

# Prospect

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### Too many students?

#### **In 15 years Britain has acquired a mass university system. But this has not made us more equal**

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In 15 years Britain has acquired a full-blown system of mass higher education. There are now twice as many 25 year olds with degrees as there were 18 year olds with A Levels in 1965. Over 40 per cent of 18 year olds are set to enter higher education and the government's target is for 50 per cent to do so by 2010.

This should make many people happy. British education has for years been haunted by stories about our backwardness. But in higher education we have now closed the gap with Japan in enrolment and graduation rates; we have higher proportions enrolling than Germany or France, higher proportions graduating than Italy or Sweden. The US still sends proportionately more to college than we do, but we are about where they stood in the early 1980s in terms of enrolments, and are neck and neck on graduation rates.

However, British higher education starts the 21st century in a despondent mood. In May, the warden of New College, Oxford, Alan Ryan, leaving for a year's sabbatical at Stanford University, argued that "no rational person would work in the British higher education system." Salford, one of the country's oldest technical universities, became the latest in a long line to scale down their maths and science provision, in an attempt to close a large financial deficit. And Imperial College's rector, Richard Sykes, government adviser and former chairman of GlaxoSmith Kline, pleaded with ministers in the Financial Times to "do something radical" about a system in trouble.

Over ? 8 billion a year of taxpayers' money is now channelled into higher education. We must surely be getting something from our move to a mass system, whether it is faster economic growth, a fairer society or more cultured citizens. But we urgently need to clarify what it is that we are getting-and what, if things are going wrong, can be done about them?

The most important fact about university education is easy to spot. University pays-or, to be more specific, it pays the individual. On average, all over the world, university graduates are the ones who succeed, in terms of both income and

employment. The average earnings gap between those with some higher education and those who never finished upper secondary school ranges from over half as much again in egalitarian Scandinavia to around double for the OECD as a whole, and to more than double in Britain and the US. Moreover, throughout the world, a growing proportion of desirable jobs are now graduate only. We needed more graduates "to avoid losing competitive advantage," as the CBI says; we now have the graduates, so everything is set fair.

Or perhaps not. It is true that the proportion of professional, technical and managerial jobs has increased greatly in recent years. And while non-graduate managers ran most of the developed world's companies in the first half of the 20th century, and often in the second half too, they no longer do so. None the less, in the last 20 years, study after study has confirmed that many of the jobs—typically a quarter to a third—which were once non-graduate and are now graduate have made this change without any equivalent change in the skills required or used.

What is more, within developed countries there is no clear link between student numbers and growth rates, GDP per head or productivity. For example, Switzerland, at the top of the income tree, has the lowest university participation rates in the OECD; while the US, also near the top, has the highest. Big increases in university numbers are at least as likely to follow periods of rapid growth as they are to precede them: Japan is a prime example.

So when a minister asserts that "We need more young people to go to university because it is an economic necessity," he or she would be hard pressed to back up the claim. Employers sometimes do need graduate skills, but often they use graduate entry as a way of "screening" applicants: that is, targeting people who have shown application, and are assumed to be in the top half of the cohort intellectually. They may miss candidates who have both these qualities, and no degree, but finding them is too much trouble.

This is rational behaviour on employers' part, if not much to do with the "knowledge society." But if the 1.9m students and 172 full degree institutions in our new system are not about labour market skills, might mass higher education at least be making Britain a more open and equal society?

Selecting people on the basis of objectively measured results, not by connection and family inheritance, has been one of the great achievements of democratic societies. Surely one result of mass university education is to deepen this trend. It may mean that degrees operate as a general entry ticket to many jobs that don't need them. But isn't this better than the alternative—management trainees who know a member of the board, articled clerks whose parents can pay the fees, promotion from the ranks

dependent on favouritism.

This argument is rarely made by advocates of university expansion. And, as a victory for fairness, this one doesn't stand much scrutiny. In every developed country, expanding higher education has done less for equal opportunity than one might expect-while steering large subsidies towards the middle classes.

