



DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

11 February

Professor Robin Marris

Dear Professor Marris,

I welcome the opportunity to reply to your open letter in The Times of 5 February. The bulk of your letter is based on the total misconception that Ministers have said "The universities must be cut because they are not cost-effective". This is not true. Ministers have not said this - publicly or privately. My predecessor and I have been well aware of the relative cost-effectiveness of British universities confirmed by your figures. But it is possible for the universities to become more cost-effective still and that is what, in present economic circumstances, we have asked of them. Your letter recognises that "periodic shake-ups are desirable" and I am sure that in many subjects after decades of growth there is scope for rationalisation within and between universities.

You recognise the need to restrain the growth of public spending "if only because" you write "in this country the public sector has now become the main engine of inflation". There is obviously much common ground between us.

The Government have protected some large sectors of public spending - defence, the health service, police and the retirement pension. Such decisions are what politicians are for and these are priorities that are very widely respected. It follows that in order that overall public spending should, as you and I agree, not increase excessively, other areas of public spending must be restrained. That is why provision for the universities, and higher education generally, has had to be held back, not any of the arguments which you advance in the early part of your letter to give yourself the pleasure of elegant rebuttal.

Though good universities are jewels in our national life, I do not accept your correlation between the number of graduates - in all subjects or only in some? - and national well-being. Nor do I think that your suggestion that I should maintain the cash cuts while letting individual universities determine their own response is sensible. That would be an easier position to defend if universities were financially independent - as I heartily wish that they were at least in part. But in terms of the deployment of scarce public money,

would it really be sensible, just when we have set up the new National Advisory Body to advise on planning in the diffuse local authority sector of higher education, to destroy all attempts at planning in the university sector?

When the Government proposed the savings now being implemented in the university sector the University Grants Committee took the view that the new level of resources proposed must lead to some reduction in student numbers if quality and, in particular, research capability, were to be protected. The Government concurred in that view. A "free for all" - on the taxpayers' money - would simply give us a university system which was the random outcome of decision-making at over 50 individual institutions. Individual universities left to their own devices would be tempted to admit students where they could do so most cheaply, while the UGC are trying to bring about a shift in the balance within the university system as a whole towards more expensive subjects like engineering and technology. I am sure that this is right. We do not want just a cheaper university system, but an even better one. That being said, however, the UGC are now considering the detailed plans of individual universities and it is in that context that they can consider what flexibility in student numbers is desirable and appropriate.

You ask me to deny the suggestion that if a group of academics accepted a voluntary salary cut I would merely reduce the grant to that institution pro rata. The grant to individual institutions is, of course, determined by the University Grants Committee and not by me. But I can nevertheless make a constructive response here. First, I can say that if, nationally, university teachers settle for less than 4% in the current academic year, I will guarantee that the cash to be made available to the universities will not be reduced because of this. Second, I can say that if academics at a particular university decided to take less than the nationally negotiated rate as a contribution to their own university, I understand that the UGC would respect that decision and would not claw back the money from the university concerned.

I agree that student maintenance grants are one of my most difficult problems. But I do not think that I can be accused of cowardice in my attitude to them, given that the standard award is to increase by only 4% in the next academic year and that a greater share of the total will fall to be found by parents. To have treated awards more harshly, as you seem to recommend, might or might not have cost votes but it would certainly have made it more difficult for the child from the less well-off home to contemplate entering higher education. On the other hand, if institutions of higher education are allowed to pack in as many students as they wish they impose a burden on the tax and rate payer far beyond the cost of their tuition fee which now covers only a fraction of the cost and is to be reduced in the autumn. That is why the resources available for higher education as a whole have to be seen as a package which includes student maintenance as well as support for institutions. If, as I hope, it proves possible to develop a partial system of student loans this burden may be eased. But in the meantime your thinking on this issue is as muddled as your metaphors.

Finally, you, as a Professor of Economics, dismiss the published comments of one of your own colleagues apparently because he is "an expert in dentists' materials". It was Keynes who wrote - the last sentence in "Essays in Persuasion", 1931 - "If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid".

