ON THE CAPITALISATION OF SCHOOLS IN ENGLAND

SOBRE LA CAPITALIZACIÓN DE LAS ESCUELAS EN INGLATERRA

SOBRE A CAPITALIZAÇÃO DE ESCOLAS NA INGLATERRA

Glenn Rikowski

https://orcid.org/0000-0002-9821-3762

Abstract: This article outlines some ideas that can be used in a project of educational subversion that seeks to relate particular educational phenomena to the constitution of capitalist society. These phenomena are elements of what I have previously (RIKOWSKI, 2003b; 2005c) called the ‘business takeover of schools’. Indeed, I have never really provided a sustained account of what I mean by this term, and how it relates to other concepts such as privatisation and commodification. Thus, I shall do so now in the context of certain developments in the schools system in England, which has been an interest of mine since 1997.

Keywords: Privatization. Commodification. Education. England.

Resumen: Este artículo describe algunas ideas que pueden usarse en un proyecto de subversión educativa que busca relacionar fenómenos educativos particulares con la constitución de la sociedad capitalista. Estos fenómenos son elementos de lo que anteriormente (RIKOWSKI, 2003b; 2005c) denominé ‘toma de control comercial de las escuelas’. De hecho, nunca he proporcionado una explicación sostenida de lo que quiero decir con este término y cómo se relaciona con otros conceptos como la privatización y la mercantilización. Por lo tanto, lo haré ahora en el contexto de ciertos desarrollos en el sistema escolar en Inglaterra, que ha sido un interés mío desde 1997.


Resumo: Este artigo descreve algumas ideias que podem ser usadas em um projeto de subversão educacional que busca relacionar fenômenos educacionais particulares com a constituição da sociedade capitalista. Esses fenômenos são elementos do que eu chamei anteriormente (RIKOWSKI, 2003b; 2005c) de ‘aquisição do controle de escolas por empresas’. De fato, eu não havia descrito ainda com detalhes o significado desta expressão e como se relaciona com outros conceitos, como privatização e mercantilização. Assim, farei isso agora no contexto de certos desenvolvimentos no sistema de escolas na Inglaterra, que tem sido meu interesse desde 1997.


1 He is an independent education researcher based in London. He was a full professor at the University of Northampton. He is currently visiting professor at the University of Lincoln School of Social Sciences. He is a member of the Society of Education Philosophy of Great Britain (PESGB, London Branch). Lincoln, Rein United. E-mail: <rikowskigr@aol.com
Introduction

Empirical observation must in each separate instance bring out empirically, and without any mystification and speculation, the connection of the social and political structure with production (Karl Marx and Frederick Engels, 1846, The German Ideology, p. 41 – original emphases).

This is a section of a paper, Night Thoughts on the Education White Paper that was prepared for the Discourse Power Resistance 5 Conference, Research as a Subversive Activity, which was held at the Manchester Metropolitan University in the Geoffrey Manton Building on 20–22 April 2006 (RIKOWSKI, 2006b). The paper was never finished, but one day, when time permits more attention to intellectual work, I shall finish it.

However, in the meantime, I think this section, On the Capitalisation of Schools, might be useful for readers concerned with the ‘privatisation’ of schools in England. In my view, the educational Left has played fast and loose with this term, and I think it is necessary to pin down certain vital distinctions in this field.

I have made some small additions to the original in this edit. These additions will be incorporated into the final version. I have also included here all of the references form Night Thoughts, not just those used in this particular section, as these might be more generally useful to readers.

The promise to complete Night Thoughts on the Education White Paper remains unfulfilled, and yet surpassed. My Privatização em educação: E formas de mercadoria (RIKOWSKI, 2017a; and English versions, RIKOWSKI, 2017b; 2019), deepens arguments in Night Thoughts. Yet as an introduction to my later work on privatisation and education this article remains significant, and, given developments in England and beyond over the last twelve years, it has attained additional resonance.

