“Higher Education in the UK – Punching Above our Weight.”

Really?

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How many times have we heard it said – I myself have said it – that our higher education system is outstanding and indeed second only to the United States. It may be true, it may not. Those who make that assertion generally do so on flimsy grounds. I thought that today would be a good time to assess those assertions.

So what underlies the sentiment that we have an outstanding – world class – higher education system? Primarily, I fear, it is driven by the performance of UK universities in international league tables.

Shanghai, Times Higher, QS are the main ones and on all of these the UK has more universities in the top 10, top 20 and top 100 than any country other than the United States, and if you look at relative size then England actually outperforms the United States – taking America to be 5 or 6 times the size of the United Kingdom then with only 4 times the number of universities in the top 10, 4 times the number in the top 25, and 4 times the number in the top 100. The United States is clearly underperforming. And if the States they had been fortunate enough to have Mr Gove or Mr Duncan Smith as their minister of higher education, with their unique and creative way with statistics, then no doubt American universities would be under the cosh for having only 8 out of the top 10 universities in the world.

But beware of league tables and beauty contests. As with the Miss World, or perhaps more appropriately the Mr. Universe competitions, the most important things are covered up – and are certainly not measured. The same goes for these academic league tables.

Effectively, what they all measure – although Times Higher and QS claim to look more widely – is research performance. There’s no time to go into that now. They will disagree, but take it from me that is so.

And, as I shall be showing in a moment, there is no doubt that the United Kingdom does perform extremely well on many measures of research. But of course the quality of a University system should be judged not just by how good it is at research – indeed, that shouldn’t even be the primary measure.

There are other league tables in some of which English Universities fare badly – the Universitas 21 table for example, where England is ranked 10th – but believe me all are flawed: they measure only what can be measured; and I am afraid sometimes what cannot or should not be measured. So we have to look in detail at different aspects of higher education activity and performance and form our conclusions with rather more subtlety. What should we expect of a high quality higher education system? Here are the key factors, that I will be looking at in some detail:

• Funding should be adequate to enable high-quality provision
  – and the funding arrangements should be sustainable and equitable
• Research should be of the highest quality
• There should be widespread opportunities for young and not so young people to advance their education
• There should be high standards and outcomes of education

Funding and finance

So first, funding and finance. It’s true that the levels of funding are a measure of input, and so do not strictly tell us much about how good the University system is. The amount of funding nevertheless impacts on what universities can do and how good they can be. If inadequate funding is provided then ultimately something will have to give. Yet as they impose budget cuts Governments everywhere – not just in this country – urge universities to be more efficient, and there is a disinclination to face up to reality, and recognize the trade-offs. Making do with funding cuts – simply being required to do more with less – is not the same as achieving greater efficiency.

So how do we match up when it comes to the
funding available to higher education? It’s a mixed picture and generally not very good. Here are some OECD statistics:

Overall, we spend 1.4 percent of our GDP on higher education which compares with an OECD average of 1.6 percent.

And public expenditure on higher education amounts to only 0.7 percent of GDP – just two thirds of the OECD average of 1.1 percent.

It is only private investment – fees etc – that keep the system afloat, and even here in terms of absolute expenditure we are not particularly generous.

So in terms of inputs into higher education we are among the laggards of the developed world, and this matters because in due course, if not yet, it is likely to have an impact on our ability to achieve high quality outcomes.

 estimated annual average tuition fees at public universities in equivalent USD, 2010-11

<table>
<thead>
<tr>
<th>Country</th>
<th>Average tuition fees</th>
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<tbody>
<tr>
<td>Sweden</td>
<td>0</td>
</tr>
<tr>
<td>Denmark</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>863</td>
</tr>
<tr>
<td>France</td>
<td>300 to 1402</td>
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<td>Spain</td>
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<td>966</td>
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<tr>
<td>New Zealand</td>
<td>3645</td>
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<tr>
<td>Australia</td>
<td>3924</td>
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<tr>
<td>Canada</td>
<td>4389</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4580 (in 2010 - England in 2012 = $12,000)</td>
</tr>
<tr>
<td>Japan</td>
<td>5015</td>
</tr>
<tr>
<td>United States</td>
<td>5402</td>
</tr>
<tr>
<td>Ireland</td>
<td>6450</td>
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</tbody>
</table>

Source: OECD 2013, “Education at a Glance”

How do other countries compare? In terms of fee levels you will see from this that even in 2010 England was one of the most expensive in the world – with the recent trebling of the fee it is now by far the most expensive.

