

## **Markets as Educators, or Have We Always Been Neo-Liberal? Steve Fuller, Warwick University**

No one in the UK has a bad word for the [‘Robbins Report’](#), which in 1963 licensed the creation of several campus-based, social science-friendly universities, including Essex, Sussex, Lancaster, York and my own, Warwick—all of which have recently celebrated their fiftieth anniversaries at the top of the world league tables for universities of their vintage. The report is understood in the UK as a high watermark for the recognition of the value of higher education to society at large. Under its auspices, unprecedented numbers of people from non-elite backgrounds suddenly had universities they could reasonably aspire to attending. Successive waves of university creation throughout the world have invoked this report for legitimacy. But there is more to its success than meets the eye.

The report’s author, [Lionel Robbins](#), chaired the economics department at the London School of Economics in its most formative period, which included the hiring of Friedrich Hayek, Margaret Thatcher’s favourite economist. Yet, like the LSE’s founders, Robbins began life as a Fabian socialist, the sort of person whom Marxists routinely derided as ‘technocrats’ and ‘state capitalists’. However, over his career, especially after the Bolshevik Revolution, Robbins increasingly embraced ‘neo-classical’ economics, including its fixation on the market as the prototype for all of social life. Indeed, he is not unfairly regarded as a founder of modern neo-liberalism.

Robbins organized the LSE’s economics department in explicit opposition to the ‘welfarist’ tendency then dominant at Cambridge, championed most notably by John Maynard Keynes. Robbins was disturbed less by state intervention per se than its insinuation of prescribed values under the rubric of ‘welfare’, or as we say today, ‘quality of life’. Robbins was all in favour of increasing access to higher education to previously marginalized sectors of society as well as increasing the choice of universities at their disposal. However, he did not believe that a dynamic and progressive society was served by everyone aspiring to the common standard of achievement implied by ‘welfare’.

From where Robbins sat in the early 1960s, UK higher education still seemed to be dominated by Oxford and Cambridge, whose graduates mostly staffed all the other universities. This gave the impression that students, regardless of background or need, were being indoctrinated in elite values, with which the humanities were then most clearly associated. However, Robbins did not wish classical humanistic values to be replaced wholesale by the sort of technocratic values that he detected emerging in the welfare state. His solution to this quandary was simply to turn higher education into a market, allowing greater student choice to dilute the influence of elites and enable other disciplines, perspectives and concerns to flourish.

In light of today’s popular disaffection with neo-liberal policies, it is worth recalling that the Robbins Report was very much grounded in market-based thinking. It aimed to break up an effective higher education monopoly and encourage trade that would be more directly responsive to spontaneous demand. In this case the trade pertained to knowledge

rather than ordinary goods and services. While the demand for higher education may be spontaneous, the size and shape of the markets supplying it are not.

Here markets themselves perform an educative role, a function that first made them attractive in the late eighteenth century, when Adam Smith and the Marquis de Condorcet promoted markets as the secret to national prosperity. Back then ‘marketisation’ was seen as an innovative form of state action that forced society to raise its collective game, as consumers had to become more discriminating in response to a sudden proliferation of producers. Over time this has meant, for better or worse, a transfer of power from producers to consumers.

In the UK this has meant that the state has withdrawn fixed funding from universities, causing them to set fairly steep tuition fees. However, the state then offers students a relatively generous, low-interest loan targeted to university selection that is repayable only once their postgraduate income reaches a certain level. In this way, the state becomes the ultimate human capital investor, taking calculated risks on two fronts. On the one hand, it counts on universities repackaging themselves to attract students; on the other, on prospective students selecting wisely from among the offerings.

The logic of the market dictates that collective learning occurs through trial-and-error in which everyone benefits from the mistakes of the relatively few. This is the world in which we increasingly live. The Robbins Report can be credited—or blamed—for having set it in motion. It provides a background to the [‘sympathy’](#) I have increasingly extended to the neo-liberal devil.

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