Yours sincerely,

Ken Joseph

Robin Marris steps up the debate on our universities with an open letter to Sir Keith Joseph and an international comparison of the costs of higher education

a challenging
Why British graduates are the best value for money in the world

Dear Sir Keith,
 I know you are an intellectual person so I am sure you have already read two recent articles in the newspapers concerning your policy of cutting down the universities. The first was in last Sunday's *Sunday Times* and was called "Carry on Cutting, Sir Keith". The next, in this paper on February 2, was called "The Second Battle of Britain".

Both were written by experts from my own university. The cutter is an expert in dentist's materials (a senior lecturer, no less); the defender was our Vice-Chancellor. The cutter, Dr Anselm Kuhn, believes that most university lecturers are a bunch of layabouts, and who am I to argue that this is not his personal experience? It is not, as it happens, my own.

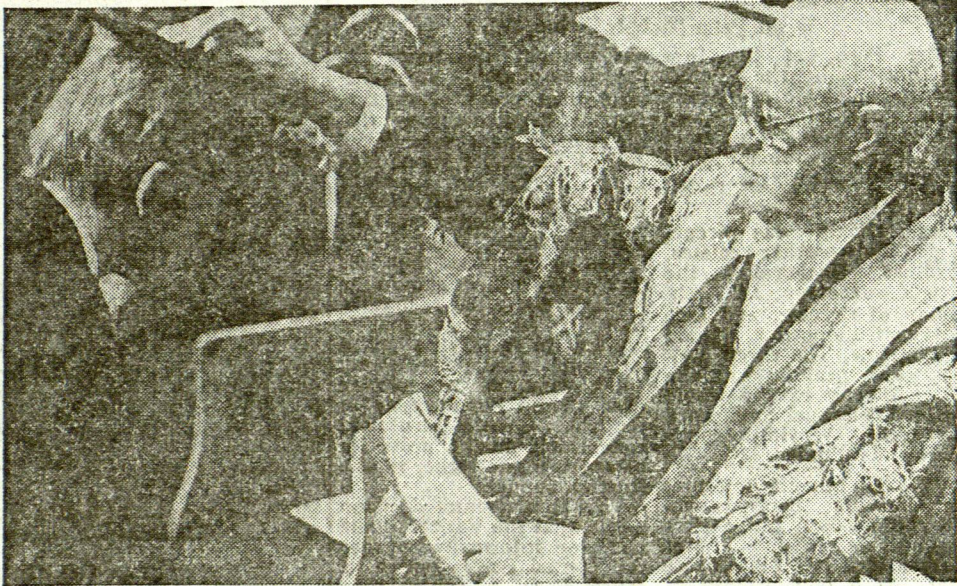
The Vice-Chancellor argued, forcefully, I thought, that the universities are the essence of our culture. But I have the impression that culture or no you yourself regard them as rather like a Rolls-Royce: good, but also expensive and a luxury our poor nation can no longer afford in the style to which we were accustomed.

I am an expert neither in the manufacture of false teeth nor in the administration of universities. I am, however, something of a minor expert in international statistics on the economics of education. In this capacity I recently decided to put British universities to test. Are they, by international standards, unusually expensive or elitist?

To be honest, I rather expected to find there was at least some truth in such accusations. So great is the force of conventional wisdom that I was genuinely surprised to find that almost every number I could lay my hands on seemed to show precisely the opposite. Please see the table.

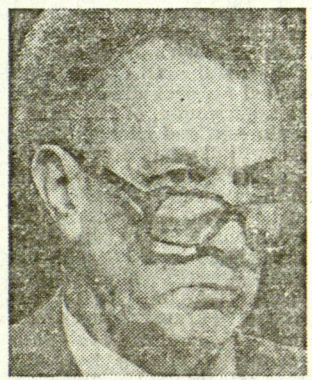
I cannot believe that you or your predecessors would have embarked on the present course of action had you known these facts. Perhaps the reason they are not more widely appreciated is that they require collation from several different international sources.