And these OECD data for 2010 show that in England private income accounted for nearly 80% of institutional expenditure even before the trebling of fees in 2012 – more than any other country except Chile. With the fee increase last year I imagine we are now top of that particular league table.

Our new arrangements for financing universities are unusual, if not unique. As far as education – teaching students – is concerned we have transferred the cost entirely to the student. Actually, it is more complex than that, because there remains a very large public subsidy in so far as the loans that students get to pay their fees are heavily subsidized – far more heavily than the Government realized or intended, with conse-
quences that I will mention in a moment. But from the student’s point of view when beginning their program they must expect to pay the entire cost. They have no way of knowing whether they will be subsidized or not – the subsidy comes after they’ve graduated and arises from the fact that they might die, stop work and have children, or earn too little to repay their loans. As far as students beginning their studies are concerned it is entirely down to them to finance their education.

These new arrangements have been described not so much as a loan with an implied debt as a tax. And I think that is correct, in that repayments are due only when the former student is in work and repayments are made through the PAYE system as a percentage of earnings over a threshold – just like income tax. I have to say though that they lack the progressive nature of income tax in as far as the relatively low earners will accumulate more interest liability and may well pay back more than high earners. I won’t be developing this point further but to the extent that they are a tax then that highlights that we are effectively increasing the tax on future generations in order to ensure that the present generation pays less tax. And we saw in the report from PWC yesterday that while the debt carried by their parents has reduced, students are the only group in the population to have increased their debt levels – as a result of the loans they have taken to pay their fees. That is another example of the baby boom generation arranging things to suit itself at the expense of its children and this in this case its grandchildren.

It isn’t all bad news: we have looked twice at the impact that the introduction of fees has had on full-time demand and the conclusion is pretty clear.

After a blip, with students bringing forward applications to avoid the fee increase, and a consequent reduction the following year, demand is pretty well back on trend. If you compare the pattern in England with that in Scotland, and more particularly Wales, which did not increase the cost to students, that much is clear. There is no sign that fee increases have affected demand from young full time school leavers. That is not to say that they never will, but for the time being that is undoubtedly so.

What we have effectively introduced in this country is a voucher system. That is how David Willetts has described it; and he is right. A system whereby the Government does not fund universities directly, but channels funding through the student. If the University recruits a student then the student brings to the university a voucher which it may redeem against money provided by the Government. If the University fails to recruit a student then it receives no funds. What is unusual in this country compared with other voucher systems is that the money that the student carries to the University from the Government is not a grant but a loan, albeit a subsidised one. Voucher systems are unusual in higher education, and this arrangement is more unusual yet.

I wish that the Government had read our report on voucher systems, published a few years ago. I can see why vouchers may be theoretically attractive, and indeed they have been put into practice effectively at school and nursery level in a number of countries – Sweden, Chile and Hong Kong spring to mind. But there is probably a good reason why vouchers have not been introduced anywhere else in the world as a way of funding higher education. That is not entirely true. Vouchers are used in higher education – in Azerbaijan, Kazakhstan, Lithuania and the American state of Colorado – those are the only ones I am aware of – and I can assure you that the first two of those at least do not provide good models for us to follow. Now, the only evaluation of a voucher system that I’m aware of was that conducted by the Government of Colorado on the system that it had itself introduced. It concluded that not one of the benefits that had been sought had been achieved. The aspirations were exactly those that have been stated here -choice, quality improvements, efficiencies – but none had been achieved. That surely should have given pause for thought.

The fee increase does not appear to have disturbed long term trends

![Graph showing fee increase over time](image)

Source: HEFI 2013, ‘The impact on demand of the Government’s reforms of higher education’
The explicit intention of the reforms is to create a market, and reduce the extent of government involvement in decisions that determine the development of individual universities, and by extension, the higher education system as a whole. Accordingly, in future, it should be the decisions of individual students – decisions about where to study and what to study – and the responses of universities to the wishes of students as expressed through such decisions – that should determine these things.

We saw a manifestation of this growing market orientation last month with the intervention of, can you believe it, the Office of Fair Trading into the arena. The OFT’s intervention was not just for consumer protection. It was explicitly to ensure that there was adequate competition, on the basis that, as with washing machines and soap powder, increased competition drives up quality and standards and drives down price, and that is explicit in the new market rhetoric. Actually that is a bit unfair. I have met the OfT people conducting the study, and they are sensible people and less ideologically driven than you might fear from the fact that the term “competition” or its derivatives appeared 14 times in their 5 page call for evidence. In fact, their review, if properly conducted, could be concerned with the extent to which it is actually sensible to rely on market mechanisms and competition to drive the higher education system, and perhaps we should welcome that.