First of all, as Verger, Fontdevilla and Zancajo (2016) note, the business takeover of education has become ‘a global education industry’ in recent years. This is the case even as, in some countries, such as the US and UK, the virusing of education by capital has proceeded slowly as the capitalist State has failed to restructure education institutions adequately for profit-making. For example, in the UK, as Stephen Ball (2009, p. 97) indicated: ‘Privatisation and the state need to be thought together’. The infrastructure for profit-making in UK schools was underdeveloped then, and still is.

Secondly, in the UK specifically, key players have indicated their intentions more clearly regarding the insertion of capital in schools, colleges and universities since I wrote Night Thoughts. Even before he became education secretary after the 2010 UK General Election, as shadow education secretary, Michael Gove (currently in the Conservative government with special responsibility for Brexit), argued for for-profit schools (GRIMSTON, 2010, p.1). Businesses were drawing up plans to ‘revolutionise state education by taking over the management of hundreds of schools, as a result of politicians’ opening the door to new service providers’ (HURST, 2010, p.6) prior to the 2010 general election. When he became education secretary after the 2010 general election, Gove promised to give all state schools the ‘opportunity’ to break away from democratic local authority control and become independent Academies (building on the Academy programme brought in by Tony
Blair’s New Labour government), where business interests could play a larger role (HARRISON, 2010).

In 2011, the Conservative – Liberal Democrat Coalition published the Open Public Services White Paper, with a Foreword crafted jointly by Prime Minister David Cameron and the Liberal Democrat Deputy Prime Minister, Nick Clegg. The White Paper advocated increasing choice in public services, bringing in new providers to break down reliance on state-run public services, the empowerment of service users, fair access to public services, and that these services should be accountable to users and taxpayers. As Curtis (2011) noted, the White Paper implied the ‘drive for change’ in public services was slowing down, despite David Cameron’s bluster about not ‘wasting opportunities and wasting time’ (CURTIS, 2011).

In England’s schools system, in contrast, Michael Gove pushed the Academies programme forward with increased intensity in the face of resistance and some significant successes for many parents’ groups and the Anti Academies Alliance (AAA) efforts to curtail it. Furthermore, he established a new Free Schools option for parents and other groups to run their own schools outside local government control, with possibilities for companies to run them on their behalf.

Yet some right-wing think tanks were dissatisfied with the pace of change regarding the insertion of profit-making in schools. For example, The Institute of Economic Affairs published The Profit Motive in Education: Continuing the Revolution in 2012 (IEA, 2012) and the authors of Britannia Unchained (all of them now ministers in Boris Johnson’s government) bemoaned the lack of competition in education in the UK. Academies were increasingly being grouped into federations, enabling economies of scale and this development could be could be viewed as engendering precursors for a deeper form of control by capital.

Michael Gove reacted to these Right-wing critiques by considering the outright privatisation of schools. This was discovered through a leaked documents regarding a ‘meeting of top Department for Education officials’ (MERRICK, 2013, p.1). He was encouraged in this by Steve Baker, now a leading Brexiteer, who argued that parents ‘would be allowed to make a profit by running State-funded schools’ under plans to be inserted in the Conservative manifesto for the 2015 general election (KIRKUP, 2013). After the 2015 General Election, David Cameron, with the first Conservative majority in Parliament since 1997, gave the green light to force through the Academies programme (TES, 2015).

These bad intentions of Michael Gove and other Right-wingers in the Conservative party have been slow to reach realisation due to spending political time and energy on austerity post-2008, resistance by parents and supporting organisations, and, more recently, the whirlpool of Brexit. However, these intentions are there still and the Academies programme rolls on. With a Conservative victory at the forthcoming General Election on 12th December, with the authors of Britannia Unchained in the Cabinet or as junior ministers, with Dominic Cummings (former adviser to Michael Gove when he was education minister) now advising Boris Johnson, and with an Education Minister, Gavin Williamson, wanting to push on with Academies and Free Schools (WHITTAKER, 2019) – then the drive for for-profit schools will continue to assert
itself, and the struggle against it must continue.