I happen to agree with you and your colleagues on a number of important matters. I agree with your own view that educational policy generally needs greater emphasis on value for money, provided that by "value" we mean "output" and by educational output we mean acquisition of learning.



| 1978 Figures | First-Degree Students per Thousand Population | Percentage First-Deg. Students Graduating Annually | First Degrees Awarded Annually per Thous. Population | Total Real Teaching and Admin. Cost per First Degree | University Teachers per Thous. University Students |
|--------------|---|--|--|--|--|
| Belgium | 10.9 | 17.5 | 1.91 | 22,303 | |
| Canada | 21.7 | 18.8 | 4.08 | | 57.9 |
| Denmark | 19.3 | 9.0 | 1.74 | 39,666 | |
| Finland | 16.0 | 16.0 | 2.56 | | 98.1 |
| France | 11.7 | 15.3 | 1.79 | 13,764 | 49.5 |
| Germany | 14.6 | 9.5 | 1.39 | 28,516 | 123.9 |
| Italy | 17.2 | 7.5 | 1.29 | 17,027 | 41.3 |
| Japan | 15.6 | 18.3 | 2.85 | | 82.3 |
| Netherlands | 9.9 | 7.3 | 0.72 | 60,205 | 94.6 |
| Sweden | 13.3 | 12.3 | 1.64 | | |
| Switzerland | 8.7 | 10.7 | 0.93 | | 71.1 |
| U.K. | 7.0 | 25.2 | 1.76 | 22,507 | 88.7 |
| U.S.A. | 40.8 | 13.9 | 5.67 | | 54.9 |
| Average | 15.9 | 13.9 | 2.18 | 29,141 | 76.2 |

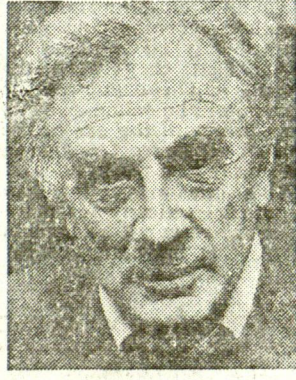
Sources: Unesco, EC (Eurostat) and author's calculations. "Real" costs are calculated by converting money values originally given in national currencies into £U.S. at exchange rates that have been adjusted to reflect each currency's comparative internal purchasing power. First four columns include degree-level students at non-university institutions and exclude University students on non-degree-level courses. Last column relates to all students and teachers at universities only.



Sir Keith Joseph: all the facts?

I also agree that public expenditure must be reduced or restrained, if only because in this country the public

'If this country is to recover her confidence and prosperity she needs more graduates, not fewer'



Professor Robin Marris: cost-effective graduates

sector has now become the main engine of inflation. I agree with the principle that in all institutions producing intangibles, such as univer-

sities, there is an inherent tendency for input to become excessive relative to output (layabout dons, etc); therefore periodic shake-ups are desirable. One desirable re-

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form for universities the
old over would be abolition
security of tenure. An-
other would be subjecting all
departments to periodic peer
review.

Your own policies, how-
ever, are not at all designed
to increase the productivity
of British higher education
and may in fact reduce it.
Your policies are aimed
simply at reducing output.
How could you ever imagine
that this is in the national
interest at the present time?

I fear you must be suffer-
ing from a particularly un-
fortunate side effect of the
British Disease. Embittered
by our national economic
failures we turn against the
things we do well. One of the
things we do especially well,

it turns out, is universities.
You and your ministers are
fond of saying that inter-
national comparisons of high-
er education statistics are
invalid. You are wrong.

There is an international
standard for educational sta-
tistics, and in my table I use
the rather precise concept of
students enrolled on courses
leading to first university
degree or equivalent qualifi-
cation. This eliminates some
students at some countries'
universities and brings in
many of our own students at
polytechnics and colleges of
education.

Of course there is variation
in the quality of a first
degree, but unlike you or any
of your ministers, Sir, I have
taught at universities
throughout the world. I have
taught American students in
hundreds and European stu-
dents in handfuls.

I have administered an
American economics depart-
ment teaching 6,000 students.
These experiences have
taught me that there is much
more comparability inter-
nationally than most people
suppose. In any event, if we
could make some adjust-
ments for "quality" the
results would always tend to
favour the UK.

Expensive? It is true that
the economic cost of teach-
ing and administration per
student enrolled in higher
education is comparatively
high in this country. This,
however, is more than com-
pensated by superior
efficiency in the educational
process. In Britain, 25 per
cent of students enrolled in
first-degree courses graduate
every year. In other non-
communist developed coun-
tries the average figure is
just under 14 per cent.

