

Jubilee 2022: the case for the write-off of UK historic student debt

Thursday, 14 Jun 2018 12:30 - 14:00

Committee Room 1, UCL Institute of Education

Danny Dorling, University of Oxford

The argument I am making

- Professor Dorling will argue that the English student income-contingent university loan and fee system is unfair, inefficient and unsustainable.
- It is unfair because the most affluent students pay the least when their families pay their fees up front for them. It is inefficient because it rewards universities that do a good job of marketing their products rather than teaching well. It is unsustainable because it is based on a model of very high future income inequalities where graduates are all paid very highly and everyone else is paid very low.
- English fees and loans will at some point be abolished or reduced to very low levels. Immediate abolition is already the manifesto promise of the Labour Party.

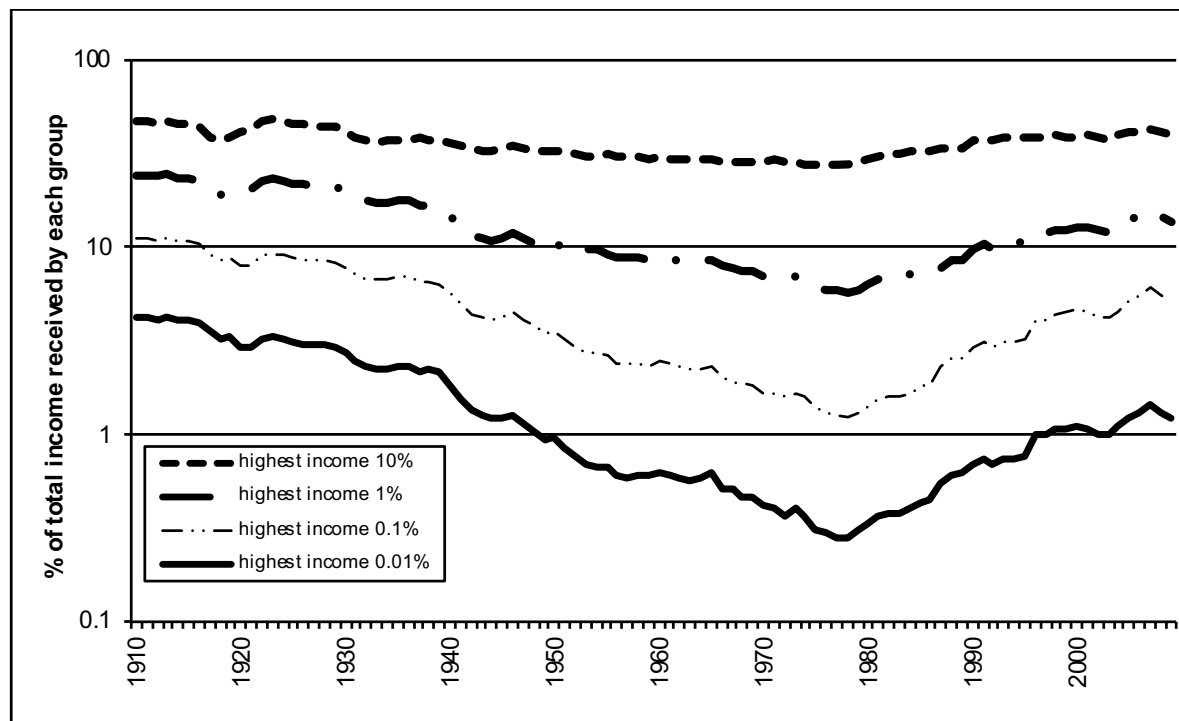
We need to decide on the taper

- That then raises the question of compensation for those who were 17-year-old children between early 2012 and, say, 2022 and were enticed to apply as a child to have these loans.
- Reducing their debt to pre-2012 levels is one possibility. Private companies who buy part of student loan books should be aware that following the publication of the Labour 2017 election manifesto they clearly now risk a future government not recompensing them for them taking the risk that they can profit from the plight of this generation of children. The decision to go to university in England is mostly made at age 17.

Think of
fees
and
loans
over
time –
what
are
they
linked
to...

Dorling, D. (2018) Peak Inequality: Britain's ticking time bomb, Bristol: Policy Press

Figure 2.2.1: Incomes of the best-off in the UK, 1910–2009



Source: World top incomes database, missing data interpolated

From Dorling, D. (2013) Fairness and the changing fortunes of people in Britain, *Journal of the Royal Statistical Society A* (2013) 176, Part 1, pp. 97–128, The Beveridge Memorial Lecture, 2012, as presented to The Royal Statistical Society on Wednesday, June 27th 2012

Using: Atkinson, A. B. (2007) The distribution of top incomes in the United Kingdom 1908-2000, in: *Top Incomes over the Twentieth Century: a Contrast between Continental European and English-speaking Countries* (eds A.B. Atkinson and T. Piketty), chapter 4. Oxford: Oxford University Press.