It is true that the absolute chances of a child from a working-class family attending university have increased substantially since the 1950s or indeed the 1970s-from about 1 in 50 to 1 in 20 to something close to 1 in 6. But the chances for a middle-class child have grown far more in that same 50 years-from about 1 in 10 to 1 in 2 for the "social class II" children with teachers or middle managers as parents, and from 1 in 5 to pretty near universal for the children of the upper middle classes. The result is a student body in which the proportion of undergraduates from non-manual homes is exactly the same as it was before either the Robbins report expansion of "old" universities in the 1960s or the creation of the polytechnics (which became universities in 1992). This is in part because the manual working class now forms a smaller part of the overall population than in 1965; but it is mostly because of differential access.

Hammering away at our universities to admit more students from state rather than independent schools-as New Labour has been doing-misses one major point. This is not a case of the haves against the have-nots, with pampered middle-class kids on the independent school team and dedicated but disadvantaged working-class pupils on the state one. London-based politicians and journalists tend to see it that way because in central London (and some of our other large cities) the middle classes have abandoned the state system. In most of the country, they have not-so what we actually have are two sets of applicants of which one (the independent schools) is entirely middle class and the other (the state schools) is overwhelmingly middle class.

Furthermore, universities are not turning down qualified poor pupils. An admission target tied to school type and students' home postcodes will not bring an upsurge of students from poor homes, because the gap between middle-class children and the rest yawns wide well before university application. Children who make it into the sixth form with equivalent GCSE grades have the same chances of A level success, regardless of their parents' occupation. But your chances of actually getting a decent set of GCSE grades depend enormously on your family and the quality of the local school. Only one in seven children from semi-skilled and unskilled homes gets two or more A levels; and with almost all of them already going on to university, there is no reservoir of qualified, disadvantaged students to draw on. With current population figures and school performance trends, we could expand participation to 50 per cent tomorrow with no effect on the relative chances of children from unskilled worker

homes going to university.

Financial barriers do exist for poorer students, although they are here, and in most other developed countries far more about living expenses than fees. The British taxpayer spends an average of well over £4,000 per student per year on the universities' infrastructure and teaching staff. Fees were introduced (or re-introduced) in 1998 to augment this: even so, the most any student contributes to the cost of his or her degree course is around £1,000 a year. Moreover, although you would never guess it from the rhetoric of student leaders or the self-satisfaction of the Welsh assembly and Scottish parliament, the children of the poor do not pay fees; not even in benighted England. The fees that are so reviled are not, and have never been, paid by anyone with a family income under £20,000, after which a sliding scale kicks in. However, poor students are more averse to taking loans than middle-class ones: which isn't surprising, given their families' lack of financial cushion. Middle-class students often borrow up to the limit. So when the Labour government abolished means-tested grants in favour of (state subsidised) loans, this did seem to have a disincentive effect on low-income students.

But this underlines, once again, how the middle classes are the major beneficiaries of mass higher education. They are the ones who meet the entry criteria in vast numbers. They obtain their higher education overwhelmingly at taxpayers' expense. They benefit from it over a whole lifetime, through far higher salaries and far lower risks of unemployment. They may even benefit through wider interests, wider experiences and the intrinsic benefits of study.

Nor is Britain unique or a particularly bad case of a general phenomenon. In France, entrance into the most selective institutions is dominated by students from a dozen or so lycées—all of them state, not private, schools, but ones which cater to a metropolitan upper-middle class elite. In Japan's best universities, the percentage of students from high-income homes has increased sharply since the 1960s. It is often claimed that top US universities are less exclusive than Britain's, but this is not true. Harvard offers generous aid and loans to cover its annual fees of around \$17,000 plus board and lodging of \$7,000, as do other top colleges. But in a country where most of the best universities are also private, less than one in five US students from a poor background attends a private institution, while almost half of those from families in the top income decile do.

Thanks to the "cohort studies" which track British children born in 1958, 1970 and 2000, we are able to look at how the experiences of successive generations have changed. Between the first two groups—born just 12 years apart—there is a big difference. The incomes of the 1970 cohort are twice as strongly determined by their parents' income as they were for the 1958-born. In other words, family circumstances

had an increasing effect on your life chances as the post-war decades advanced. The reason is that education is not only critically important but is itself increasingly tied to family income. So it is hard to argue that a mass university system is creating a fairer, more open society. Indeed, the opposite seems to be the case: university helps to "lock-in" middle-class advantage in the career system.

