



10 DOWNING STREET

THE PRIME MINISTER

11 September 1979

Dear John,

Thank you for taking the trouble to write to me on 23 August with your observations on the public handling of the higher education question.

Information about what is in mind in terms of student numbers has certainly dribbled out in an unsatisfactory fashion. The Chairman of the University Grants Commission wrote to all Vice-Chancellors and Principals of Universities on 15 August. The crucial sentence in his letter read:

"In this situation, the Committee advises universities so to arrange their admissions procedures that the number of home undergraduates admitted in October 1980 can if necessary be restricted to 94 per cent of the number being admitted in October 1979; universities should not for the present make firm offers which would be likely to result in that 94 per cent figure being exceeded."

As you say, this was an interim holding position. Final dispositions cannot be made until we have taken the wider public expenditure decisions on which this depends.

Although some of the reporting of this letter last month was unhelpful and ill-informed, there has been a fair amount of useful comment more recently. I have seen one or two pieces

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recognising that there is an unevenness of quality in the universities, and recommending that any cuts should not necessarily be spread evenly.. The general public reaction has not been hostile to the thought of some tightening of opportunities at this level.

As you suggest, we are looking at ways of ensuring the best use of available funds, and no-one is making assumptions that the money could not be used more productively in some areas. But I have to take issue with your comment that many more students could be admitted at zero marginal cost, if only because of the effect on claims for maintenance grants. As you point out, a switch to student loans would not help on this front in the short term.

I hope this reassures you that we are thinking along the lines you suggest. I am grateful to you for setting out your thoughts for me. I try to keep a close eye on the handling of publicity on all potentially controversial questions like this, and it is helpful for me to have informed private comment when things do seem to have gone wrong.

*Y
Lawson*

Raymond