Privatisation – direct and indirect

It is almost de rigueur on the educational Left and in trade union circles to talk about privatisation of schools and educational services. However, by 'privatisation', strictly speaking, is meant the selling off of assets or services that are publicly owned, owned by the State, to private enterprises, which then not just control but also own them. Relevant examples here are the selling off of state utilities by the previous Conservative administration; public utilities such as gas, electricity and water. These were previously publicly owned, and now they are in private (increasingly overseas) ownership. This is direct privatisation.

This is the classical model of privatisation. Thus, the issue is one of ownership, yet companies that wish to get involved in running schools for profit are not basically interested in actually owning state schools. Privatisation might be some end result way into the future, but it is nowhere near reality as yet. Thus, talk about 'privatisation' of the elements of the school system can be loose and misleading.

Yet even when the term denotes a movement towards the ownership of currently State-financed educational services by for-profit outfits, i.e. where the concept of privatisation functions to highlight a social process (rather than result), a kind of indirect privatisation, it can mislead.

Again, it assumes that ownership is ultimately what companies wanting to run educational services are really interested in; whereas, what they are more concerned about is turning State revenue into private profit through the 'magic of money'. It has to be shown and demonstrated through empirical and theoretical investigations exactly how, why and in what ways something like, say the Academies programme, is headed towards direct privatisation. In my Habituation of the Nation paper (RIKOWSKI, 2005a) I indicate the significance of the Academies programme for the business takeover of schools, which is the focus of the following section².

The business Takeover of schools

This is why I have been keen to emphasise the business takeover of schools rather than their privatisation – the latter term being a bit of a red herring, or unwarranted bogey projection. The essence of the business takeover of schools is that private, for-profit operators run but not fundamentally own educational services on a contract for profit basis. Profits are derived from the difference between the contract price (the bargain struck in drawing up the contract) and the actual cost it takes to run the service. In this way, State revenue (money paid to run educational services by the State) is transformed into private profit. Contracts typically stipulate targets to be met, and if these are not met then some profits might be clawed back, or, ultimately, the contract may be terminated and another contract drawn up with another company.

The ‘service’ involved might be educational services such as school improvement or equal opportunities, or it

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² Which remains unfinished; as does the rest of the paper. A PowerPoint presentation exists of the whole argument, however. See: https://www.academia.edu/29694841/Night_Thoughts_on_the_Education_W hite_Paper_Presentation...
could be running schools through whole Local Education Authorities (LEAs), running particular schools or managing LEAs, so-called educational management organisations (EMOs). As staff costs are the largest element in terms of making profits in this way, then this is one of the reasons why companies interested in running educational services for profit are especially keen on controlling these costs through having jurisdiction over teachers’ pay and conditions. The substitution of cheaper forms of labour (e.g. classroom assistants for teachers) is another method of reducing costs. Increasing use of new technologies, extending teachers’ working hours (holiday reduction and so on), increasing productivity through expanding class sizes and so on are all ways that might be used to generate profits. Federations of schools would provide economies of scale (on administration, teacher-sharing and resource sharing), perhaps eventually including offshoring as has started to happen in hospitals here in the UK (see AOL News, 2006).

In England, there are four main forms of the business takeover of schools. First there is the phenomenon of for-profit providers running individuals schools (only three so far) and LEAs (nine so far) on a contract for profit. Secondly, for-profit operators might run educational services such as school improvement and equal opportunities programmes. Thirdly, through the Private Finance Initiative (PFI), private operators (including banks, insurers and other elements of finance capital, and not just venture capitalists and construction companies) are involved in raising finance, building and maintaining schools, and LEAs sign contracts to pay back the sums involved over a 25-30 year period. The arrangement is like a mortgage. Finally, there are chains of profit-making schools such as Sunny Varkey’s Global Education Management Services (GEMS) and Chris Woodhead’s company, Cognita. GEMS recently bought 3Es Enterprises, which runs two out of the three schools run by companies (RICHARDSON, 2006), so therefore GEMS now has a stake in the state schools system.