If today's universities are not a response to economic need, or a fair way of sorting out the most talented and deserving, then what has society received for its money? Have we, at least, got a much more skilled population? A more cultured one? People who are better citizens? Maybe. There is convincing evidence that university educated adults are healthier, and less prone to depression, than their peers and that at least some of this difference is directly related to their education. They are also more involved in the community and voluntary work, more likely to vote and less cynical about political parties. On the other hand, the rise of the universities coincides with a period in which broadsheet newspaper sales have fallen and anxiety about "dumbing down" has grown.

More seriously, we don't really know what our new graduates will be like, because the findings cited above are for previous generations. And our mass system is not just the same as in the past, only bigger. It is increasingly different in what it offers students. Which brings us to what mass higher education has done to the universities themselves and, in particular, what is happening to the quality of student learning and the quality of academic staff.

Many people are unaware of just how different British universities now are from those of 25 years ago. "Tutorial," to most educated people over the age of 30, conjures up images of one or two students and a don in a booklined study-maybe in Oxford, but possibly on a green Sussex or East Anglian campus. But today's "tutorial group" is more likely to feature 12 or 15 students in a functional seminar room, as a weekly or fortnightly addition to a diet of mass lectures. And few academics can think of giving their students long reading lists with which to trawl the library shelves. No university library could cope: so instead, textbooks and prepared photocopied readings are the norm. What else could one expect after 25 years in which government funding per student has more than halved and staff-student ratios are down from between 1:8 and 1:9 in the mid-1970s to between 1:17 and 1:18 now.

Of course, student experiences vary because British universities have very different histories and resources to draw on. The "old" universities (and especially Oxford and Cambridge) have established libraries, attractive campuses, and affluent alumni; they may have endowments built up over centuries, along with the reputation which attracts lucrative overseas students. Most important, they can cross-subsidise their facilities from research funding, which is highly competitive and unequally distributed.

Research reputations are what underpin and reinforce the hierarchy of British universities: the result is that Imperial College can ask applicants for three or more A grades at A level for courses in chemistry or engineering, while other universities are accepting two E's as they rush to fill places during the annual "clearing" process. This year the former polytechnics (in England), which only entered the research field since becoming universities in 1992, received about ? 64.5m of the ? 940m higher education funding for research. The big four-Cambridge, Oxford, UCL and Imperial-received ? 260m between them.

Research success buys better facilities and attracts better staff, but it also makes research, not teaching, the priority: and Britain surely can't need 136,000 academics producing largely unread journal articles. The learning of skills demands the teaching of them, even when the skills are such generic ones as "communication," or "IT" or "making presentations," rather than anything to do with the subject being studied. The argument for expanding higher education is always expressed in terms of the skills students will acquire; not as a back route to creating and funding 200 separate research institutions. This is certainly the logic for the way the teaching of students is funded: namely on a uniform basis. (The Oxford and Cambridge college fee is being phased out by Labour.) So universities all get so much per student, depending on the nature of their course-more for medicine and science, less for humanities.

The new universities average far less per student than the old because fewer of their students are in medicine, scientific and technical subjects. And in the attempt to keep recruitment up and costs down, these are the courses they have been jettisoning. Yet these institutions were created as technical universities. If the labour market did not need these technical skills then abandoning the courses might be justified, but in fact these are precisely the skills it does need. The wage premium commanded by an Oxbridge degree is dwarfed by the gap in average earnings between physicists, engineers and quantitatively skilled economists, compared to people with arts degrees.

Immediately after the war, Britain spent an unusually high amount per university student by European standards: in recent years it has cut back rapidly, while most other EU countries have maintained or increased spending per student. So Britain is now closer to the European norm: even so, only a very few of our EU partners spend a higher proportion of GDP per capita on a student's education than we do. Compare British spending with the US or Australia, however, and spending looks far less generous.

Less money per student means less time per student-and this is a problem because what really promotes learning is individual feedback on students' work. Worse, in a growing economy, people, unlike machines, get more expensive. If you raise academics' salaries in line with those in the economy the cost of expanding higher

education rises dramatically. If you squeeze academic pay then you buy time-but when they retire (as at least one in five will in the next decade), it will be hard to replace them with people of equal ability when a new lecturer at an old university earns about the same as a new policeman. Some politicians believe that cheap computers will shortly replace expensive people, but this is an act of faith.

