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How to write off student debt: my plan for Labour

[Danny Dorling](#)

The party has promised to end tuition fees – but needs to think about young people who have already racked up £30,000 of debt



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In summer 2012, English tuition fees suddenly tripled to become the highest in the world. [Young people](#) choosing to go to university had no choice: for the vast majority it was huge debt or no degree.

These fees turn education into a [cheap and nasty marketplace](#) where universities that lie about their product can succeed. The supposed benefits of markets do not apply to higher education: students and their parents are not repeat consumers; they don't know what they are buying, while universities know very well how to tart up what they're selling. Some institutions have become more focused on marketing, thanks to the financial incentive, than on providing a good education.

Labour has said it would [end tuition fees](#) from the moment it is elected, and return our universities into institutions acting for the public good, not bodies that maximise profit. However, the party as yet has no policy on what to do about outstanding student loans – how to soften the injustice for students who

have already racked up debt. University officials estimate that ending tuition fees and bringing back some maintenance grants would cost [£10bn a year](#). And then there is the historic debt.



'The solution to historic student debt could be fairly simple if Labour introduced a cap on maximum future student loan repayments for undergraduate degrees.' Photograph: Chris Ison/PA

Labour has been struggling to find a way forward. It cannot go into an election telling young people that if they are unlucky enough to have started university the day before a [Labour](#) government is elected, they will still have to pay off a £30,000 loan, just to cover their fees. It would not be fair on students, and would offer an incentive for them to defer entry until after a general election, leading to a sudden fall in fee income for universities, empty lecture theatres and probably redundancies in higher education.

The solution, though, could be fairly simple: Labour could introduce a cap on maximum future student loan repayments for first-time undergraduate degrees, with the rest of the debts written off.

The principles would be as follows. First, no student who [started their course in 2012](#) should repay more than a student who started the same course in 2011 (when fees were a little over £3,000 a year). With interest added, that puts the debt cap for a student who started in 2012 at £12,000 (instead of anything from £30,000 upwards).

Second, no student who starts their course in the year immediately before the new government is elected should pay more than one starting the same course the year after. In other words, they should pay tuition fees with a loan, but for them that loan would be written off entirely if Labour won.

Third, between 2012 and the year of a Labour election win, the maximum repayable loan should reduce fairly, as shown in the table. For those who have paid their fees up front there is no refund.

If Labour wins in 2022, those who entered university in 2017 (midway between 2012 and 2022) should only have to pay back half of the maximum that any student who entered in 2011 would have to pay.

The plan could be called “Jubilee 2022” – in recognition of the final year in which the cap would be implemented, exactly 10 years after exorbitant fees were introduced. If Labour is elected before 2022, the cap could begin to operate sooner.

This model is fair and easy to implement. And it’s fair to those who do not go to university. The current system assumes graduates will be paid much more than non-graduates and can afford to repay vast loans. This embeds the toxic graduate/non-graduate differential, which is partly responsible for the UK’s dismal record on apprenticeships and technical education in comparison to its mainland European neighbours.

How will we pay for this? The answer is another question: if the rest of Europe can do it, why can’t we? [Across mainland Europe](#), including at all the best universities, tuition fees are either much lower or non-existent. We could [raise taxes](#) on wealth, on corporations and on people receiving the highest incomes to the levels of the rest of western Europe. Because higher education is an investment in the productivity of the economy, we should fund it through state, not individual, borrowing.

This plan would not cost as much as some might imagine because – as has become increasingly clear – many, if not the majority of graduates will be [unable to pay back their loans](#). Some, such as medical students, even have an incentive to leave Britain – and their huge debts – never to return.

At present government is paying most of the fees, but pretends it is not through an opaque relationship with the Student Loans Company and the fiction that future graduates will be as well paid as those in the past, when being a graduate was far less common. Implementing this idea moves the funding model away from the fantasy of putting things [off the balance sheet](#).

The key is that we transform a set of onerous private debts into a social obligation borne by the government – by us all collectively. This is a progressive way to fund higher education and a recognition of its status as a public good.

Danny Dorling is Halford Mackinder professor of human geography at Oxford University. For more details on his fee cap model visit the [Progressive Economy Forum](#)

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