**Business Generation by Schools**

This is where schools themselves become businesses or set up companies to market their own products. The Standards and Framework Act of 1998 enabled schools to trade services and products with other schools, as noted by Rikowski (2005a, p. 25-26):

The Standards and Framework Act of 1998 enabled schools to partake in school-school services for sale. Some schools such as Thomas Telford have taken this message close to heart. Since 2000, Thomas Telford School has developed a range of online curriculum resources such as General Vocational Education Qualification (GNVQ) in Information and Computer Technology (ICT), GCSE Maths, the Vocational GCE Advanced Level ICT and other courses that it has sold to schools and colleges under the name of Thomas Telford Online Limited (see Thomas Telford, und). As Warwick Mansell reported in the *Times Educational Supplement*, these courses have been sold to schools for up to £3000 a time (Mansell, 2003). Schools purchase a licence to run them for a year, and teachers running the courses receive five days’ training. In addition, the schools paying for the courses get
'free access to Thomas Telford’s online curriculum for all subjects’ (ibid.). The HSBC bank provides support for Thomas Telford’s Maths GCSE.

Education Act 2002 (HER MAJESTY’S GOVERNMENT, 2002) enabled schools to set themselves up as companies and to set up spin-off companies. The 2002 Act sanctioned the following:

1. School governing bodies can constitute themselves as companies
2. Once they have set themselves up as companies, schools can invest in other companies
3. School companies can enter into deals with private sector operators.
4. School companies can be part of a ‘federation’ or chain of schools.
5. Private companies can lead these federations.
6. Schools can also set up educational services and sell them to other schools.
7. The Secretary of State for Education has the power to form companies for involvement in any area of school life or LEA service (Adapted from RIKOWSKI, 2003b, p. 99).

Business generation by schools is about the development of schools and their associated companies as value, surplus-value and ultimately profit-making sites and activities. Schools become companies or generate spin-off companies, rather than being taken over by companies on a contract for profit-making purposes.

Commercialisation

Commercialisation in the schools system is about the promotion of products and services for profit. There are two aspects to this. On the one hand, schools may be subject to advertising and sponsorship. An example of the first is using Jazzy Books in class; exercise books which contain advertisements. An example of the second kind – which has been hitting the front pages of newspapers in recent weeks – is the sponsorship of Academies. Companies sponsoring Academies get lots of free advertising, ranging from the name of the school (in some cases) to their sponsors being rewarded honours (Lordships and the like) which might (or now, might not – see HELM, 2006) have a positive effect on selling the company’s products, the company image and so on.

On the other hand, schools – via business generation by schools (as in 3, above) – may advertise and promote their own services, products and merchandising. Thomas Telford’s web site, for example, promotes its products and services with some obvious similarities to mainstream commercial endeavours.

Marketisation and Monetisation

As noted in the Introduction, the development of capital and markets goes together. Commodities need to be sold in markets in order to be consumed, and in this process markets incorporate competition for good and services.

This competition takes two main forms in relation to educational services and products. First, those providing these services compete amongst each other: for pupils, funding, teachers, but also for honour and
status as reflected in examination and test results. Kenway and Bullen (2001), talking about the Australian situation regarding marketisation in schools, but with relevance to schools in England, say that:

> Principals are expected to hustle for customers, reputation and resources. Encouraged to cultivate clients and the media, and to seek sponsors; they have become educational entrepreneurs (ENGLAND in BALL, 2004, p.10).

These modes of competition are legion, are growing, and many of these various forms of competition are inter-linked in ways not pursued here.

