to lifetime gifts (some of which may directly help their children through higher education) and in relation to inheritance, which continues to make up a high proportion of wealth inequality – particularly at the higher end. The middle classes are most likely to receive both inheritances and lifetime gifts, and the most

likely to receive high-valued inheritances and lifetime gifts (Rowlingson and McKay 2005).

Parents often pass capital on to their children and this can fuel intra-generational inequality between families with substantial resources and those without. But there is also inter-generational inequality. For example in *The Pinch*, Willetts (2010) argued that different birth cohorts have had very different fates, in terms of opportunities to accumulate wealth, acquire pensions and enjoy stable employment. In particular, he argues that the post-war ‘baby boom’ generation (those born in 1945–65) have enjoyed unusually favourable economic and other conditions (including consumption, wealth and the ‘best music’) tantamount to having taken the future from younger age groups. It is just those younger age groups that are now facing the brave new world of market-level university tuition fees. Willetts, the current Minister of State for Universities and Science, argues that means have to be found of reducing the level of inter-cohort inequality, but of course the introduction of market-level fees in a higher education free market runs counter to that aspiration. This does look like the baby boomers – beneficiaries of free higher education – pulling up the ladder behind them.

Higher education policy, equal opportunities and unequal outcomes

Until the 1960s, universities were elite institutions, open to only a small percentage of the population. The expansion of higher education (at the same time as decreasing inequality – perhaps no coincidence) led to many more middle-class and even some working-class young people going to university. But the number began to stagnate in the 1980s and Britain fell behind many other countries leading to a further push to expand higher education and also widen access. Part of the aim of this expansion and widening access was to increase equal opportunities. The proportion going to university has certainly increased since the 1980s but the proportion coming from poorer backgrounds has changed very little. But even with this expansion, the UK still lags behind many of its competitors (and future competitors) in relation to graduate numbers. According to the Organisation for Economic Co-operation and Development (2007: 2), ‘the proportion of the UK’s age cohort entering tertiary-type A programmes ... in 2005 ... was 51%, compared to an

OECD average of 54% ... In Australia, Finland, Hungary, Iceland, New Zealand, Norway, Poland, Sweden and the United States more than 60% of young people will enter tertiary-type A programmes.'

It is not hard to understand why many countries are increasing the proportion of their young people that they put through tertiary education. The future of work, as outlined in Reich (1991) is likely to include increasing returns to professional skills and knowledge, as those with these talents are able to seek employment in a range of different national and global markets. Routine production work, by contrast, is likely to move to those countries with the lowest costs and often that will mean the places with the lowest wages. In-service workers are less at risk from international competition, though migration may act as a downward force on wages. But their situation will depend on the success of the more skilled workforce. Many countries are therefore pursuing a strategy of high skills in the workforce, and high value added to the production chain. In Finland and South Korea, participation rates in higher education are around the 70 per cent level, far in excess of the UK.

But why has the 'widening access' agenda had such little success? Perhaps one of the reasons is that fear of indebtedness varies by social class, and thus has different effects on lower income socioeconomic groups. Pennell and West (Pennell and West 2005) argued that those from poorer backgrounds also tend to graduate with the highest levels of debt. Having an aversion to debt reduces the propensity to attend university. The strategy of working part-time whilst studying may help to reduce the final debt, but may be associated with a lower level of attainment (Purnell and West 2005). Other research has suggested that lower-income students are more likely than others to perceive tuition fees as constituting debt rather than any kind of investment (Callender and Jackson 2008). The research also found that those from lower socioeconomic groups tended to modify their choice of institution (though not of subject) to select somewhere with lower living costs and greater opportunities for part-time paid work. Many students are also encouraged to seek a local university in the interests of keeping down costs (Mangan *et al* 2010), including quite high-achieving students whose chances of going to a 'good' university depend on whether there is one available to them locally. The policy of having bursaries and other forms of support directed at low income families is a tacit acknowledgement that fees may be a deterrent to some people attending university, despite

the insistence that the lack of upfront costs means there should be no financial impediment to going to university among such groups.