So within universities an atmosphere of financial "crisis" is endemic. In England alone, at least 50 institutions of higher education are now running at a loss. Yet the total cost of higher education goes on rising simply because of its expansion, creating endless spending battles within government.

So why doesn't government call a halt? Partly because expanding the universities turned out to be popular with lots of voters, especially the middle-classes for whose support there is such competition. Partly, they were taken by surprise. The first large university expansion in the 1960s was the subject of a government report (the Robbins report) which was widely debated, carefully implemented, and followed by a period of stability. The growth of the late 1980s and 1990s was far less carefully conceived. For example, one key change in the Treasury funding mechanism, which allowed universities to expand in response to demand, produced growth in student numbers which took government by surprise. Other countries have had similar experiences. Increased numbers are only partly anticipated; expansion constantly runs ahead of plan.

However, policies have also been the result of two beliefs which are deeply implanted in the modern state and which act as obstacles to clear thinking about what 21st century universities should be. The first is the belief that educating more people will somehow in itself raise economic growth rates. The second is the belief in "free education." As a rallying cry this carries powerful resonances in democratic societies. It is easy to whip up indignation at the idea that young people might be excluded from university by the barrier of fees and debt, with the subtext that this marks a return to the class-ridden past when money, not merit, opened the gates. Labour's somewhat egalitarian attempts to chip away at the middle-class welfare state in higher education is all too easily caricatured as its opposite.

By 1997, when Lord Dearing was completing the report of his National Committee of Inquiry into Higher Education, a consensus view had developed on the Labour and Tory front benches. Higher education had to have more money, and it was reasonable for those who benefited to share the costs. Dearing's committee was established by the Tories, but it was Labour who received its (expected) recommendations and duly introduced fees in 1998, to the predictable outcry. Student associations have been especially vocal, tapping easily into the feeling that education is a "democratic right." But there is no reason why student leaders should be any less self-interested than

airline operators, transport unions or farmers. Politicians, too, have the interests of core supporters to accommodate. The Liberal Democrats have campaigned consistently against university fees: their website trumpets that "Liberal Democrats in Scotland abolished tuition fees completely," and urges people to vote Lib Dem as a "vote for scrapping fees." Bear in mind, though, where the greatest beneficiaries of that policy are to be found. It is in the Liberal Democrat heartlands-the Guildfords and Newburys, the Kingstons and Cheltenham, not in Peckham, Govan, Gateshead or Merseyside.

The argument that education is a universal entitlement, and should be free at all levels to anyone, has had an enormous impact on higher education's development, not least because, when joined to a mass system, it guarantees low funding per student. This impact has been particularly evident in the countries of continental Europe; and, as Britain has acquired a mass system, it is noticeable how our universities have moved much closer to the European model.

European universities are, almost without exception, large, state-run and funded at a uniform level, with a commitment to egalitarian provision. In the Netherlands or Italy, for example, the state commits itself on principle to the idea that universities should be equivalent, so that students-mostly living at home-are not disadvantaged by where they live. Entry to higher education is also very commonly an entitlement, available by right to anyone who obtains the threshold entry certificate. Germany is an example: a few courses (notably medicine) have competitive entry but beyond that students have the right to enrol anywhere simply by obtaining their Abitur. France follows the same principle with its universities, though the elite is educated largely in the competitive Grandes Ecoles; so does Belgium.

Uniformity has political advantages-there are no Oxbridge-style rows about access-but obvious disadvantages too. Large public systems demand standardised recruitment and salary conditions-and their size means those salaries will be low. With uniform pay and conditions across the sector, you get an excellent scholar here, a dedicated teacher there, but no possibility for institutions to build up a critical mass of excellent staff, top-class research facilities, and a global reputation. And European university systems are nationalised industries. Consequently they devote large portions of their time and energy to relations with the public agencies and politicians.

