

## Ten Good Reasons Why University Tuition Fees Are A Bad Idea

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*Tuition fees at public universities in England are now, on average, the highest in the world. The reform has already been judged by monitoring authorities to be a bankrupt idea. It is without question a rushed and ill-considered experiment, out of line with the policies of other Western democratic nations. The arguments against this high fees regime are many and various. This blog looks at the new system from different angles in order to show the impact it will have on individuals and on society as a whole, on universities and on the national economy, offering ten good reasons why university tuition fees are a bad idea.*

### **Reason 5: The Repayment Scheme is an Economic Timebomb**

Perhaps the most shocking aspect of the high fees regime is that it potentially burdens graduates with a lifetime of debt, while saving taxpayers little or nothing. A growing body of evidence has shown that the loan system is unsustainable. Already by 2014 it was apparent that the level of fee repayment won't meet government estimates of long-term income, and already there is a shortfall in Business Department estimates. In 2010 the level of default, failure to repay, was estimated at 28%. The Institute for Fiscal Studies now predicts that 73% will not repay in full, compared to 23% under the previous fee regime. About £90bn of the overall £200bn in student loans will remain unpaid by 2042, according to the latest projections. Accordingly, the policy consultancy London Economics finds that 'the economic cost of the 2012-13 higher education reforms will exceed the 2010-11 system that it replaced.' A report by the Higher Education Commission in 2014 is damning: 'The current system fails to meet our test of financial sustainability and further work needs to be undertaken to arrive at a better higher education funding model.' It is unsatisfactory for students, universities and the state: 'the worst of both worlds'.

The Conservative Party lays claim to good housekeeping, but this policy represents pure, ideologically-driven profligacy. They aim to make short-term political capital out of long-term disaster. The level of public debt related to student loans increases exponentially. They replace direct grants with more loans; they extend loans to students at private profit-making universities; they roll-out further loans for postgraduate students already indebted to the hilt. The judiciary forces the government to offer loans to students with refugee status.

David Willetts, the minister responsible for introducing the high fees regime, has himself admitted that the total of unpaid student debt in 2046-47 will reach £1000 billion; £330 billion in today's money. By this reckoning English student debt will be more than 2.5 times as large, relative to the UK economy, as the 1 trillion dollars in unpaid American student debt that exists today. Who will have to deal with this future crisis? Today's graduates, many of whom will have to pay three times over: in the form of loan repayments, as higher

bracket tax-payers, and as those who will have to deal with the fall-out of the economic black hole which the loan system threatens to become.

The high fees regime is a betrayal of the contract between generations, on which social democracy is based. Society as a whole and as it endures through time benefits from the financial investment carried from one generation to the next. Progressive taxation is the key. Those who can best afford it, including notably those who have received the biggest financial benefit from a university education, should contribute most. The Higher Education Commission sees 'intergenerational discontent' as the inevitable outcome of the opportunistic loan system.

### Sources

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