While numbers of graduates have been increasing in the UK, particularly among the middle classes, a university degree remains associated with a significant wage premium. It is just this kind of pecuniary advantage that the Browne Report was so keen to emphasize. There is a strong association between higher hourly pay, and having a degree, as we now show. These results are taken from the quarterly Labour Force Survey for July-September 2010,¹ the most recent data available. With the economy still struggling to recover, they may provide a relatively cautious picture of graduate earnings. In Figure 6.2 we compare the median² hourly pay of those with degrees, with those who have A levels or the equivalent. There are other relevant groups – such as those with non-degree higher education leading to diplomas, but these two groups provide a clear comparison.

The first point to notice is that, aside from those aged 21–24, graduates earn considerably more than those with A-level qualifications. Among those aged 30–34, for instance, graduates were earning an average of £16 per hour (around £33,000 per year for a standard working week), compared with £10 per hour for those with A-level qualifications (around

Figure 6.2 Hourly pay (median) among those with degrees or the equivalent of A levels

Source: Office for National Statistics, Social and Vital Statistics Division and Northern Ireland Statistics and Research Agency, Central Survey Unit 2010

£21,000 per year). The second key point is that this gap enjoyed by graduates tends to increase at least until people are in their forties. If we just looked at pay differentials at an early age – as happens with studies of the destinations of leavers from higher education – we are liable to understate the advantages of having achieved a degree. Having a degree may not lead to higher earnings in the first few years after graduation, when those with A levels will have accumulated several more years of work experience, but increasingly may do so at older ages. The age-earnings profile of those with A levels (and indeed lesser qualifications) is relatively flat. For graduates average earnings do not peak until well into the working lifetime. There are therefore likely to be rewards for those able to postpone gratification – either in terms of attitudes or being able to rely on support from their families.

Whilst we should be cautious about inferring lifecycle patterns from cross-sectional data, these different earnings trajectories – rising for graduates, relatively flat for those with A levels – are likely to be reflecting entry to professional careers with reliable pay progression. The professions are dominated by those with degrees, and most graduates reach either higher managerial/professional or lower managerial/professional occupations, certainly once older than the age of twenty-five. Willetts even suggests that a degree is a ‘rite of passage taking you into the middle class’ (2010: 206). We show some further comparative figures in Table 6.1, again from the Labour Force Survey. This shows the proportions of different age groups who are in a professional or managerial occupation (both higher and lower, using the National Statistics Socio-Economic Classification, NS-SEC), separately for graduates and those with A levels or similar qualifications. Among those in work, and classified as being in a higher managerial or professional occupation, some 61 per cent have a degree, and a further 12 per cent received higher education but below degree standard. Only 13 per cent have only A-level standard qualifications, with relatively few with any qualifications below this standard reaching the NS-SEC classification of higher status.

To add to the inequalities generated from having a degree, over time private schools have become much more effective in gaining access to university places. Such schools have cemented their position, and their own increased fees, by taking an increasing share of graduate places relative to state schools. In research based on the 1958 and 1970 birth cohorts, Green *et al.* (2010) looked at the percentages of survey

Table 6.1 Class outcomes (NS-SEC) by age group and qualifications (%)

	Age group					
	21–24	25–29	30–34	35–39	40–44	45–49
<i>Graduates</i>						
Higher managerial and professional	11	27	36	39	42	39
Lower managerial and professional	37	45	45	44	42	44
Total:	48	72	81	83	83	83
Sample size	775	1,709	1,999	1,999	1,733	1,633
<i>With A-levels (or equivalent)</i>						
Higher managerial and professional	3	5	10	8	10	11
Lower managerial and professional	17	22	26	28	27	28
Total:	20	27	36	36	37	39
Sample size	904	1,185	1,152	1,239	1,499	1,486

Source: Office for National Statistics, Social and Vital Statistics Division and Northern Ireland Statistics and Research Agency, Central Survey Unit 2010

respondents gaining a first degree by the age of twenty-three. For those born in 1958, 41 per cent of those from private schools gained a degree, compared with 16 per cent of those from state schools. Those born in 1970 were able to benefit from the general expansion of higher expansion between these two cohorts. However, for those born in 1970, 59 per cent of those from private schools gained a degree (a rise of 18 percentage points for those from fee-paying schools) compared with 19 per cent of those from state schools (a rise of only 3 percentage points).