Whether or not market mechanisms are an appropriate way of driving higher education policy and improving the country’s education system is an argument worth having, but I am not going to engage in that argument now. The problem for the Government that I want to focus on is that in this country we are far from having anything like the conditions in which a higher education market can exist.

The clearest manifestation of the workings of a market in higher education would be how much universities charge and how many students they admit, and the Government has made no secret of the fact that it would like to be out both of these decisions. Indeed, it could not be otherwise, because a system where the Government determines the extent of supply – or at least the extent of the demand that can be met – and which also determines the price – is no sort of true market. But that is exactly where we are.

There are 2 things primarily that have ensured that the vision cannot be delivered, and that indeed what we have is a long way from a market-based system. The first is that each loan that is provided is subsidized – it is actually subsidized very heavily, as we have established in our research and as I shall be mentioning in a moment. So every student that is recruited costs the Government money, and more money than it had anticipated; and the higher the fees charged, the larger the loans and the greater the cost. So long as each student recruited carries a cost to the Government there cannot be free recruitment or the freedom to set fees, and the Government has to control the number of students that each university may recruit, and the fees that it may charge. But that is in part a result of the design of the system. The government has chosen to subsidise each loan, and so it is unable, in part because of its own decisions, to liberalise recruitment. I am not arguing that loans should not be subsidised, but they are and that is a large part of the problem for the Government.

The second problem for the Government is that it has misunderstood the nature of the higher education market. When in 2010 they announced the maximum fee of £9000, both the Secretary of State and the Minister for Universities were on record saying that a £9000 fee would be exceptional and that universities charging it would look silly – their words – and that something closer to £6000 would be the norm. We told them, and we have been proved right, that this was way off the mark and that everything pointed to universities congregating around the maximum fee. There is no reason for them not to. Where supply is restricted, as it is by the Government, and demand is strong – and I shall be showing in a moment that demand is and will remain strong – it is elementary economics that universities are likely to charge what they can. And beyond that, there is what economists know as the Veblen effect. There are some products – and we know from the United States that higher education is such a product – whose value is judged by its price. That is something of course that Gerald Ratner understands well and drew spectacularly to our attention a few years ago. There are stories which I haven’t been able to authenticate, but which true or not make the point extremely well – of student unions imploring their governing bodies not to
charge a low fee because they feared that would devalue their degrees and impact negatively on public perception of their value.

So in any case we are long way from having a market in higher education. Fees are controlled, student numbers are controlled, universities are not competing on price partly because they operate in an environment where demand far exceeds supply, and also because of the Veblen effect. I could go on. But nevertheless, the Government wishes to create a market despite the fact that market conditions do not exist. I’m not against competition. I think it can have a galvanising and beneficial impact, and indeed we in the United Kingdom have a highly competitive higher education system that has in the past, even without these changes, had many of the beneficial elements of a market based system. In particular, universities were previously paid only according to the number of students that they recruited – if students did not show up then they did not get funded. For that reason among others, universities in this country have been highly agile and responsive to the demands of the world outside – whether students, employers or society more widely.

Unable to create a market in higher education what we have instead is elements of a market – what I have called a pseudo-market – affecting the control of student numbers among one segment of students and in one group of institutions – the most selective. The government cannot, as it would like, relax its control over the total number of students recruited, so long as student loans are subsidised, and for political reasons they are and probably will continue to be. For that reason among others, universities in this country have been highly agile and responsive to the demands of the world outside – whether students, employers or society more widely.

I hope that my explanation of that is clear. It is a zero sum game. There will be losers if there are winners. Universities cannot, as they would in a true market, create new demand if they lose out in one market segment. The consequences of that are serious. If you can’t grow the market you have to fight like hell against each other to keep your share of the market that remains, let alone to grow, and one clear and regrettable manifestation of this is the need to persuade students with financial incentives – scholarships etc. – to attend your University and not the University up the road, something which is already happening to some extent and which represents a massive waste of resources: most of the students are from better off backgrounds and do not need the money as much as some of their less highly performing fellows.

The other student number control is quite different and has a different purpose. At the other end of the scale the Government removed some student places below ABB grades – nearly 10% of such places in the first year – from all universities charging more than £6000 only allowing them to even apply to have some of them restored if they reduced their fees to £7500.