Dorling, D. (2018) *Peak Inequality: Britain's ticking time bomb*, Bristol: Policy Press
Figure 2.5.1: Note left on Harold Wilson Memorial, April 17th 2013

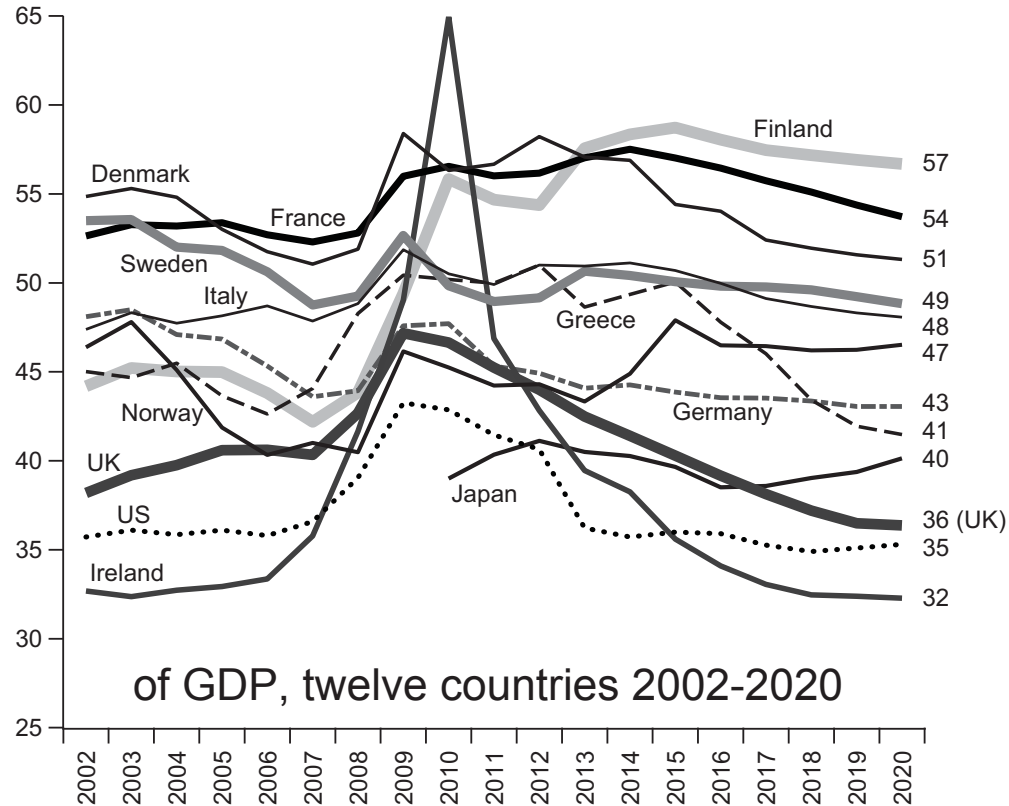


Source: Note: The note reads “On the day of the pompous and prodigal funeral of a greatly overrated Prime Minister this is a simple and respectful tribute to a greatly underrated Prime Minister who sowed the seeds of equality, fairness and compassion in our country and whose crucial contributions are not acknowledged even by his own party.” Photograph taken by Dimitris Papadimitriou, Professor of Politics, University of Manchester.

Be aware of the choice we have made and the range of options

Dorling, D.(2018) Peak Inequality: Britain's ticking time bomb, Bristol: Policy Press