Social attitudes towards access to higher education

So what do the public think about higher education? Do they think that the expansion has gone far enough? Do they think that 'elitism is efficient' and that relatively few may gain from higher education? Or do they think that the government should do more to widen access? In Great Britain, since 1983 the British Social Attitudes Survey (BSAS) has taken the pulse of the people on a wide range of issues, by asking a long series of attitudinal questions. These have covered such diverse topics as priorities for government spending, the distribution of income and attitudes to divorce. In a few instances this valuable series of surveys has asked people for their attitudes towards higher education – should access be made tougher or easier, and views about tuition fees.

In many years of the BSAS series, people have been asked if they think that opportunities for higher education for young people should be expanded or restricted, and their views are depicted in . Clearly there was a significant turnaround in views during 2003–4 (when legislation was passed moving fees to a maximum of £3,000 per year). This led to a drop in the proportion wanting to increase opportunities for higher education, although numbers in favour have been slowly climbing up since then. Despite that particular change, it remained the case even in 2007 that 41 per cent of people thought that opportunities for young people to go on to higher education should be increased, whilst only 13 per cent thought they should be reduced. Many people (45 per cent) believed that opportunities to enter higher education, under the previous fees regime, were 'about right'.³ There is no evidence that the general public believe that universities should be more elite and exclusive, with the vast majority of people (some 86 per cent) suggesting that such opportunities should either be increased, or are already at the right level (in 2007, at least).

To this general support for expanding opportunities to undertake higher education, we may add an important interest in social mobility. This has become a topic of increasing importance, with New Labour expressing particular concern about widening access to professional careers (Milburn 2009), and in particular in the light of the introduction of university fees at around £3,000 per annum (Langlands 2005). Even before such policy interest, the 2003 BSAS questionnaire asked how important it was that more people from a *working-class* background went to university. Overall 36 per cent described this as very important,

Figure 6.3 Do you feel that opportunities for young people in Britain to go on to higher education – to a university or college – should be increased or reduced, or are they at about the right level now? (1983–2007)

Source: National Centre for Social Research (1983–2007)

and a further 42 per cent as fairly important. Few thought that this was an unimportant feature to pursue.

In 2004, anticipating the change to the fees regime, respondents to the British Social Attitudes Survey were asked if tuition fees should vary either by subject or by university. The essence of a market in higher education, as promoted by the Browne Report, is that universities should be able to set different fees so that students face a differentiated choice. In 2004 (Table 6.2), however, two-thirds of respondents thought that fees should *not* vary by university, but should be the same for all. There was greater support (43 per cent), though still only a minority, for the idea that university tuition fees should vary according to the subject being studied. Overall, however, people believed that tuition fees should be the same regardless of the university a person attended, and almost as strongly that the subject chosen by students should not make a difference to the level of fees paid.

In 2005, there was a general view that the employment prospects for graduates had worsened compared to ten years previously. Half the respondents (50 per cent) believed that job prospects had worsened compared to around one-quarter (26 per cent) who thought that

Table 6.2 Attitudes towards variable university fees

Views on variations in tuition fees	Should tuition fees for all universities and colleges should be the same, or, different depending on the university students go to?	Should tuition fees be the same for all subjects studied, or different depending on the subject students study?
Should be the same	65	54
Should be different	32	43
Don't know	3	3
Sample size	3,200	3,200

Source: National Centre for Social Research (2004)

graduates now had better prospects, and slightly fewer (23 per cent) believing that they had not really changed much. In the same year, there were more mixed views about how the quality of teaching had changed. Whilst half thought that the standard of teaching was about the same as a decade ago, 28 per cent perceived that it had improved whilst 19 per cent detected that it had worsened. There is certainly no evidence of any general view that university teaching quality had worsened, despite declines in the average level of state support for teaching. Answers to this question were also relatively similar in 1999, conversely indicating no perceived change in teaching quality following the introduction of student fees.