The stated purpose of the core and margin policy is to remove places from public universities – and I’m using the word public in a loose way – in order to be able to provide vouchers to students attending further education colleges and private universities. The confiscaed places were reallocated by a HEFCE committee. There is no suggestion here that students would prefer to go to private universities or further education colleges than public universities. It actually reduces choice in that respect. It only increases choice in that it increases the range of providers. It is a supply-side policy. It is hardly market driven.
As it happens, and for reasons that I have never heard properly explained, the Government effectively abandoned that policy in the second year – and we wait to see what its policy in this respect will be next year. In the first year 20,000 places were confiscated and reallocated. Last year just 5000, and the reallocation took place on the basis of a formula. Perhaps the Government realised that the policy was causing such instability that it would put universities at risk, not because they could not satisfy the market – that would be one thing – but because of government policies. Or perhaps the Government decided that until it had in place a regulatory framework for controlling the access of private universities to government funding it had better go easy on a mechanism intended in part to provide additional numbers to such institutions. Whatever the reason, it does seem as though that policy is on the back burner.

The effect of these miscalculations is serious. When they produced their proposals the Government said that 30% of the loans would not be repaid – that’s what they budgeted for. We pointed out at the time that that was a serious understatement and that the unpaid loans would amount to something like 40% or more of the cost. Our analysis was described in the House of Commons by the Minister for Universities as ‘eccentric’. Since then the Government has revised its estimate of the cost from 30% to 35%, and indeed at a recent conference David Willetts admitted that it could rise to 40%. That is nearer the mark, but even that probably remains an understatement.

Even the 5 percentage point increase that has been acknowledged amounts to expenditure of £0.5 billion per year more than originally estimated. If the increase is 10%, which is more likely, then the overrun is £1 billion per year. The other thing that we pointed out was research by others that showed that the impact of higher fees on the consumer prices index meant that those benefits that are index-linked will increase, so increasing the cost to the public purse. The Office for National Statistics has now stated that 0.2 percentage points of the increase in the CPI so far is due to the impact of higher student fees. That will feed its way through to public sector pensions and other benefits and could add nearly £1 billion pounds per year to the cost – and those of you on civil service pensions will have seen their pensions increase thanks to students paying higher fees.

I say all this not just to criticize the Government, though it is serious that these policies could be introduced without properly thinking through their costs.

But unless the Treasury can be persuaded to reverse part of the cut in the HE budget, something will have to give. The only 3 possible outcomes in the long-term – indeed in the short term but not before an election I suspect – are either that graduates (or even worse, students) will have to pay more, or opportunities for students will be reduced (that is to say demand will not be met) or other parts of the higher education budget – research funding in particular – will be cut. And some of you will have seen the leak in the Guardian at the weekend that suggests the Government is already considering cuts in the support provided to poor students. Kicking the poor is politically easy, and we could see that soon. I don’t expect the more difficult decisions to be taken until after the election.

So, we have the extraordinary situation where students are told that they must expect to pay the entire cost of their higher education. Where they are given highly subsidized loans – but remember most of them do not benefit from the subsidy: they pay the full cost and more. And where the subsidy of the remainder is so great that the cost to the Government – on its own admission – is not far off the previous arrangement where students paid just one third of the fees they are now paying.

All this in the name of creating a market based system where a market cannot exist. Supply is necessarily controlled by the Government and will continue to be; and because of this, because of the Veblen effect and because of other market imperfections there is no price competition, student choice is highly constrained and universities are not permitted to create and expand into new markets. Our flirtation with a market-based approach has led us into a terrible muddle, unmatched anywhere in the world. The present arrangements are philosophically, economically and socially untenable, and will not persist. They will change, I confidently predict. When we produced our report pointing some of this out the Independent newspaper responded with a front page story.
A harsh verdict, but reasonable in the circumstances

Research

Moving on, unlike other aspects of higher education activity, in research we have a well-established and standardized way of measuring activity and assessing quality. The number of articles accepted for publication in peer-reviewed journals, and then the number of times other academics refer to your work – citations – provide some basis for analysis and comparison that is internationally recognized. On this basis the UK does indeed perform extremely well.

You can see here that in terms of the impact of each article produced – and that is a reasonable proxy for its relative quality – research done in this country is the best in the world on average.

And here is another way of illustrating the same point, that I pinched from a speech given by The Director General at BIS.

I won’t labour this, and will bank research as probably the most successful aspect of our higher education system and where we are indeed punching above our weight.

One of the reasons why we perform well is because of the presence in this country of gifted scholars from other countries. That is not to detract from our success – it is a tribute to the openness and attractiveness of this country’s University system that we have been able to draw in so many gifted academics from overseas.

But it is sobering to realize that 48 percent of Ph.D. students in this country come from overseas, either the EU or beyond, as shown separately here. Increasingly we have been relying on overseas nationals to provide the next generation
of academics. That is as much something to celebrate as regret, but it makes our preeminence in research susceptible to the vagaries of the political environment, and in particular the Government’s changing policies on immigration control – one of the more staggering things is that students are counted as migrants by the Home Office under its present management, and the only way to make a serious dent in the number of migrants, as the Government has committed itself to do, is to cut the number of students.