Figure 2.8.1: State spending as a % of GDP, twelve countries 2002-2020

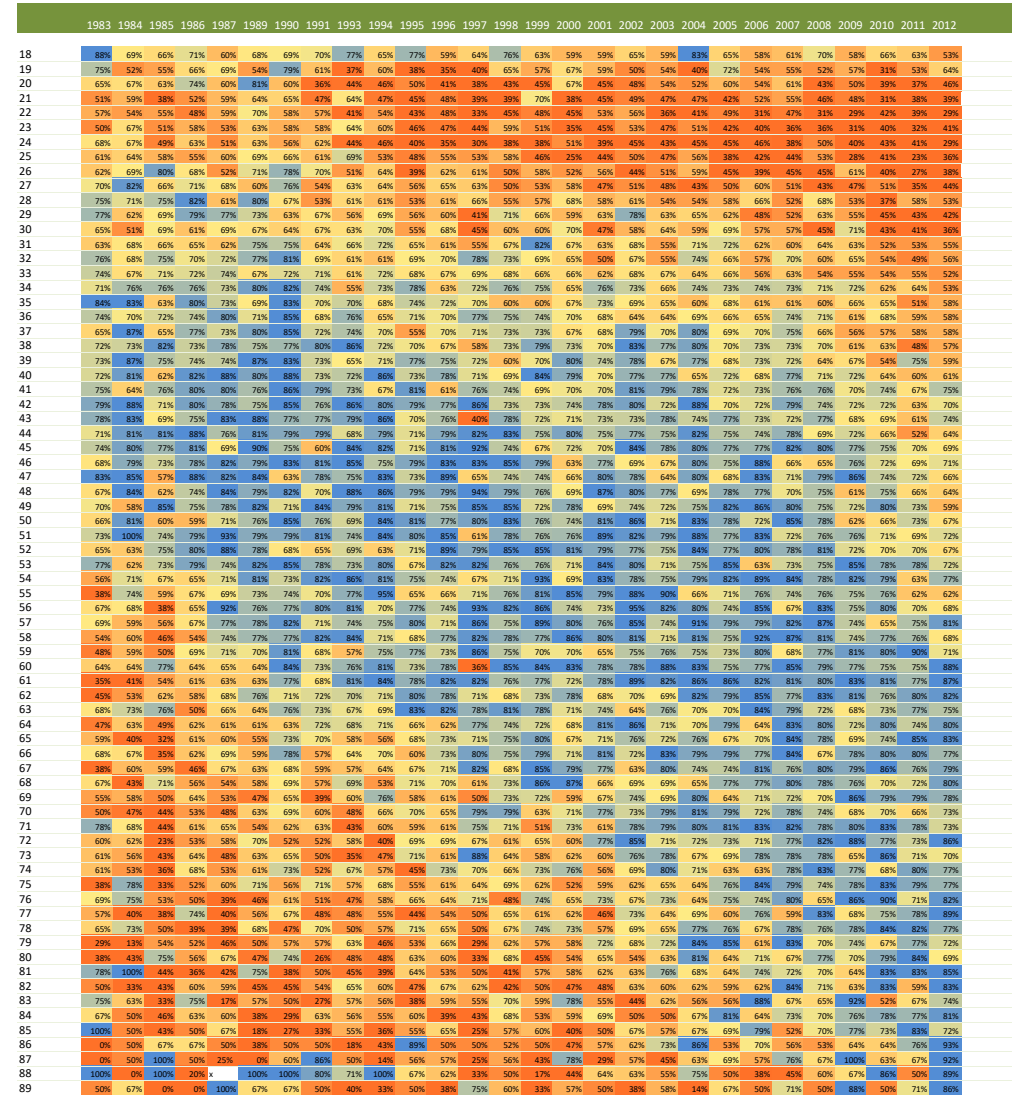


Source: The 2010, 2012 and 2015 IMF database, projections after 2014

Think of whether the one 'lucky' generation will be the only lucky generation or could a new blue band begin?

Dorling, D. (2018) Peak Inequality: Britain's ticking time bomb, Bristol: Policy Press

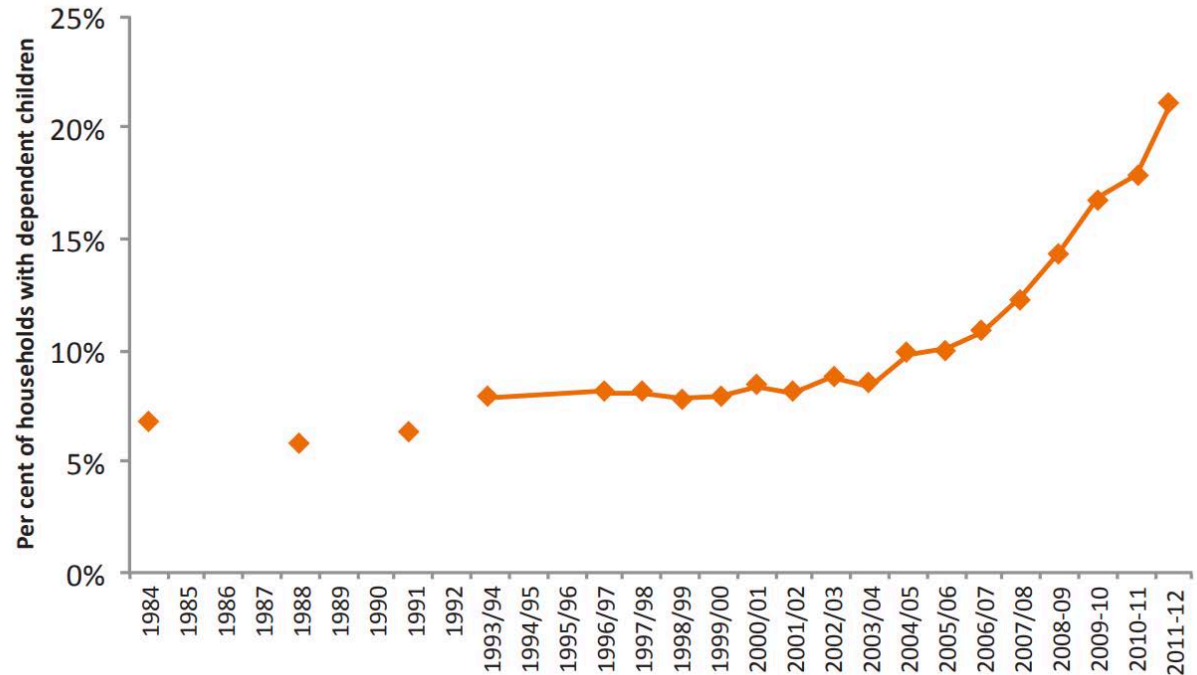
Figure 3.5.1: People with a mortgage in the UK by age 1983-2012



