

The effects of high tuition fee to the uk economy essay

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In this analysis I will be looking at how the effect that the higher university fees introduced in 2012 has had on the UK economy.

I'll be analysing the social, economical and political effects of the topic explaining a short part of the system and the different points of views including my own. What is tuition fee? Tuition is a fee paid for instruction which is especially seen in higher education. (Longman, 2008) Tuition fees; was introduced in 1998 around the whole of the United Kingdom, for funding tuition in universities for undergraduate and postgraduate students, where it was required for students to pay up to £1,000 a year for tuition. This was done to fund and help the universities to compete with other universities on a global scale. (News, 2009) Social effects Last year, in 2012 universities in England where and still are able to charge tuition fees of up to £9,000 per year. This rise of tuition has caused a lot of individuals to think that higher education is no longer affordable to those with standard or low income and has caused 15,000 fewer applicants.

(Vasgar, 2012) Plus most students pay their tuition with a loan they borrow from the student finance company where this debt is to be paid after the student graduates and are earning the minimum threshold amount of £21,000 per annual year. After graduation, every year 9% of the student's income will be paid to the student finance company, now the more you earn the more money that is paid towards the debt, but now that the fees have risen, a service such as this that is provided is still off putting for students, that is because you will graduate and take a step in to life with a huge some of debt. BBC news has made a student finance calculator on their website which is designed to provide a general illustration of cost of <https://assignbuster.com/the-effects-of-high-tuition-fee-to-the-uk-economy-essay/>

financing in various scenarios, rather than to give precise predictions of how much individuals will have to pay. Figure 1) [(Knight, 2011)] Figure [1] The calculator uses your planned profession to estimate your future earnings. This shows that with the interest placed upon the debt the student will have to pay more than he/she had previously borrowed.

Economical effects Research shows that university towns and cities could be badly hit due to the rise of the tuition fees. According to a report by the centre of cities; says that student spending accounts for 10% of the economic activity of some towns and cities. [(Anon.

2011)]In my eyes most universities are located in areas that need improvement and a boost of population, students from all over the country and the world come to study for higher education since the UK has a high reputation for education , this brings money into the area as a form of “ buy and sell”. An example, accommodation; most students live in university halls (usually the “ freshers”) for the first year to socialize and to meet new people and to make friends plus the more important to familiarize themselves with the area etc. hen moves to a house with a few other students to cut the cost of rent a bills which makes it more affordable, this brings in rent to property owners. Students will probably use most of their maintenance loans to cover the rent giving them the need to find a job and since there has been a boost in the population of the area and its economy due to high number of students, businesses are willing to take in employees; this gradually brings the area to its feet keeping the money in circulation. But when there are

fewer students this slowly takes down the economy in the area causing the local economy to shatter.

Another possibility is that if there is a lot of people that cannot afford a high education there will be fewer skilled workers with the knowledge which would probably increase the wages due to shortage of labour force which would also trigger the cost of production to rise, ultimately affecting the consumer and thus economic growth will be hit because of this. Political effects