

## Student Economics

### Why fees are unnecessary and how we can fund university education

The Government estimates that in 2010/11 there was 986,357<sup>i</sup> (full-time equivalent) higher education places.

If each one of these university places was charged at the maximum £9,000 per year, that the Coalition Government intends to allow institutions to levy, then this would raise just under £8.9 billion in annual revenue for higher education.

It is estimated by the Tax Justice Network that tax avoidance costs the UK £25 billion per year<sup>ii</sup>. Even if just one-third of this could be reclaimed to the Exchequer, it would avert the need not just for *increased* fees but for fees *at all*.

In 2008/09 tuition fees raised £5.8 billion<sup>iii</sup> in revenue for UK universities – about one-third of total university funding. This is less than the £6 billion Vodafone avoided in tax<sup>iv</sup> this year with HM Revenue & Customs complicity.

If the government fears frightening business, it could instead abolish the upper limit on national insurance contributions, which would raise £11bn<sup>v</sup> enough to eradicate the need for fees and to fund a grant of over £2,000 per student.

But we should not forget graduates already repaying debt.

The total balance outstanding for the UK student loan book (including loans not yet due for repayment) at the end of the financial year 2009-10 was £35.95 billion<sup>vi</sup>.

According to the [Sunday Times Rich List](#)<sup>vii</sup>, the collective wealth of the 1,000 richest people in the UK rose to £335.5bn in 2010.

A one-off 11% wealth tax on this elite group would, at a stroke wipe out the debts of all those who suffered fees under New Labour. This would be a bail-out, although only 2.75% of the size of the £1.3 trillion bail-out of the UK banking system<sup>viii</sup>.

**John McDonnell MP**  
**LEAP Chair**

**Andrew Fisher**  
**LEAP Co-ordinator**

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<sup>i</sup> See House of Lords written answer:

<http://www.publications.parliament.uk/pa/ld201011/ldhansrd/text/101111w0002.htm>

<sup>ii</sup> See TUC. The Missing Billions: <http://www.tuc.org.uk/touchstone/Missingbillions/1missingbillions.pdf>

<sup>iii</sup> See House of Commons written answer:

<http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm101125/text/101125w0001.htm>

<sup>iv</sup> According to Private Eye Edition 1275: [http://www.private-eye.co.uk/sections.php?section\\_link=in\\_the\\_back&issue=1275](http://www.private-eye.co.uk/sections.php?section_link=in_the_back&issue=1275)

<sup>v</sup> House of Commons written answer:

<http://services.parliament.uk/hansard/Commons/ByDate/20090324/writtenanswers/part019.html>

<sup>vi</sup> See House of Commons written answers:

<http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm101206/text/101206w0004.htm#10120630000445>

<sup>vii</sup> [http://business.timesonline.co.uk/tol/business/specials/rich\\_list/article7107299.ece](http://business.timesonline.co.uk/tol/business/specials/rich_list/article7107299.ece)

<sup>viii</sup> See Robert Peston, BBC:

[http://www.bbc.co.uk/blogs/thereporters/robertpeston/2010/06/the\\_risks\\_of\\_forcing\\_banks\\_off.html](http://www.bbc.co.uk/blogs/thereporters/robertpeston/2010/06/the_risks_of_forcing_banks_off.html)