£9000+
fees are
just a
part of a
national
disaster
of excess
selfish
thinking

Dorling, D. (2018) Peak Inequality: Britain's ticking time bomb, Bristol: Policy Press.

Figure 3.7.1: Households with children private renting, England 1984-2012



Note that Annex Table 1.5: Households with dependent children, by tenure, 2003-04 to 2015-16 gives the figures for the four years after this as being 21%, 24%, 24% and 25%, or 6,602,000 households in England by 2015/16 according to the 2015-16 English Housing Survey Headline Report.

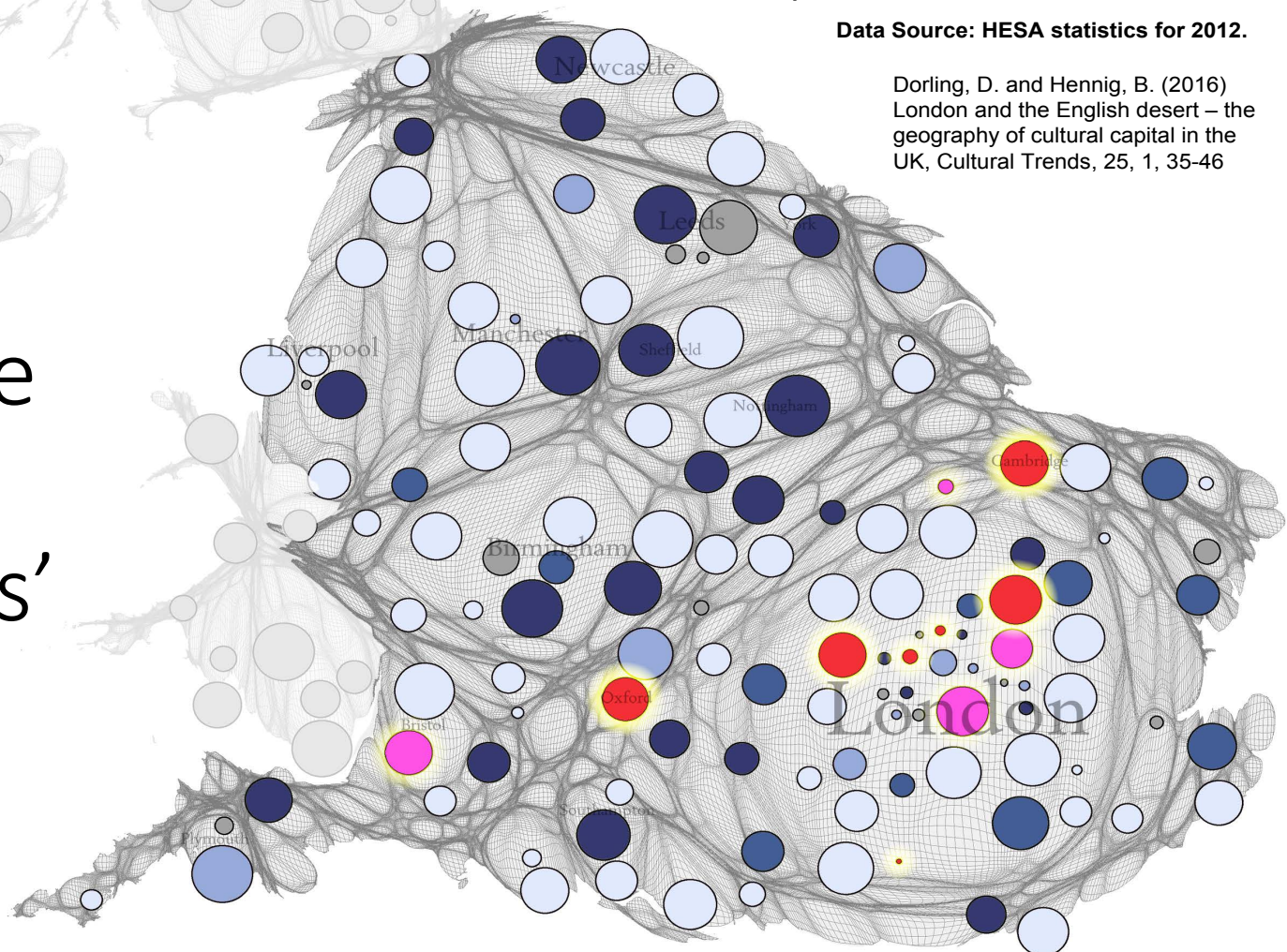
Original source: Source: Social Mobility and Child Poverty Commission (2013) State of the Nation 2013 October 2013, London: The Stationery Office.