Next we consider views about the overall role of university, and its effects on students. Three questions are analysed in Table 6.3. A strong majority of people (70 per cent) think that the advantages to going to university cannot simply be that of being paid more – with only seven per cent disagreeing. Some three-quarters (75 per cent) however believed that the costs of going to university – and at the time the maximum fee level was £3,000 per year – left students with debts that they were unable to afford to repay. Despite these views, a narrow majority (51 per cent) thought that those attending university would, at least in the long run, be a lot better off financially than those who did not attend university, with 18 per cent disagreeing that this would be the case.

Table 6.3 Views about university

Views on the effects of university	There are more advantages to a university education than simply being paid more	The cost of going to university leaves many students with debts that they can't afford to repay	In the long run people who go to university end up being a lot better off financially than those who don't
Strongly agree	14	19	8
Agree	56	56	43
Neither agree/disagree	20	13	26
Disagree	6	9	17
Strongly disagree	1	*	1
Can't choose	3	2	3
Sample size	1,786	1,787	1,786

Note: * indicates less than 0.5 per cent but more than zero

Source: National Centre for Social Research (2005)

How might we sum up these views? This overall set of attitude questions confirms that British people are still committed to an increase in the opportunities to attend university, and in particular that more people from working-class backgrounds should attend. Whilst they generally acknowledge that a higher salary will result from attending university, very few see that as the main benefit of gaining a degree. Despite the continued expectation that graduates will be better off financially, albeit with a general reduction in their prospects over time, people still believe that many students will be left with large debts that they will be unable to afford. In terms of creating a market in higher education, most people think that all universities should be charging the same – a view that universities seem to share, at least as reflected in their past behaviour in setting fees. There is even a majority opposing the levying of different fees according to the subject being studied. In almost all cases these views are seriously at variance with the current direction of policy following the Browne Report – which emphasized the

Table 6.4 Views about equal opportunities

Per cent agreeing that ...	
... children from better-off families have many more opportunities than children from less well-off families	80
... some people have higher incomes than others because they are born to rich parents and have advantages from the start	68
... there can never be equal opportunities in a society where some people have higher incomes than others	62
... people in Britain today have similar opportunities regardless of their income	27
Base	1,925

Source: National Centre for Social Research (2009)

importance of the higher earnings achieved by graduates, and the need to create a market in higher education where fees would vary according to teaching quality and students' purely economic prospects.

Finally, we review some more general attitudes to equal opportunities and equal outcomes. Table 6.4 shows that the British public generally agree that children from better-off families have many more opportunities than children from less well-off families: they clearly do not think that the education system enables children from poorer backgrounds to compete on even terms with others. And, in fact, 62 per cent of the public believe that equal opportunities and equal outcomes cannot be separated. They agree that there can never be equal opportunities in a society where some people have higher incomes than others.

The coalition government: social rights, policy reforms and welfare

T.H. Marshall (1992 [1950]) tracked the development of 'social rights' in the twentieth century, to follow the previous securing of civil rights (e.g. freedom of speech) and political rights (the right to vote) in the preceding two centuries. Social rights he took to imply the 'subordination of market price to social justice'. At a time of narrowing pay differentials,

and increasing progressivity of income taxes, he was also able to declare that 'Class abatement is still the aim of social rights'. These social rights we may link directly to the creation of a new welfare state, and the tackling of Beveridge's five giant evils as part of post-war reconstruction – including that of ignorance, to be challenged by education.⁴

Social rights involve state funding, or at least the redistribution of resources from that which would occur under a free-market regime. They seek to promote equality, often in the face of stark inequality – inequality that we argue, below, is growing. Social rights will therefore always face challenges from those seeking to defend capital and the free market. Marshall wrote at a time of general optimism in a Keynes–Beveridge economic settlement. More recently, Esping-Andersen (1990) identified two key means by which capitalism may conflict with widening state welfare, which are highly relevant to this discussion. The first is a focus on the role of private market-based work ('commodification') and the potential materialism to which it gives rise, the second is the existence of strong hierarchies that perpetuate inequality and resist moves to greater equality. The 1980s saw increasing commodification and inequality but while the 'New Right' at that time may have aspired to make considerable reductions in welfare spending, and to roll back the frontiers of the state, they actually did relatively little, in practice, to change the basic parameters of the welfare state. The coalition government from 2010 onwards looks set to achieve the ambitions that proved beyond the New Right in the 1980s. We can see this in Figure 6.4, which shows that public spending (as a percentage of GDP) is forecast to drop in the UK to such an extent that it will be lower even than the prime neo-liberal country, the United States, by 2015 (Taylor-Gooby 2011).