**Students**

Let’s now look at the education universities provide and begin by looking at the student body. Who goes to university? How well educated is our population?

There is an internationally recognised method for measuring participation in higher education that is used by bodies like UNESCO and OECD to enable international comparisons.

![Young entry rates to higher education](source: OECD 2013, “Education at a Glance”)

Not bad. But not exactly punching above our weight either. In terms of providing the young population with access to educational opportunity we are middling – a bit better than average – not world beating.

However, this comparison may be understating our performance, because it relates only to the participation of the young population; and there is some evidence that where we have in the past been remarkable is in providing opportunities to people who may have missed out on University first time round – providing a second chance. There are very few international indicators of this, but those of you with experience of other University systems will confirm my impression that in many if you fail to go to University on leaving school there is little opportunity subsequently. Here is an indication that that is so in other European countries.

![Part time provision hardly features in European HE](source: Eurostudent 2006)

This comparison is taken from the Eurostudent survey, conducted periodically by the EU. This chart shows that part-time higher education – the grey segments at the top of the columns – is hardly available outside the UK, and Ireland to a lesser extent.

![Average age of students on entry to HE](source: Eurostudent 2006)

And this shows, remarkably, that the average age on entry to higher education in the UK is something like 28 years old (very largely, of course, because of the relative prevalence of part-time higher education), which is very much older than any other European country. So in terms of offering second chances to people who may have missed out on
higher education straight after leaving school we undoubtedly have performed well. Unfortunately, these are the very things that are most at risk as a result of the recent increases in fees.

Even before 2012, numbers in part-time higher education were declining, and as you will see from this chart that decline has accelerated greatly with the increase in fees last year. The reason is almost certainly that for most part-timers cost has gone up dramatically, and unlike full-timers they have no access to loans or other support.

Likelihood of going to university depending on where you live

This chart is based on an analysis that categorises and groups each Parliamentary Ward in the country into one of 100 types with similar characteristics. You will see that there are some where virtually everybody goes to University and some where no one does.

But although there remain large disparities, there has been some progress.

Rising participation rates in the most disadvantaged areas

And similarly, although as I have shown, in general the increase in fees has not led to a decline in full-time higher education participation among the young, that is not the case as far as mature students are concerned.

So, unfortunately, it appears that the one area where we may be punching above our weight in terms of access to higher education is seriously at risk as a result of the new policies.

Let us look in closer detail at who participates in higher education. There are some large disparities that remind us that we still have a long way to go.

The most widely referenced disparity is that between socio-economic groups. Where you live is one way of looking at this.
increase in six years in participation among students from the most disadvantaged groups. That is more than double the increase across the population generally. That is a very sudden, very rapid and very welcome increase. Whereas 15 years ago a student from the most privileged quintile was 4 times more likely to go to University than one from the least, that difference has now reduced to 3 times – still a large disparity, but a strong move in the right direction.

So there has been improvement in the overall participation of students from disadvantaged backgrounds. What about the universities that they go to?

That is an issue that doesn’t arise in many other countries, but it does arise here where there is a highly stratified – even hierarchical – University system, and the University that you attended makes a difference to your life chances. And unfortunately because the Universities at the top of the hierarchical tree are highly selective; and because how well you do at school is correlated closely with your social and economic background; those universities are not just academically selective – they are highly selective socially as well. Not explicitly. But social selection follows from their academic selectivity. Posh students go to posh universities because they do better at school and less posh students to less posh universities because they do less well at school. The hierarchy and its causes are well-known to students when making their choice of university.

That was illustrated for me by a story told by my daughter Lizzie who was at Manchester University, and attended a rugby match between Manchester and Manchester Metropolitan. At one point during the match the Manchester University (posh) students turned en masse to face the Manchester Met students (not posh) and chanted in unison “your dad works for my dad”! Of course, they went on to lose the match.

As I say, the hierarchy and relative social standing of a university and its students are well known to students themselves.

Unfortunately, here, there is little if any progress to report. The recent increases in participation by students from poor backgrounds that I mentioned earlier have almost entirely been to the less prestigious universities.

The Higher Education Statistics Agency regularly produces performance indicators, and these show that the proportion of students from the least privileged backgrounds attending the Russell and 94 Group universities –the most research intensive and prestigious – has not shifted in 10 years, and indeed if anything has declined. Here we show the proportion of their students from state schools, and also from the lowest socio-economic groups. These universities are as socially exclusive as ever.