Secondly, those demanding educational services (principally parents and students) also compete with each other for school places, which can be viewed as ‘positional goods’, conferring on their holders relative potentials in terms of outcomes (qualifications, grades, test results and so on), ceteris paribus.

Monetisation is the incorporation of money into educational markets. Of course, this already happens in the sense that money as State revenue underpins education in state schools. However, here I am interested in payments, direct or proxy, that accrue to schools recruiting individual pupils.

Presently in England, forms of competition within education markets in the state sector do not typically involve fees, charges or other monetary exchanges between parents or pupils and their schools on a regular basis for frontline and mainstream teaching activities. Of course, school trips and various ‘extras’ (e.g. music tuition) may involve parents paying money to the school. The 1944 Education Act outlawed the general levying of fees in schools in England. This Act of Parliament was abolished in 1996 during John Major’s Conservative government. It appears that monetisation in various forms is at least on the UK government’s agenda.

First, there has been considerable discussion in New Labour circles of “co-payment”. This is where parents pay a proportion of the total cost of school provision. Co-payment came into the higher education (HE) system in England in 1998 with the introduction of HE fees, which are set to rise again in September 2006. However, it has been considered by New Labour in relation to schools too:

In February 2003, Tony Blair argued that the government should be ‘willing to experiment with new forms of co-payment in the public sector’ (Guha and Timmins, 2003). However, the furore this caused led Blair’s Downing Street spokespeople to deny that this principle would be extended to schools and health (even though it was already embedded in higher education and dentistry) (see Paveley, 2003). Blair was egged on by people like Anthony Seldon from the Social Market Foundation, his own official biographer and also head of Brighton College (an independent school), who argued that if the nation were to have thriving state schools then some form of co-payment was essential (see Seldon 2001a and 2001b). Yet over a year later Downing Street policy gurus were still discussing co-payment (see Slater, 2004) (RIKOWSKI, 2005c, p.8).

Thus, co-payment for schools lurks in the background but is now unlikely to be considered seriously by New Labour for the
time being. Once introduced, the proportion of costs recovered in this way could be allowed to creep up, as historically has happened in dentistry and more recently HE fees.

Secondly, a number of schools ask parents to make voluntary payments. Talking to my own undergraduate students, this appears to be a growing trend. It could also be used by any future New Labour or Tory government, or by individual schools as an argument for all to pay on a compulsory basis on the consideration of ‘fairness’ – no doubt with a complex system of means testing and subsidies for those unable to pay.

Finally, vouchers could be introduced as proxy payments made by the State on behalf of parents, where funding follows the student. New Labour has typically fought shy of these in the schools system in England, especially after the Tories raised the issue early on in their last administration, culminating in the Assisted Places Scheme, which was a very specific voucher-like scheme designed to ease talented and gifted working-class pupils into the private school system (and was abolished by New Labour). Yet the Institute of Directors (LEA, 2002) has advocated vouchers in the school system in England. Exploring various funding options, Lea (2002) ‘argues the case for choice – with the use of the passport (a voucher scheme) being the recommended route’ (LEA, p.54). Furthermore, in the recent Further Education White Paper (DfES, 2006), an experimental quasi-voucher scheme for the further education sector is announced (see p.66, para 6.4). Thus, New Labour is willing to pursue vouchers in the further education sector but not schools at this time (BOONE, 2006).

These marketising and monetising phenomena emerging in the schools system in England are related to processes of commodification, too. As Stephen Ball indicates:

Markets of course have two sides – consumption and production – and the education market is no exception (BALL, 2004, p.10).

Rikowski (2005c) has noted that:

[I]n the marketisation of the schools system in England we are witnessing the gradual development and extension of educational services operating within markets, but also their becoming commodities (RIKOWSKI, 2005, p. 3).

Thus, the following section points towards the significance of the development of commodification in the schools system in England.