In this map a circle is drawn to represent each university with its size in proportion to the number of students studying there, located where the university main campus is. The circles are then coloured according to the ratio of government research funding awarded per student. The research funding is not for students so this is an innovative and unusual measure. Data were only available for England at the time of drawing this map. In many ways Cambridge and Oxford are London suburbs today so the interesting exception is Bristol, which does not quite fit the mould, although the train from there to London does not take very long at all to travel into the heart of the capital.

Data Source: HESA statistics for 2012.

Dorling, D. and Hennig, B. (2016)
London and the English desert – the geography of cultural capital in the UK, *Cultural Trends*, 25, 1, 35-46

Here are
the
'winners'



Basemap: Gridded cartogram showing an equal population projection of the United Kingdom; no data was available for Northern Ireland, Wales and Scotland

This is
the
context
– where
we are
now in
many
ways

**Figure 4.3.1: Harrovians at the 1914 Eton
versus Harrow match at Lords**



**Dorling, D. (2018) Peak Inequality: Britain's ticking time bomb,
Bristol: Policy Press**

**Note: Note Harrow had the hats! 13th July 1914, Mirror
Syndication International**

Figure 4.3.2: Harrovians unsure of themselves outside the 1937 cricket match



This is
where we
could be
by 2022

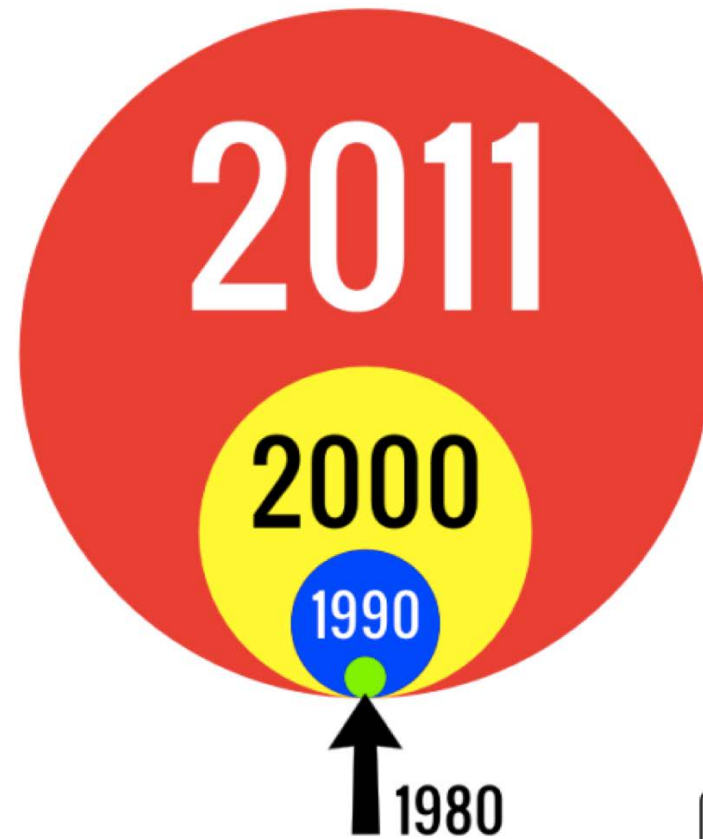
Dorling, D. (2018) *Peak Inequality: Britain's ticking time bomb*, Bristol: Policy Press

Note: Note they had canes as well (Jimmy Sime, 1937/Hulton Archive/ Getty Images)