This is a complex issue, and I have not got time to go into it. I don’t think that there is snobbery or explicit bias, but nor do I think that they try hard enough. In the USA the top universities explicitly engage in social engineering and are clear that they seek to represent wider society as far as possible in their student population, while maintaining high academic standards. In this country universities, running scared of the Daily Mail, avoid anything that could be described as social engineering. They need to do better. Their gesture in favour of increasing fair access is that they are beginning to look at what they call ‘contextual’ information about why students from poor backgrounds may have performed less well at school than others. That is a start, but they need to go further and be explicit that they aim to have a better social mix in their Universities. This isn’t a question of lowering standards, as is suggested by those who want to preserve the status quo. It is about universities being explicit that at the margins that, if they have the opportunity to admit a student that will help achieve a better social mix, they will do so. As I have said, that is far less of an issue in most other
countries. But that remains unfinished business here if we aim to have a ‘world-leading’ higher education system.

So the differences in participation between social groups is one major disparity. The other concerns gender.

**Over the last 20 years higher education has become increasingly a female preserve to the extent that last year UCAS had 30% more applicants from women than men. Nor is it just in raw participation where women dominate.**

**Female vs male performance in HE**

<table>
<thead>
<tr>
<th>Institution Type</th>
<th>Men</th>
<th>Women</th>
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<tbody>
<tr>
<td>Pre-92 (not Russell Group)</td>
<td>8.60%</td>
<td>11.30%</td>
</tr>
<tr>
<td>Russell Group (not Oxbridge)</td>
<td>6.50%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Oxford &amp; Cambridge</td>
<td>0.70%</td>
<td>0.70%</td>
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**Drop out**

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<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
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<tbody>
<tr>
<td>Young</td>
<td>7.90%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Mature</td>
<td>17%</td>
<td>12.20%</td>
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**Good degree**

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
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<tbody>
<tr>
<td>2.1 or 1st class degree</td>
<td>59.90%</td>
<td>63.90%</td>
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They do better in almost every other aspect of higher education as well – the universities they go to, their likelihood of dropping out, their likelihood of getting a good degree, and – not shown here – their likelihood of employment on leaving university.

So if you are male you are far less likely to go to University than if you are female. There are reasons for that of course, mainly that girls do very much better at school. But it hasn’t always been that way, and this is a discrepancy that needs to be understood and explained, and, we assume, eventually resolved. Incidentally, the problem may be more complex than you might think.

**It isn’t only in this country that this is so. The underperformance of males is a worldwide phenomenon. This chart shows the relative participation of males and females in OECD countries. Apart from a very few on the far left of the chart, in all others, women substantially outperform men. These subtleties though were lost on the Sun newspaper when we published our report on all this.**

**Reactions to our report on gender**

I always try and find an excuse to show this in my speeches – it is the only time I think that we made it into the Sun. I have described these differences – differences in participation between social classes and
between genders – as “disparities”. I use that term because, unless you believe that males are inherently more stupid than females – which of course they may be; that people from poorer backgrounds are the undeserving and uneducable poor – which I agree is a theory apparently gaining ground in DfE; that Geordies have less potential than Southerners; then there is a reasonable presumption that the differences will eventually be eroded. And – this is the point – that implies that there will be greatly increased demand for higher education, and the scale of that potential additional demand is massive. In a report that we produced a few years ago we estimated that if boys began to behave a little more like girls then that alone would give rise to additional demand for 130,000 places, at a cost of over £1 billion per year. And in his recent booklet celebrating 50 years post Robbins, David Willetts has estimated that if the participation of disadvantaged groups were to match that of their more privileged peers then that itself would add demand for another 130,000 places, at a similar cost. And that takes us back to the question of cost and how it is all to be funded. In a competition between the NHS and higher education, I’m afraid that there is no contest. That is one of the reasons why some form of co-funding is inevitable. Just not the one we have at present.

Not everybody, of course, thinks that just because there is increased demand it should be met. Not everybody believes that more means better – indeed, it was Kingsley Amis, probably in an article in the Daily Mail, (actually, I was disappointed to find, in Encounter magazine) who coined the phrase “more will probably mean worse”, and he was talking about higher education in 1960 when less than 7 per cent of the young population went to university. What would he say today when nearly 50 per cent do so?. Such people would argue that it is wrong to increase student numbers – though whether they would agree that the children of the middle classes – that their own children – should be denied access to University I doubt. Well, I think its untenable to argue that less education is preferable to more education. That the less educated person – even a less educated taxi driver or plumber – is preferable to a better educated one. The economic arguments are the subject of dispute, and I put those on one side. What is not open to argument is the research evidence for the noneconomic benefits of higher education – better health, for example, better mental health, less criminality (though I suspect that criminal graduates are just cleverer at avoiding detection), better parenting etc. – that, although noneconomic, more than pay for its cost. And that is quite apart from the general proposition that a better educated society is preferable to a worse educated society and that a better educated person is preferable to worse educated person.