No other country comes
near the British perform-
ance; the nearest is Belgium,
with 19 per cent; the lowest
developed countries for
which there is data are the
Italy and The Netherlands,
both around 7 per cent.

As a result of this striking
discrepancy the real cost of
producing a British graduate
is well below the European
average. (Please see the
table; unfortunately statis-
tics are not available for
comparisons with North
America and Japan).

It might be argued that
these numbers merely mean

that British universities pro-
duce inferior graduates. I
doubt that you or any other
reasonably informed ob-
server would seriously enter-
tain that explanation.

The reason such a high
proportion of British stu-
dents graduate every year
compared with other coun-
tries is not that they have
been taught less but that they
have been taught, and have
studied, more intensively.
They are also, rightly or
wrongly, more highly selec-
ted. So only a small pro-
portion of those admitted fail
to graduate and the great
majority graduate quickly,
having learned as much or
more as students in other
countries in a shorter time.

In some other countries,
drop-out rates are as high as
50 per cent and average time
for successful students is as
much as six years.

Elitist? Yes we do indeed
have the lowest enrolment of
first-degree students of any
developed non-communist
country. Whether this means
we are elitist depends on
concepts. In my view a
student is a unit of work in
progress. The product is the
graduate. In the most recent
year, 1978, for which I can
obtain comparable data from
other countries (see table),
Britain produced approxi-
mately 1.76 new graduates
for every 1,000 inhabitants.
The world average for the 13
countries in my table was
2.18. The European average
(10 countries) was 1.58. The
average for North America
and Japan was 4.20.

I suggest these results
provide not an iota of
support for a policy of
reducing the number further.
If this country is to recover
her confidence and prosper-
ity she needs more gradu-
ates, not fewer. The fact that
the proportion of the popu-
lation of university age is
going through a phase of
decline is quite irrelevant.
What matters to a modern
society is the ultimate stock
of graduates per head of
population. Any country that
allows that statistic to decline
is allowing herself to decline.

Polemics concluded, may I
now offer you some concrete
suggestions? I assume that
you will be completely con-
vinced by my argument that
we should not be aiming to
reduce the cultural level of
our society by reducing
graduates per capita. So you
must at once reverse your
policy of physically restrain-
ing future student numbers.
But you are fully entitled to
insist that the anti-inflation-
ary impact of your policies
be nevertheless retained.

You can safeguard this by
maintaining the cash cuts
you have already imposed
while letting individual insti-
tutions determine their own
response. Some institutions
may respond by increasing
the number of qualified
students admitted. Others
may opt for cash salary cuts;
their individual contribution,
as it were, to the battle
against public sector in-
flation.

Some may do both (and
given our financial system, it
is in many cases impossible
to do the one without the
other).

I rather think you believe
that my policy is what you
are already doing. Not so.
You are imposing physical
limits on student numbers.
Almost equally serious is an
imputation being put around
by the Association of Univer-
sity Teachers: they are say-
ing, Sir, that if a group of
academics accepted a volun-
tary salary cut you would
merely reduce the grant to
that institution *pro rata*!

My most concrete proposal
is a challenge that you
publicly deny that incredible
suggestion. It is incredible,
of course, because it is laid at
the door of a monetarist
government that claims to
believe that in the control of
cash, rather than of "real"
quantities, is to be found the
secret of deflation.

Finally we reach what I
know to be your most
difficult problem: student
maintenance grants. At more
than £1,000m a year they are
a major burden on central
government finance. They
are also the envy of the
world. They also confer a
deserved benefit on the
upwardly mobile social
classes.

These taxpaying citizens
whose children have worked
hard to get the qualifications
for university admission
produce many Tory voters of
a type that could easily
defect to the Liberal/SDP
Alliance. You are well aware
that if you reduce the scale
of grants, or freeze them in
cash terms, you could lose a
lot of votes.

So you are trying to
produce the same result
indirectly by physically re-
straining university ad-
missions and thus the num-
ber of qualified grant appli-
cants. To accuse a politician
of cowardice is like accusing
a whore of frigidity. But to
accuse a Conservative poli-
tician of putting party inter-
est above national interest is
to accuse God of sin.

I am sure, Sir Keith, you
would not like to go down in
history with such a thing
around your head. Please
think again.

The author is Professor of
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lege, University of London.

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