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## **The Fees Debate**

By Andrew Oswald, Professor of Economics, Warwick University

Britain's universities are in trouble. We cannot go on as we are. The country needs a sensible debate about the case for going over to a US-style system where students pay fees.

In my experience, most people who instinctively react against this have not thought about the issues. They reason with their hearts rather than their brains.

Say you are a student at a university like Warwick. The first question to ask yourself is this: do you believe that university lecturers should have first-class honours degrees? At the moment, in departments like mine, we can barely find any applicants for lectureships who have Firsts in economics. Such a situation is a scandal. The explanation is not hard to find. It is because the pay is atrocious, the stress high, and the conditions of work poor. My hunch is that students do not put their minds to such difficulties – but we on the other side of the desk face them all the time. Most talented people just don't want to do this job any more.

If you think it is acceptable to have lots of your lecturers have second-class degrees, then, although I think you are wrong, it is logically possible for you to oppose fees. You simply say: yes I can accept a university system that is not very good. It does not have to have especially talented faculty. Such a view is coherent.

My view is that it makes no sense to think you can run a university efficiently this way. I do not see how it can be desirable to have students who are cleverer than lecturers. Those people who oppose fees then have to face a harsh reality that in my experience they

would prefer to run away from: our universities cannot hire the talented staff we need because the pay is a joke and staff-student ratios unattractive. Hence cash is needed – lots of it.

Unfortunately, the second point is that taxpayers in our country have not the slightest interest in paying. They do not care about esoteric elitist institutions full of egghead students. Most people in society are now reluctant to contribute to even the basic taxes needed to keep a modern society functioning tolerably in the way that I (and probably you) would wish. That is just a fact. It is their money and what I say carries no weight with them. Every politician knows that the way to get elected is to say that you will reduce taxes. Institutions like the universities then go to the dogs.

Of course some taxation continues. But taxpayers prefer to see their pound notes spent on other things – on hospitals and schools and cleaner streets. I cannot blame them too much. Even I do not view the universities as terribly deserving compared to hospitals and schools. Indeed my own view is that the best thing to spend public money on in Britain would be better school teachers. I would double their pay. Nothing, to my mind, would do more in the long run to reduce inequality and disadvantage in Great Britain. It is not sensible for the nation to have teaching be a low-paid profession. In any case, the bottom line is an unpleasant one that you and I have to face. The universities of the United Kingdom will not get serious amounts of extra public money. Ever.

Third, there is a strong moral case for fees (which always comes as a shock to the opponents of fees who naively think that the ethical case is on their side of the argument).

The plain fact is that most British people do not go to university. Probably it will never be the case that most do. Why exactly should Britain's plumbers and secretaries and telephone operators have to pay for you to come to Warwick? You will earn far more than they do. You were lucky enough to be born with a more advantageous genetic endowment. You will have much more interesting jobs. Exactly what is it that makes it ethical for you to take from these people their hard-earned income to fund your privileged earning and learning?

Fourth, I suspect that, for financial reasons, some universities (perhaps not this one) currently turn down home British students in favour of overseas students who are less qualified. If this does go on, I find it difficult to view such practice as efficient or fair.

So the question we have to ask at Warwick and elsewhere is a tricky one. Where does our nation go from here? We can bury our head in the sand. This would mean accepting that university lecturers soon have middling Upper Seconds, and that our nations' university researchers gradually become a laughing stock -- nonentities who never discover anything really important in world research -- in the corridors of the great universities of the United States. It would mean accepting that, as at one university I know well to the east of Warwick, young university lecturers cannot afford to buy cars. It would mean accepting that in great cities like London no-one involved in university teaching can afford to live within 50 miles.

The alternative would be better for Britain. We should charge fees.

I went to a regular comprehensive high school and I want to see a system that has university scholarships for young people from poor homes. That seems vital for society. It seems to me that it would be good for the universities themselves. And it can and will be done. In the United States (see Blanchflower's letter to the Financial Times in early March 2000), the elite universities have huge proportions of students who are not paying fees. Often 40% have such scholarships. The other 60%, from rich families, cross-subsidise them. Both sets have to attain the same entry grades.

It is also important to give parents time to save up. I believe it would be wrong to bring in large fees in a rush. In a letter to the Financial Times in 1999, I suggested a run-in period of a decade, and suggested that we should announce that parents would have to pay fees after 2010.

It also seems desirable that charitable giving, by students to their old universities, becomes normal. This happens all the time in the US. It must become the norm here. A future UK government might, I hope, give special tax breaks for such giving to universities.

When push comes to shove, university students have no right to ask the normal folk of Britain to pay for them, and we are already at the point where quality in our universities has fallen to unacceptably low levels. This cannot go on.

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