The UK is extraordinarily attractive to international students

Finally, looking at the student body, I will briefly mention international students. It is remarkable that international students have chosen in some numbers to come here rather than, for example, Germany or France where until recently they paid no fees at all, compared to the extraordinarily high fees overseas students pay in this country. Is that proof of the quality and standards of our universities, as was claimed by the VCs who appeared before the Universities Select Committee in 2009? That would be facile, and the Select Committee described that as a ‘disreputable’ claim. There are all sorts of reasons. Marketing – recruiting international students is big business and all universities, from the most exalted to the most modest have serious marketing departments in a way quite unheard of in most other countries; the incentives that our universities have to recruit international students; the English language; and also the reputation of our universities – which is not the same as their quality and standards. Nevertheless, it is remarkable that we succeed in securing so many international students. Our classrooms are the richer for it and so are our universities’ bank
balances. This is one area where we are undoubtedly punching above our weight, and it is to be hoped that the Government’s policies on international students and the treatment of students as migrants has not done permanent damage to this.

**Standards**

I’m going to end by touching on perhaps the most important aspect of higher education and the one where I think we are most vulnerable – the standards that our graduates achieve and of the qualifications that our universities provide.

It is, of course, pretty well impossible to compare the outcomes of education, despite the heroic attempts of the OECD with its PISA studies which attempt to compare the achievement of school students in different countries.

But we can make comparisons of inputs in as far as they are likely to impact on standards. I have already mentioned funding levels. Another input into standards is likely to be the attainment levels of students as they enter higher education, where judging from the PISA results we cannot claim to be performing better than others. And of course, the quality of the teaching process has an impact as well. But we cannot credibly say either that our students are smarter, or that they are better taught at University than elsewhere. There is no objective basis for claiming either of these things.

What we do know is how much effort students put into their study – how much time they spend studying. That is different from the question of contact hours. We are all now familiar with the regular stories that appear in newspapers about students who only have 3 or 4 hours per week of contact of any kind with their teachers – whether lectures, seminars, tutorials or informal contact. Universities usually dismiss such stories by reference to pedagogy; by saying that it is the quality of the contact that is important not the quantity, and of course that is true, though it doesn’t entirely answer the point. But in any case, contact hours, while important to students and their parents, are not the issue when it comes to the standards of degrees.

It is difficult, though, to argue that how much effort students put into studying is irrelevant. Of course the hours you put in are far from being the only relevant thing, but can it be that all else being equal a student who spends 40 hours studying each week will not know and understand more at the end of their time than one studying 20 hours? Who will tell me that if I work less hard I will achieve as much as if I work harder? And here we have a real problem. We have surveyed 100,000 students in 4 surveys since 2006, and these have consistently shown that, taking all forms of study, whether self-directed or contact, students study on average for about 900 hours per year – less than 30 hours per week – which itself is only 75 percent of the amount assumed by the Quality Assurance Agency. But just as alarmingly – indeed, more important in many ways – are the huge disparities that our surveys have revealed. Not only are there large differences between subjects, with scientists and medics putting in many more hours than humanities students, which won’t surprise those of us who were down the pub while our less fortunate colleagues were in the laboratory, but there are large difference within the same subject between universities.

**Average number of hours of study in same subject varies greatly between universities**

In this graph, the blue columns show the number of hours worked in each subject by students at the university with the lowest average number of hours in that subject, and the red columns the most. You will see the extent of the differences. What does it say about standards and the comparability of the standards of qualifications when students at one University are putting in 16 hours per week to obtain a qualification in business studies and those at the University up the road are putting in 40 hours to obtain the same qualification? Nor is it that the former are smarter – there is no relationship between hours of study and UCAS points scores on entry nor, of
greater concern, with the class of degree obtained. The Times Higher Education analyzed our data, and confirmed that.

Is there comparative data from other countries? To a very limited extent there is. The Eurostudent surveys that I referred to earlier show that students in all the countries surveyed put in more hours than we had found English students do; and that is confirmed by this comparative study by the former Higher Education research group at the OU.

Time spent studying each week UK vs others in Europe

And we know that the European credit transfer system to which most UK universities subscribe, requires 1800 hours of study for a degree – which compares to the 900 hours actually studied in England. So is it reasonable to conclude that the standards of our degrees are as high? Does how hard you study really make no difference to what you attain?