**Figure 5.1.1 The Student loan bubble, USA
campaign poster 2011**

This is
how you
campaign

STUDENT LOAN DEBT



Source: Economic Research, Federal Reserve Bank of St. Louis

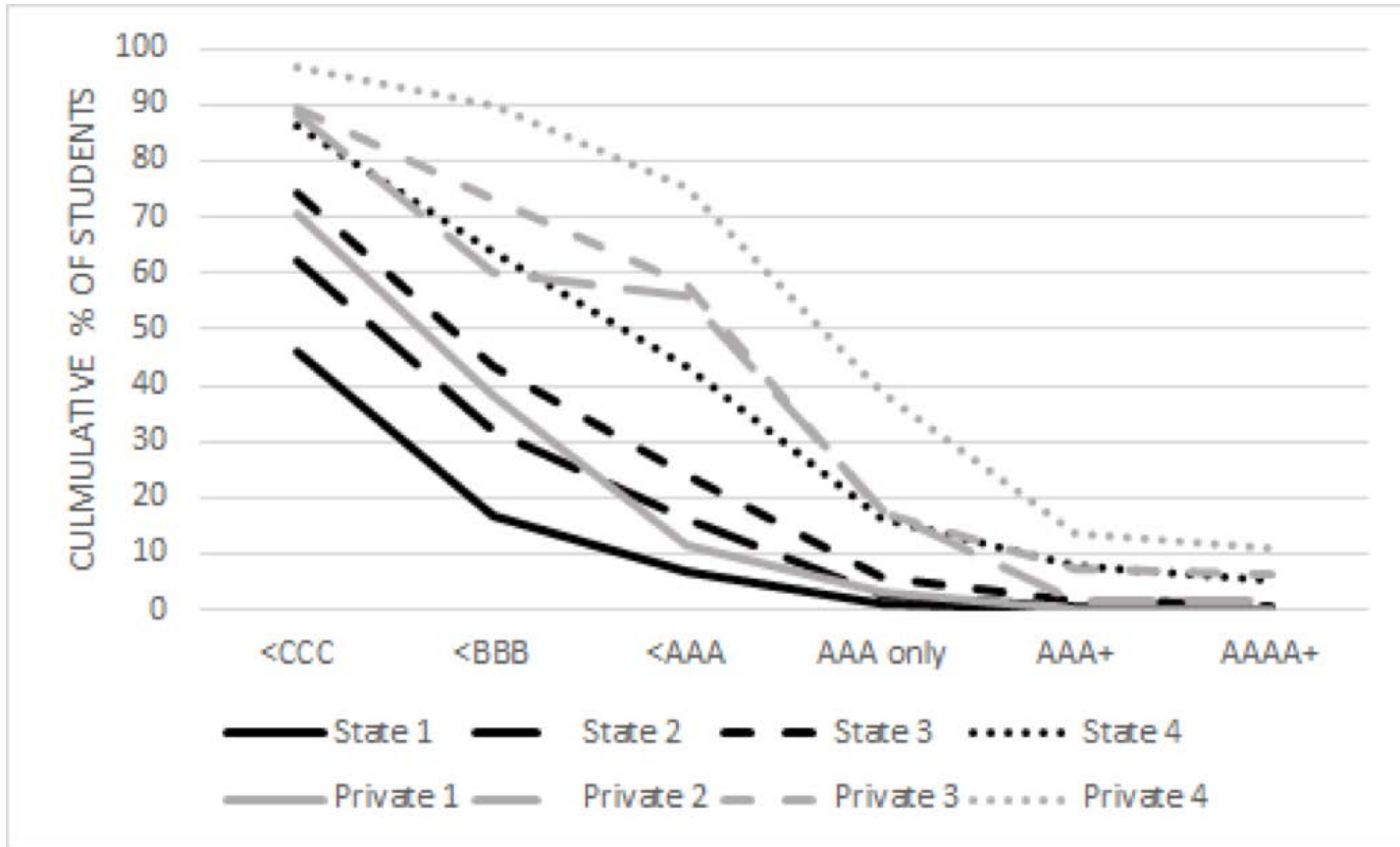
Occupy* Posters www.posters.tumblr.com



OCCUPY

Anonymous, reproduced in: Dorling, D. (2018) Peak Inequality: Britain's ticking time bomb, Bristol: Policy Press