As British higher education has ballooned, higher costs and greater public visibility have brought more detailed political control here too. British universities are, legally, private corporations: in theory, each could institute its own policies, including setting its own fees. But in practice they do no such thing and behave, instead, like the semi-nationalised industry they are. Centrally-established bodies (notably the Quality Assurance Agency and the Higher Education Funding Councils) now inspect internal

procedures, lay down supposed "benchmark standards" for degrees, provide ring-fenced grants for government initiatives, and monitor the composition of student bodies. The cost is inevitably enormous, in academics' time, energy and motivation.

No government is going to hand over billions of pounds a year without accountability or control. If our mass university system were doing an effective job of enriching us, or promoting social justice, then one might argue for accepting the burden of centralised uniformity, and the loss of excellence, as acceptable costs. But one can make no such argument, as we have seen. Should we, in that case, continue towards increasingly centralised, highly subsidised and largely uniform mass provision provided by a low-paid workforce? Do we have an alternative?

In theory, we might simply reverse university expansion, and with it the pressure on costs. In practice, this isn't possible. The political fallout would be too great. The main alternative is to opt for a model based on competition, private funding and inequality-but also of innovation, scholarship and world-class research in the best institutions. Such a system can certainly be combined with a level of teaching quality in all institutions which is no worse than students receive under the uniform model. But this is a difficult approach for democratic politicians to select. It is one thing to inherit a highly diverse system of public and private universities, as the Americans have, and quite another to encourage divergent funding in a de facto nationalised one, against a backdrop of political opportunism and voter anger.

The US now boasts the vast majority of universities with any sort of global reputation. It dominates the Nobel prizes in science and economics, and attracts the world's best academics and graduate students, in search not just of money but of excellence. Creating such universities is incompatible with central control, and requires freedom for universities to set their own agendas, hire their own staff at salaries they decide, compete for students-and, above all, to set their own fees. Fees have to play a large role in funding. They are the only way, in a mass system, to secure high levels of quality; and they recognise the fact that a university education is, first and foremost, of benefit to the individuals who obtain it.

At one level, the government recognises the options and even, perhaps, the choice it would like to make. The secretary of state for education, Estelle Morris, has responded to the tide of complaints from the top universities by reiterating a commitment to "diversity and excellence." Labour's problem is willing the means. So far, any suggestion from the elite universities that they should set their own fee levels has been met with the threat that, in such a case, any extra funds raised will be cut from their grants.

This has to change; and the simplest option would be to edge towards a more

explicitly two-tier system—a mass publicly-funded system with a part-privately funded British Ivy League on the top (with plentiful provision for bursaries, scholarships, and assistance for poorer students). This requires only modestly steady nerves; the difficult decision was made in the 1990s, when the Labour front bench accepted the need for fees. Enrolment figures have, since then, demonstrably failed to plummet (contrary to many predictions); and since elite universities' graduates earn more than those from other institutions, politicians can surely argue with conviction that they should pay more for the privilege as well.

But an "Ivy League" plus the rest sounds uncomfortably like the old bipartite system of grammar and secondary moderns, and it would need careful handling to avoid creating a political backlash. It would also mean relinquishing control in a way that modern governments find extremely hard to do, even when it is in their interests to do so. Yet allowing more of a marketplace in higher education, and divesting powers to the regions, will help shift blame from Whitehall, and stop the current fighting among universities over the same, centrally funded cake.

If, instead, we carry on as we are with increasingly uniform mass provision, and uniformly low funding per student, we will lose any universities which can claim world class. We will also lose many of the foreign students currently attracted here. That won't matter to the world at large. One huge, competitive, world dominant system may be all humanity needs to keep research and knowledge generation boiling—and we have that already in the US. Many of the world's rich and powerful already follow Helmut Kohl, and send their children to university in the US, ready for a global career: more of the British elite will do the same. But most students, through choice and necessity, will still attend university at home in the heavily subsidised mass system we have now created.

Should we, the British, care? Yes we should. Carrying on as we are means spending vast sums on institutions which have uncertain economic benefits for the country as a whole; yet cannot offer the sort of high-quality education provided by their older, smaller predecessors. We will not be doing much for social justice, though we will be subsidising a desirable private good: and in so doing, drawing funds away from schools and other social programmes which really can help to improve equality of opportunity. We will have lost some great institutions, the creators and guardians of high culture and innovation. And we will have done this because we failed to ask ourselves what mass higher education is for.