A unique source of evidence is provided by the evaluations undertaken of ERASMUS study abroad programmes where students from one country spend a year at a University in another.

ERASMUS students found their courses in England less demanding than at home

<table>
<thead>
<tr>
<th>Visiting Country</th>
<th>UK</th>
<th>France</th>
<th>Germany</th>
<th>Netherlands</th>
<th>Norway</th>
<th>Sweden</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>More demanding</td>
<td>22</td>
<td>20</td>
<td>27</td>
<td>35</td>
<td>26</td>
<td>22</td>
<td>22</td>
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<tr>
<td>Equally demanding</td>
<td>41</td>
<td>48</td>
<td>52</td>
<td>46</td>
<td>43</td>
<td>51</td>
<td>47</td>
</tr>
<tr>
<td>Less demanding</td>
<td>38</td>
<td>27</td>
<td>22</td>
<td>39</td>
<td>31</td>
<td>26</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: Adapted from Makin and Tochler, 2002

Overall, 38 per cent of ERASMUS students found the courses here less demanding than their home courses (a far larger margin than any of the other countries listed).

Why should this be? Why has teaching apparently become neglected and expectations lowered so?

I fear the answer may in part be related to the very thing at which we excel. Research takes time and effort and staff are under great pressure – student staff ratios are no better than in other countries (in fact they are worse than the OECD average, and have declined in the last decade or two) – and I fear an unspoken conspiracy between staff and students.

Staff saying to the students “we won’t make large demands on you, if you leave us to get on with our research”. There are, after all, only so many hours in the day and our research output is remarkable. Fewer staff, more and better research output. Something has to give. Now when I said this in another forum recently it caused offence among some of my audience, so let me make it clear, I am not suggesting anyone actually says this to their students. For the literal minded among you I should explain that this is a metaphor – or is it a simile? – Probably a simile. It’s as if this is said.

There is a real issue here, and it raises uncomfortable questions, questions that so far the University establishment has been reluctant to engage with. Indeed, while there are plenty of bodies willing to engage the question of teaching methods and teaching quality, there is a serious lacuna when it comes to concern with degree standards. For a start up till now there has been no body that has accepted responsibility for the oversight of standards.

That can’t go on, and there are encouraging signs that The Quality Assurance Agency and the Higher Education Academy are at last engaging with the question. It is important that they do. If it becomes widely known that some degrees are much easier to obtain than others then that will damage the reputation of the universities concerned, and similarly if it becomes known that degrees from English universities can on the whole be obtained with significantly less effort than degrees from elsewhere then that will damage our system as a whole.
Conclusion

I should perhaps move on to mention other features of our university system – university industry links for example, where by all accounts we have a good record in this country; the wonderful diversity of our universities – ranging from the tiny Rose Bruford College with less than 1000 students of performance and theatre, to the Open University with more than 200,000 part-time students; the relative autonomy of our universities, which, despite considerable encroachment recently, maintain control over the most important aspects of what they do and how they operate – which is not the case in so many other countries in which I have worked. And the way our universities have taken over from the press as the 4th estate.

Unfortunately though I have spoken too long already, so I will come to a conclusion.

Do we have a world leading HE system? Well we clearly have a highly successful HE system, and although not the same there are clearly grounds for satisfaction there. But there are considerable risks.

• An unsustainable financing system, that will have to be resolved before long, and that resolution will require some very hard choices, all of which are likely to damage some aspect of the system.
• Ideological attachment to market mechanisms, which are not working and cannot work in foreseeable circumstances
• Postgraduate provision and research – and indeed whole departments – kept afloat by international students and staff, and we have seen that these are vulnerable to changes in the political environment
• Relatively modest participation in HE, with large swathes of the population failing to participate – but that is a problem we share with much of the rest of the world.
• The standards of our degrees, where on any objective view we fall well short – something which poses considerable reputational risk for individual universities and our system as a whole, and where, frankly, we risk short changing the present generation of students.
• Certainly, there is no room for complacency and I really hope that we will stop saying that we are punching above our weight. That seems to me to be manifestly not so, I’m afraid. In some respects, undoubtedly, we are very good indeed, but in others and in important areas, we really have to do much better.

Ladies and gentlemen, thanks for listening to me. I hope that some of what I have said has been of some interest to some of you, some of the time. And that what I’ve said has not caused indigestion and will not spoil what I believe, thanks to the generosity of our sponsors Pearson, Wiley and the Higher Education Academy will be an excellent party. Thank you.