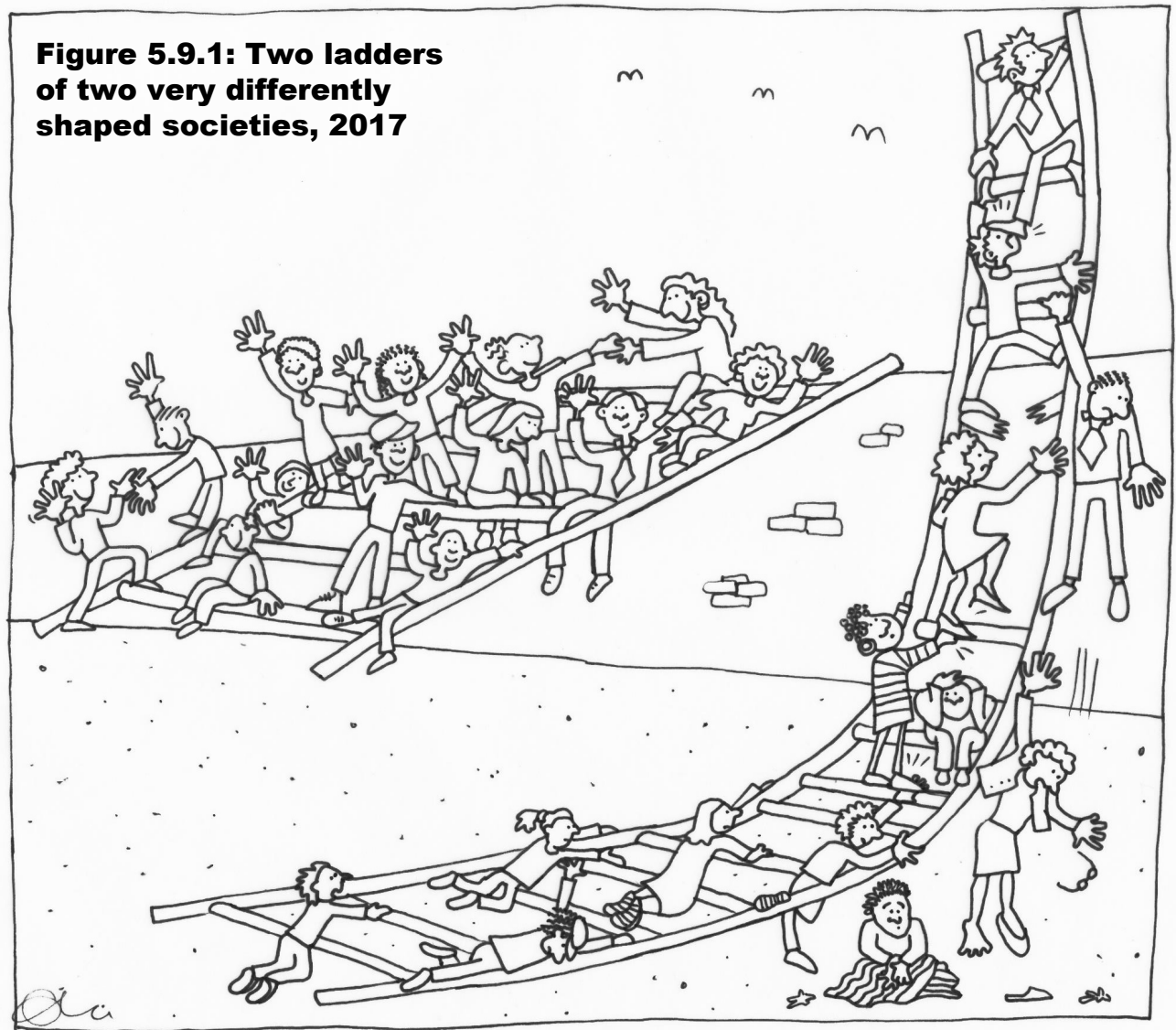
Figure 5.7.1: A-level grades by ability, state and fee-paying school, 2009-11



Proportion securing these grades or higher at A level. Representative cohort of children born in or around Bristol in 1991 and 1992. Source: Dorling, D. (2018) *Peak Inequality: Britain's ticking time bomb*, Bristol: Policy Press

Which
society
do you
want?

**Figure 5.9.1: Two ladders
of two very differently
shaped societies, 2017**



Two ladders

Drawn by Ella Furness, reproduced in Dorling, D. (2018) *Peak Inequality: Britain's ticking time bomb*, Bristol: Policy Press

The possible only appears impossible, unaffordable, fantastical and irresponsible because of the context

Figure 5.10.1: Gini Coefficient of income inequality, OECD countries, 2015

Country	Gini Coefficient, 2015
Mexico	0.459*
Chile	0.454
Turkey	0.398*
United States	0.39
Lithuania	0.381*
Russia	0.376*
United Kingdom	0.36
Israel	0.36
Latvia	0.35*
New Zealand	0.349*
Estonia	0.346*
Spain	0.344*
Greece	0.339*
Portugal	0.338*
Australia	0.337*
Japan	0.33*
Italy	0.326*
Canada	0.313*
Netherlands	0.303
Ireland	0.298*
Poland	0.298*
Switzerland	0.297*
France	0.297*
Korea	0.295
Germany	0.289*
Hungary	0.288*
Luxembourg	0.284*
Austria	0.274*
Sweden	0.274*
Belgium	0.266*
Finland	0.26
Czech Republic	0.257*
Norway	0.257*
Denmark	0.256*
Slovenia	0.251*
Slovak Republic	0.247*
Iceland	0.246*

Source: OECD, <http://www.compareyourcountry.org/inequality?&lg=en>

Starred statistics are from before 2015 as 2015 data was not available in 2018

Dorling, D. (2018) Peak Inequality: Britain's ticking time bomb, Bristol: Policy Press

Why student loans are a confidence trick for the 85%

- **Steph** says:
- [Oct 26 2017 at 10:00 am](#)
- The game is not up, but perhaps I am just cynical. I can't say I support changes made in recent years to the grant system, but I do recall students with divorced wealthy parents who paid their fees and were still entitled to a maintenance grant.
- [REPLY](#)
- **John Thompson** says:
- [Oct 27 2017 at 7:28 pm](#)
- Danny, you make some good points – but you understate the unfairness. £57000 is not the maximum. Someone on a 4-year course in London with maximum maintenance loan is likely to owe £90,000+. And the repayment terms are subject to the whims of Governments far into the future. Students are signing a blank cheque.
- [REPLY](#)
- **David** says:
- [Nov 5 2017 at 10:12 am](#)
- I'm sorry, but this article seems to really misunderstand the system. The writing-off of the loans after 30-years and fixed tax contribution of the system make a lot of what you say nonsensical. You should distinguish between poor students and poor graduates. Poor graduates will literally pay nothing for university.