The neo-liberal policies currently being adopted in higher education signal a sharp departure from the goals of social rights, and constitute a divergence found elsewhere within public policy reform. The coalition government is, in various areas of public policy, removing the role of state funding and thereby attempting to change the conception of what are thought of as state bodies, or those areas appropriate for state funding. Instead, the model is one of a fee-based approach, removing the notion of that service being provided either free or with subsidy. There are also clear reductions in the power of ordinary people to challenge powerful vested interests, and various moves to protect the wealth of those who are already well off. We look at a number of examples of such policies – affecting savings, legal aid and child maintenance. We then consider

some wider changes that have been made to the system of social security benefits and tax credits.

One of the first acts of the coalition government was to abandon the planned introduction of the Saving Gateway, a special savings account for those on lower incomes (under £16,000 household income) providing a high rate of return on savings after two years. This was designed to help lower income groups develop a savings habit, and had been piloted in two different large-scale, testing evaluations. The 2010 emergency budget (HM Treasury 2010a) abolished the nascent Saving Gateway, on the grounds of its cost (this saved around £115 million); at the same time, measures were announced that increased the amounts that could be saved into ISAs (Individual Savings Accounts) – a tax-free method of saving and investing disproportionately benefiting the better-off, and that has never been subject to any kind of rigorous evaluation.

The Ministry of Justice is consulting on measures to reform legal aid, and in particular to reduce its overall cost. Assuming the proposals are enacted, legal aid would no longer be available for help with divorce costs nor with making claims for medical negligence. In both cases the power of those with large existing resources will be enhanced relative to those with limited resources on which to draw. Marshall specifically identified legal aid as part of the development of civil rights and social rights, noting that the legal system ‘must not take a form which deprives the litigant of his right to justice or puts him at a disadvantage vis-à-vis his opponent’ (1992 [1950]: 29) – whilst acknowledging the difficulties of reconciling equality with the prevalence of the market. The proposed changes to legal aid, unavailable to those making large medical claims against large private companies, or seeking to review benefits decisions made the state, certainly alter the balance of power between citizens and those they might be seeking to challenge.

Funding from legal aid goes, not just to lawyers, but also to independent advice such as that provided by the Citizens Advice Bureaux around the country. These CABs are often the first source of advice and support on legal and other issues. From April 2011, these organizations are also losing around £30 million in support from the Financial Inclusion Fund, likely to mean the loss of around 500 trained debt advisers. As the economy seeks to recover from a financially led crisis, and with unemployment remaining high, there will be fewer sources from which to seek assistance with indebtedness or with a variety of legal problems.

In the realm of child maintenance, separating parents are expected to

Figure 6.4 Public spending trends as per cent of GDP (2008–15)*Source: IMF 2010*

come up with their own arrangements, and will likely be penalized by charges and commission fees for the agency if they do not. Previously the Child Support Agency and the Children Maintenance and Enforcement Commission were expected to set and to collect child maintenance. Whilst it is well-known that these agencies did not always perform well in collecting what was due, the arrangements ensured that a third party was able to intervene between separating parents and at least attempt to deliver the outcomes that had been legislated for. In future parents will be expected to conduct more of the negotiations themselves, with the threat of additional charges and costs if they should seek to have these state agencies intervene on their behalf.

The effect of the January and April 2011 reforms is to reduce household incomes by around 3 per cent overall. The largest losses (as a proportion of income) will be at both the top and bottom of the income distribution. Middle-income families without children fare best from the reforms (Browne 2011). Working families with children are disproportionately affected (mostly by changes to the system of tax credits).