Commodification and Capitalisation

Commodification denotes the social development of commodities, which can either be a material phenomenon (like bricks) or immaterial (like transport). In capitalist society, commodities are not just useful ‘things’ (i.e. have use value) but also incorporate value. This is the dual form of the commodity, and also of labour, in capitalist society. However, when we labour in the capitalist labour process, there are not two forms of labour going on: one form producing use-values and the other value. The selfsame labour is expressed in two modes: as use-value and value (MARX, 1977).

For Marx, notes Stephen Ball, the commodity form in capitalist society conceals the ‘underlying social relations’ (MARX, 1867 apud BALL, 2004, p. 4) between labour and
capital. In the production of commodities in capitalist society, these social relations are transformed into relations between ‘things’ that appear to have an independent existence. Thus, in this process commodities are fetishised. They are also reified, as human powers and properties seem to be independent of human beings as commodity forms, and indeed appear to have power over humans (BALL, 2004). For Ball:

Commodification encompasses both an attention to the naturalisation of changes which are taking place in the everyday life of our production and consumption activities and more general processes of capitalism and its inherent crises and instabilities which underpin the search for new markets, new products and new sources of profit (BALL, 2004, p. 4).

There is no sacred, sacrosanct ground or space in the development of commodification. Ball (2004) places a question mark against the ‘commodification of everything’, but this does not seem warranted. In a social universe where body parts, Lordships and even the London Stock Exchange is for sale there is no island free from the virusing of capital in its money and other forms. Madsen Pirie, President of the Adam Smith Institute, indicates how space tourism may be the new frontier for capital (2006).

As noted previously, in capitalist production, value as well as use values is incorporated in commodities. Furthermore, notes Marx:

Capitalist production is not merely the production of commodities, it is **essentially the production of surplus-value**. The labourer produces, not for himself, but for capital. It no longer suffices, therefore, that he should simply produce. He must produce surplus-value. That labourer alone is productive, who produces surplus-value for the capitalist, and thus works for the self-expansion of capital. If we may take an example from outside the sphere of production of **material** objects, a schoolmaster is a productive labourer, when, in addition to belabouring the heads of his scholars, he works like a horse to enrich the school proprietor. That the latter has laid out his capital in a teaching factory, instead of in a sausage factory, does not alter the relation (MARX, 1977, p. 477, my emphases).

The ‘capitalisation’ of state schools, first of all refers to the processes involved in transforming state revenue into profit through running, managing, building and maintaining (e.g. PFI) or sponsoring schools still in the public sector. This simultaneously involves the capacity for first creating, and then the progressive generation of, value and surplus-value. A portion of this surplus-value may take the profit form, if run by for-profit outfits. Alternatively, if the school(s) concerned were to be run by not-for-profit organisations, then any surplus will be ploughed back into their operations. The end point of these various paths might be full, direct privatisation, where state schools are sold off to companies for profit-making, or come to function as schools currently known as ‘private’ or ‘independent’ schools.

Some might be surprised that the sponsoring of school is included here, but Shaw and Paton (2005) show come sponsors of Academies have used their positions to
pursue scams which can line the bank accounts of their own companies, though the Education and Inspections Bill (HOUSE OF COMMONS, 2006) going through Parliament seeks to tighten things up and end these scams (e.g. paying consultants for evaluations and other ‘services’ who are linked to one or more of the sponsor’s firms).

The second aspect of the capitalisation of state schools involves business generation by schools, as explained earlier. New enterprises are spun off from schools, or schools themselves are constituted as companies under Education Act 2002. These developments also involve value, and then perhaps surplus-value and finally profit-making.

**Reflection**

It should be noted that the various distinctions elaborated here pertain to the situation in the schools system in contemporary England. They might not be so useful when applied to school systems in other societies or in earlier periods of capitalist development in England. However, as a first approximation, I would hold that these distinctions make the water of Left educational thinking on these matters, in the context of England, substantially clearer.

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