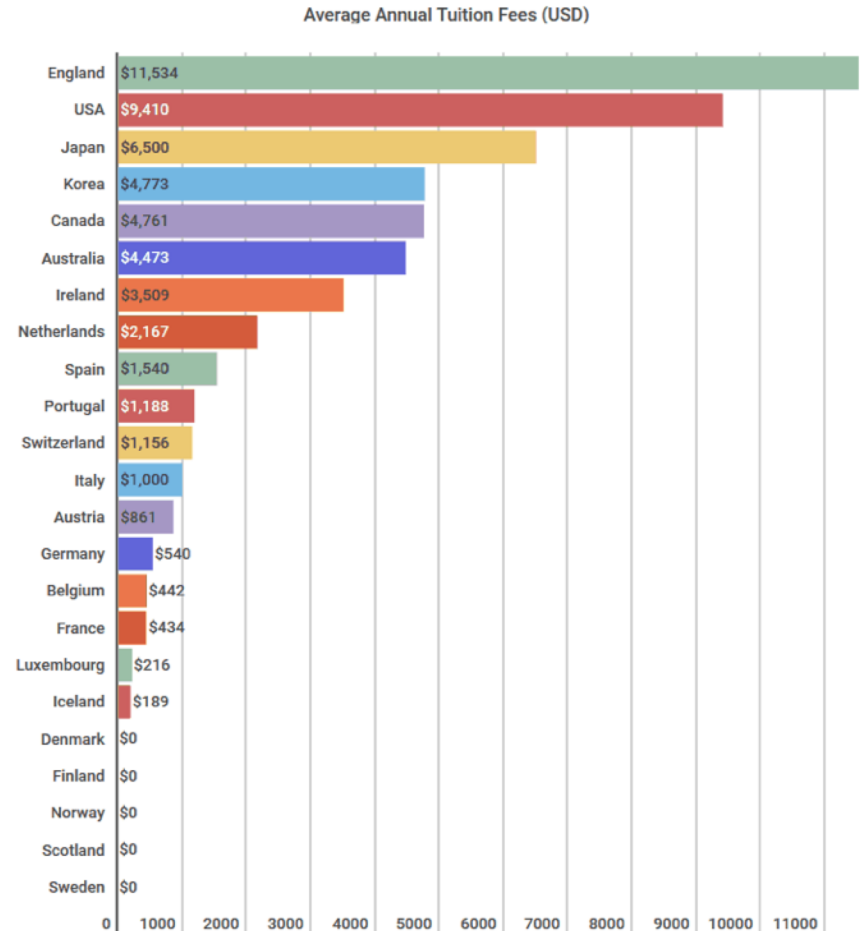
<https://wonkhe.com/blogs/why-student-loans-are-a-confidence-trick-for-the-85/>

Botched loan
privatisations
and the
highest fees
in the world

TUITION FEES AROUND THE WORLD



What is the average cost of one year of tuition at public universities around the world?



Student loan debt has negative consequences in later life

“The review found that student loan debt discourages entrepreneurship, restricts career choices and leads to lower job satisfaction, although there was no consensus on whether it affects people’s earnings.

Student loan debt is likely to delay home ownership, although it is unclear whether the amount of debt owed has an effect. The review also found that for women, student loan debt is more likely to mean putting off marriage and children – although this wasn’t the case for men.

Existing research shows that people with student loan debt have lower levels of net worth, experience more financial distress, and have lower savings, pensions and retirement funds – particularly those who did not complete their degree. Health, particularly mental health, appears to be negatively affected by student loan debt, both during and after leaving university.”

<http://www.researchcghe.org/publications/graduate-indebtedness-its-perceived-effects-on-behaviour-and-life-choices-a-literature-review/>

So, to start to conclude

Loans and fees

- I have not talked about maintenance – but that is more difficult – why have state ‘boarding schools’ which is what Russell groups universities would be?
- We need to move towards going more locally.
- On fees and loans the taper should be that a student in the first year of £9000 will pay the same as those who arrived a year before them. The taper can be ‘seamless’ as if £9000 never happened.
- It needs to taper to zero for the final year who are made to pay fees and take loans.

Conclusion

We have a lot more to worry about.

So let's move on from this.

Figure 7.9.2: Statue of Cecil Rhodes overlooking Oxford's High Street, 2016



Dorling, D. (2018) *Peak Inequality: Britain's ticking time bomb*, Bristol: Policy Press. Source: Source: Oxford Student Magazine 2015