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## **It is Time for a Group of British Universities to Break Away**

*By Andrew Oswald, Professor of Economics, University of Warwick*

The state of Britain's universities is a disgrace. For twenty years, politicians have starved us of funds. As a recent Today Programme poll of vice chancellors showed, the heads of our universities know we are in trouble -- see especially question 8 below -- and that change is urgently needed.

A British student pays a mere 1,000 pounds a year to go to university. In the United States, a top university charges 17,000 pounds a year. The outcome, of course, is obvious. We are falling further and further behind.

Funding per student has been halved over the last twenty years. How many businesses could stand that? Counting the one thousand pound fee and state subsidies, we now get 5000 pounds per year to educate an undergraduate. Including fees and their endowment income, top American universities get four times this -- 20,000 pounds.

University jobs are no longer attractive. A 60-year old professor of physics earns less than a London taxi driver. He or she faces mountains of regulatory paperwork and droves of inspectors with clipboards. Our students with first-class honours degrees cannot get out of universities fast enough.

So it is time for a group to leave the public sector. I cannot see an alternative. Some of our universities must break off, stick up for academic values, reassert the need for quality, and compete with the major universities in the United States. The natural five to lead a breakaway are Imperial, LSE, Nottingham, Warwick, and University

College London. Oxford and Cambridge would eventually follow, but cannot lead for fear of opprobrium for being sensible. Other universities would eventually choose the same route – fees and freedom. Those who remain in the public sector should be given the taxpayers' cash that the breakaway group used to get for their teaching.

To revive our withering universities, students must pay up. They are the ones who benefit -- by, on average, about half a million pounds over a lifetime. The breakaway universities must charge students at least 7,000 pounds a year. Realistically, fees would rise bit by bit over the years to more than 10,000 pounds.

Doing nothing is no option. We are slowly ruining one of our greatest assets – an industry previously admired for hundreds of years all across the globe. One or two universities, like mine, survive by operating as highly entrepreneurial profit-making organisations – cross-subsidising their teaching activity. But if we were businesses, we would just shut down our undergraduate education. Loss-making lines get closed in the real world.

Worse still, the current system is unethical, because the beneficiaries of university education contribute so little. This produces a barely discussed subsidy from the badly-off to the rich. Remarkably, however, many left-wingers in Great Britain are under the impression that defending the lack of sensible university fees is somehow egalitarian. Students, of course, protest that ordinary taxpayers should foot the bill for them to go to university (to become richer). Robin Hood would turn in his grave.

The often-repeated argument that everyone benefits from universities and that educated Brits go on to pay lots of income tax, so should have their education subsidised by normal taxpayers, is false logic. Footballers, hairdressers, pilots, plumbers and actuaries are useful and go on to pay taxes; yet we do not subsidise their training, and nor can we.

Things will get worse. Most people in Great Britain prefer to see their taxes spent on schools and hospitals and roads. There is no long-run future in hoping the state will pick up the bill for universities. Unless

students pay up, the quality of our universities will simply fall and fall. Britain is already finding it extraordinarily tough to attract folk into university teaching. And it is in the clear interests of students that we be able to hire talented lecturers. You cannot run universities where the students are cleverer than the teachers.

Setting a reasonable level of fees to the students from well-off backgrounds would allow taxpayers' money to be diverted to where it is really needed – a giant scholarship fund available to those whose parents have not got much money to send them to university. That is what people who care about fairness should be pressing for.

Should we worry about elitism? Chris Woodhead recently discussed this in print. My view is that we should. But there is no point in pretending that university can be for everyone. Talent is distributed unequally in life. Equality of opportunity should be the goal.

A breakaway is the only way out.

*The results of the Radio 4 Today Programme Poll of a dozen top-university vice chancellors.*

1) *Broadly speaking are you in favour of the current system of university funding in the UK ( ie. principally through a capitation fee paid by central government)?*

*Favour current system 5*  
*Alternative systems should be developed 4*

2) *Are you in favour of student tuition fees?*

*Yes 11*  
*No 0*

*If yes, do you think the fee should*

*a) be kept at £1,000 3*  
*b) be increased 5*  
*c) be decreased at the discretion of universities to attract students who have difficulty paying 1*

*If you favour an increase, to what level?*

3) *Should maintenance grants be restored?*

Yes 9  
No 1  
Don't know 1

*If so should they be available to all or only on a means-tested basis?*

available to all 1  
only on a means tested basis 8

4) *In your view, has the system of student loans worked well?*

Yes 7  
No 4

5) *Broadly speaking would you favour some form of graduate income tax to contribute towards*

a) *tuition costs ?*

yes 5  
no 4  
don't know 1

b) *maintenance grants?*

yes 5  
no 4  
dk 1

6) *Should the UK , like the US , have a number of private universities?*

yes 5  
no 7

7) *Are you in favour of the proposal, floated by the Conservative Party before the general election, of "endowment funds" for universities to foster more independent institutions?*

favour 5  
oppose 7

8) *Do you believe our current funding system allows British universities to keep themselves near the top of the world league?*

agree 3  
disagree 8  
dk 1

9) *Do you find it difficult to recruit good staff in particular subject*

areas?

yes	11
no	0

*If so which areas?*

*Is the problem mainly low pay?*

yes	11
no	1

10) *Do you approve of the government's target of having 50% of school leavers going on to university?*

yes	1
no	10

*If not what target would you favour?*

11) *Do you think that your university is achieving a good social mix (ie. are children from all social classes properly represented)?*

yes	9
no	2

12) *What would you say is the biggest problem facing your university at the moment?*

13) *Is there anything else you would like to tell us?*

*This survey is being carried out in strict confidence; however if you would be willing to be contacted, possibly for interview, by the Today Programme please indicate so here...*

*I would be willing to be contacted;*

*my name is:*

*my contact details are:*

*OR*

*I do not want to be contacted*