

Has the tide turned on higher education inequality?

*In his classic book *Strategy of Equality*, **Julian Le Grand** uncovered surprising findings about the main beneficiaries of social spending. Four decades on, what progress has been made towards achieving greater social equality? Has the middle class released its “ownership” of the welfare state? A closer investigation reveals a mixed picture.*

Forty years ago, I published *The Strategy of Equality* (1982). The phrase was taken from the economic historian and social critic, Richard Tawney, author of an influential book of social criticism, *Equality* (1931). There he said that an essential element of any strategy for reducing inequality would be to use public spending on social services such as education, health care and housing as instruments for achieving equality in what he called a “social income, [one] available on equal terms to all its members.”

Tawney was not alone in his belief that public expenditure on social services could go a long way to promoting social equality. It was subsequently endorsed by numerous social thinkers, economists and politicians, and formed an important part of the justifications of the development of the post-war welfare state.

Challenging assumptions

However, by the time the welfare state was firmly established in the 1960s and 70s, there was curiously little empirical investigation into whether equality in social services had been achieved. The standard belief at the time was that the principal beneficiaries of social services spending were those variously described as the poor, the less well-off, the disadvantaged.

But was this true? I determined to find out. Several household surveys had been developed that showed the utilisation of social services by various social groups, categorised by level of income or occupation. By exploring these and using data on the costs of such services, I could determine how much social service spending was incident on those groups. I picked four areas to investigate: education, health care, housing and – something that ought to be considered part of the welfare state but was not generally

thought of as such – public transport.

The results were a surprise to me, and, as it turned out, also to much of the rest of the academic and policy worlds. Almost all public expenditure on the social services in Britain benefited the better-off to a greater extent than the poor, leading to the conclusion that equality, in almost any sense of the term, had not been achieved. In all the relevant areas there persisted substantial inequalities – in public expenditure, in use of the services, in opportunities, in access and in outcomes. Moreover, in some areas there was evidence to suggest that the policies concerned have failed even to reduce inequality.

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The results relating to education were particularly interesting. When all the different sectors of education were taken together, the top socio-economic group (professionals, employers and managers) benefited from one-and-a half times as much as the lowest group (semi-skilled and unskilled manual workers). Looking at the sectors separately, those in the top group received slightly less public spending in the primary and under-16 secondary education (probably because of their greater use of private education) than the lowest group. But they received substantially more in the other sectors. For secondary education over 16, they received nearly twice as much as the lowest group; for further education, three and a half times; for universities, *over five times*.

The results received a great deal of attention, becoming encapsulated in the phrase, “the middle-class capture of the welfare state”. The attention included some that, as a supporter of the welfare state, I found a little alarming. The government of Mrs Thatcher was in power at the time and wanted to use the results, not to help increase the utilisation of the benefits from the welfare state by the less well-off as I had hoped, but to justify the cutting back of the welfare state on the grounds that it had failed to meet one of its primary objectives. Fortunately, the government realised that a large proportion of its supporters were middle class, who might not relish “their” welfare state being cut back. In fact, over the Thatcher period spending on education and health care went up in real terms, with the government concentrating its fire on non-middle-class welfare, such as means-tested benefits.

A momentous shift in higher education

But all this was several decades ago. Much has changed, especially in one of the most pro-rich of all the areas of social services: higher education. Participation [has soared](#): in the early 1960s, only about 5 per cent of the relevant age cohort went to university while today it is around 50 per cent. Alongside the introduction of tuition fees, a student loan scheme was set up, with repayments tied to graduate earnings.

So how has this affected equality? Could all these changes mean that we are now in a quite different world, where the Strategy of Equality is working – where it is fulfilling Tawney’s dream of significantly reducing social inequality?

There have been some recent studies by the Institute of Fiscal Studies and the Deaton Review of Inequalities that have investigated exactly this question. In a 2018 [IFS Briefing Note](#), Chris Belfield, David Gell and Luke Sibieta, found that:

“Changes in the distribution of school funding, increased staying-on rates and reforms to [higher education] funding mean that there was no difference in the amounts of public money spent on educating the poorest and richest pupils who were taking their GCSEs in 2010... Since 2010, the funding system has become even more beneficial to lower-income students relative to the better-off.”

This is a remarkable change. If the IFS is right, an education system that was substantially skewed in funding towards the better-off is now, if anything, skewed toward the least well-off. It would appear that, at least in this area, the Strategy of Equality has worked – that social income with respect to education has equalised – indeed even reversed, with the less well-off now receiving (slightly) more public spending than the well-off.

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Inequality persists

But – and there is a big but – it remains true that children from richer families were much

more likely to go on to university than those from poorer families. Among pupils taking their GCSEs in 2003, around 47 per cent of the richest quintile went on to higher education, compared with 14 per cent in the poorest quintile. In 2010 the equivalent figures were 50 per cent for the richest and 22 per cent from the poorest. And Belfield, Gell and Sibieta's own figures show that, as a result, the distribution of state funding at the higher education level is still substantially skewed towards the better-off. Children from the richest quintile taking their GCSEs in 2003 received more than three times the level of higher education spending incident upon those from the poorest families. The gap narrowed slightly during the following decade, but the children from richest families taking their GCSEs in 2010 received over twice as much higher education spending as those from the poorest families.

Two queries about these estimates need to be taken into account. First, they only consider state school pupils, so it ignores any higher education subsidy going to those entering university from private schools. If that were included, it would heavily favour the middle class, suggesting that the estimates significantly underestimate the relevant inequality.

Secondly, the IFS estimates only consider the upfront costs of higher education and ignore repayment, either immediately, with parents simply funding their child directly through university, or with students funding themselves via the loan scheme. There are few parents who pay upfront; but it is likely that a high proportion of those that do will be middle-class parents with the resources directly to fund their child through university. Moreover, there is evidence that graduates from middle-class families earn a little more over their lifetimes than graduates from less well-off families; therefore, given the progressive structure of the loan repayment system, they are likely to repay more of the loan. Exclusion of these repayments is therefore likely to lead to an overestimate of the inequality, although, as the IFS authors comment, this is perhaps not an enormous difference, given that the difference in graduate lifetime earnings is not very large.

Unfortunately, the IFS definition of social class used is quite different from the one I used, so we cannot compare their figures with mine directly. Although a definitive answer to the question as to whether the middle-class bias still exists will depend on resolution of the problems with the current estimates discussed above, it does seem likely that there is still substantial inequality in higher education. Hence, at least in this area, to say that the middle-class welfare is no more is unlikely to be correct.

So the Strategy of Equality debate is far from over, at least so far as higher education is concerned. In that area at least, the class ceiling has yet to be broken.

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