While it seems that those at the top will lose more than those in the middle, their levels of income and wealth (which increased dramatically in the 1980s as we saw above) are such that they could afford to contribute even more at a time of major cuts in public services and benefits. The

coalition government has talked tough in relation to bank bonuses, non-domiciles and tax avoidance but has done very little, in practice, to crack down on these (Rowlingson 2011). But the Comprehensive Spending Review had relatively little to say about wealth and the wealthy. For example, in relation to reducing tax avoidance in the banking sector, the 2010 Spending Review stated that: 'The Government will continue to monitor tax receipts from the banking sector. As part of this, the Government expects the banking sector to comply with both the letter and the spirit of the law and not to engage in or promote tax avoidance' (HM Treasury 2010b: 30). This is a very softly-softly approach, particularly when compared with the government's hardline policies towards those on benefit, where people who do not take up job offers could lose their benefits for up to three years.

While wealth at the top is being protected, the incomes of those at the very bottom are under attack. Indeed, the largest single change to the system of benefits and tax credits is to change the basis of their uprating, from the Retail Prices Index (RPI) to the (generally lower) Consumer Prices Index (CPI). This switch from RPI-based uprating to CPI uprating will, over time, ensure that levels of taxes and benefits will be set on a lower path of growth and are likely to lag behind increases in earnings. To take one example, the level of Income Support for a family with two young children increased from £122 in April 1997 to reach £230 in 2009. Had benefits only been uprated by the CPI, they would have reached only £150. This switch of uprating approach will save the government around £6 billion in 2014–15 – which would have been greater, had not pensioners been largely spared this change. The older age group have received rather better treatment, with a 'triple lock' guaranteeing relatively favourable increases to the state retirement pension and increases to Pension Credit for those on lower incomes. Such a change is actually rather larger than the £3 billion being saved from the resource budget for higher education by 2014–15.

To the total saved may be added cuts of around £3 billion in tax credits for (mostly) working families, and £2 billion removed from the total budget for Housing Benefit. Whilst the government rhetoric has focused on the cuts in housing support to private tenants paying high rents in a few exceptional circumstances, much of the money saved is taken from social tenants through new restrictions on dwelling size and an expectation of greater rental contributions from family members. It is also proposed, in the longer term, that social tenants are treated more

like private tenants in terms of the rents they pay and the degree of security of tenure they receive.

A clear emerging theme in the reforms is a suspicion of universalism and a focus on restricting support lower down the income distribution. This is seen in diverse policy reforms, including the removal of the tax credits for higher earners, plans to remove Child Benefit from higher rate taxpayers and the ending of the Child Trust Fund. There remains a heavily individualized account of the root causes of poverty – but it would be hard to argue that this is very different from the views of the preceding government.

Conclusions

Charles Tilly (1998) argued that groups with power try to retain the best opportunities for themselves, in what he called ‘opportunity-hoarding’. In several respects we can see a new vision of marketized higher education that serves to maintain those with higher occupational status, and to diminish the opportunities for lower income groups to challenge those positions. We have already seen increases in inequality of incomes, as the highest earners race away from the middle earners. Some aspects of New Labour policy did try, temporarily and without great enthusiasm, to maintain and improve the incomes of those at the bottom of the income distribution. Nevertheless, they did not attempt to challenge the forces moving the UK towards higher levels of inequality. And the limited level of support towards lower income groups is most unlikely to be continued under the current government.

Having a degree may not be a guarantee of success, but over time graduates are able to open up a significant pay gap over those with lower qualifications. Those likely to benefit from this will need to understand something about how professional careers operate, and may need to postpone the receipt of rewards some time into the future. Both are traits we might recognize in those from professional family backgrounds, where parents can provide the necessary social, cultural, human and, crucially, economic capital to support their children through higher education.

Without a more level playing field earlier on in life, it will be extremely difficult for children from poorer backgrounds to access higher education. Too many young people currently leave school at sixteen, barely

considering A levels, let alone higher education. This situation can be changed if we reduce inequality, support schools and further education colleges in disadvantaged areas and restore the Educational Maintenance Allowance. Greater regulation of universities' widening access policies would also help. And public resources for higher education could then also be justified and afforded if the wealthy were asked to contribute a fairer share towards the public finances.

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