The merits of going English

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UNIVERSITY used to be for a privileged few. In some countries it is now almost a rite of passage. Although that is excellent news, few countries have worked out how to pay for it. In some of continental Europe, where the state often foots the bill, the result has usually been underinvestment. In America, where students themselves pay, many have little choice but to take on huge debts.

English policymakers thought they had struck the right balance, with a mix of student fees and generous state loans that has found admirers abroad. But, nearly two decades after youngsters were first required to contribute to tuition costs, the system has dwindling support at home. Jeremy Corbyn,

Labour's leader and many students' favourite political philosopher, speaks as though it were designed to keep the poor from tainting the ivory towers. He has called for an end to the "debt burden" on students, and has claimed that "fewer working-class young people are applying to university." Labour's showing at the recent election suggests many young voters agree.

Mr Corbyn's argument betrays a disregard for the facts, a poor understanding of student finance, or both. Twenty years ago English students could go to university free, with the state covering the cost. The result was many struggling institutions and strict limits on the numbers of students universities were allowed to take. Annual tuition fees allowed an expansion of higher education, from around 30% of 18-year-olds to more than 40%—and the proportion of youngsters going to university from poor parts of the country has grown from one-in-ten to three-in-ten. Even after the most that universities were allowed to charge was nearly trebled in 2012, to £9,000 ($14,000), the number of poor students has continued to grow.

That is because loans for tuition are combined with gentle repayment terms. Graduates only pay back based on their income above £21,000 a year, meaning that their debts never become unmanageable. Outstanding loans are written off after 30 years. So those who do not do well financially from their education do not have to pay. Critics argue that tuition fees exacerbate inequality between generations (rich oldsters attended university free, after all), but the alternative would be greater inequality within generations—as poorer students were once again frozen out when capacity fell, and relatively wealthy graduates were subsidised from general taxation.

Competition cure

The real problem with the English system is not fairness, but that fees have not driven up standards, as many officials had hoped. Almost all universities charge the maximum, whatever the course—not because they are a "cartel", as some say, but because no university wants to suggest that it offers a cut-price, second-rate degree. Nevertheless, surveys indicate that students have seen little improvement in teaching. Many universities spend the extra money on fancy buildings and big salaries for senior managers instead.

One answer would be to promote competition by giving students better information—such as which universities benefit their students most (see our calculations). The government has relaxed the rules for new institutions in the hope that they will develop new teaching methods and drive down prices. It could also encourage students to hold universities to account, with devices such as learning contracts specifying what undergraduates should expect, and by helping them switch courses if they are dissatisfied. If students think they are not getting value for money, support for a scheme that is fair and progressive will dwindle. And that could lead to the most regressive step of all: scrapping tuition fees.