



# Overseas Development Institute\*

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## Briefing Paper

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### OVERSEAS STUDENTS: FACTS AND POLICIES

#### I Introduction

The number of overseas students (OSs) in British institutions rose dramatically in the decade 1968-78, doubling university entrants and trebling the number in higher and further education. On 1 November 1979 the UK Government, alarmed at this increase and beset by the need to cut public expenditure, announced abruptly that henceforth OSs would have to pay the full economic cost of tuition in the UK. The immediate result of this policy change was an increase in fees for OSs of up to 400% for some categories and an outburst of political opposition both in Britain and overseas (particularly in the Commonwealth). However, this opposition was confused because it lacked detailed information on the existing state of affairs; on the likely response of OSs and their countries of origin; and on the financial and other effects of the decision for British educational institutions, which faced the possibility of income from grants falling faster than expenditure.

Information to fill these major gaps is now becoming available. Figures on enrollments in 1980/81 provide an initial guide to the possible trend on OS numbers following the fee increase. More importantly, the Overseas Student Trust has sponsored major primary research to provide the detailed statistics needed to underpin a policy review. The fruits of this research and its implications for policy have recently been published in *The Overseas Student Question - Studies for a Policy*.<sup>1</sup> The book is a long one, packed with detail. This Briefing Paper draws heavily upon it and on other information amassed by the Overseas Student Trust, and we would like to express our gratitude to the Overseas Student Trust. It aims to crystallise the essential facts and emphasise the key policy issues that must now be tackled.

#### II The situation in 1979

The following figures show the numbers of OSs enrolled in publicly financed and in private educational institutions in the UK and Northern Ireland in 1978/79, with a comparison with numbers in 1968/69 (thousands):

	1968/69	1978/79
<b>Public:</b> Higher - universities	16.0	37.1
Other advanced	5.6	22.5
Less advanced	8.7	27.2
<b>Private:</b>	39.5	32.8
<b>Totals:</b>	69.8	119.6

Source: British Council statistics.

In this paper we shall be mainly concerned with students in the publicly financed courses (totalling 30.3 thousand in 1968/69 and 86.8 thousand in 1978/79).

As to the levels of courses entered, it will be of interest to note that, of all OS university students, the proportion of undergraduates rose from 40% in 1973/74 to 48% in 1978/79. These OS undergraduates represented (1978/79) 7% of *all* (including home) undergraduates, whereas OS postgraduates represented no less than 37% of *all* postgraduates. It would perhaps give a better sense of proportion to mention that OSs in higher education as a whole represented 11.4% (1978/79) of *all* students in higher education.

The largest numbers of OSs at postgraduate level were studying courses in science, engineering and technology, and social, administrative and business studies; in engineering and technology, agriculture and forestry, and medicine, OSs actually filled 50% of all postgraduate places. This last figure underlines the rather startling reliance on OSs of British postgraduate work in these subjects.

The distribution of OSs by country of origin in British publicly financed institutions (1978/79) was: 1. poor countries 23,000 (poorest of all, 3,300); 2. wealthier developing countries 23,700; 3. OPEC and Middle East 25,800; 4. developed countries 16,100. It is noticeable that the extremes are poorest countries and OPEC-Middle East. The top four senders were Malaysia (13,308), Iran (9,095), Nigeria (5,896), and Hong Kong (5,133).

These overall statistics do, of course, conceal great variations in OS numbers in different British institutions and in the proportion of OSs in particular courses, which may vary from nil to 80%. Further, they do not give a very good account of the most frequent situation or of the financial status or personal background of the 'typical student'. This gap was admirably filled in a special sample survey carried out for the Overseas Student Trust,<sup>2</sup> the major findings of which can be quoted here.

The typical student was male (75%), 30 or below (82%), studying in a course (engineering, technology, science, administration) in which more than half the members were OSs (54% of MPhil and PhD students and 66% of Master's degree students). There is a 42% chance that he will have obtained some previous qualifications in Britain. Nearly half of all students will have had a scholarship or grant of some sort. About a third manage to increase their income by earnings in

\*The Institute is limited by guarantee.

<sup>2</sup>Directed by Mark Blaug, assisted by John Mace, Sue Owen and Maureen Woodhall.

the UK. 33% of all OSs and 63% of those taking an MPhil or PhD course, said that they would not have come to Britain if they had not had a scholarship. Although poorer students have a tendency to come from poorer countries, this is *not* a general rule. '22% of the poorest students came from rich Western countries, such as USA or France, while 27% of students in the highest income category came from countries with per capita GNP below \$750.'

In terms of family background 'the student tends to come from Asia (36%), Africa (16%) or the Middle East (16%), to be the son of a self-employed businessman, craftsman or farmer (40%) or a civil servant or other government employee (32%), and to have a father who completed higher education (32%) or at least secondary education (26%)'. These figures show that our 'typical' OS is from a lower-middle to upper-middle class and from an exceptionally (for Idcs) educated family.

### III The immediate effect of the full cost decision on numbers

The numbers, origins and distribution of OSs as at 1979 have been roughly outlined in the preceding section of this paper; it may be convenient to complete the numerical picture up to 1981 at this point, before turning to the wider implications for overseas and British interests.

The first and most expected effect of the rise in fees has been a decline both in the total numbers and in the numbers of new entrants in the academic years 1979/80, 1980/81 and 1981/82. Fairly good figures are available for 1979/80 and 1980/81, but, naturally, final figures for new entrants are not yet available for 1981/82.

The decline in 1979/80 and 1980/81 affects all levels and types of courses, both in universities and other higher education institutions, and in less advanced courses. Figures for numbers of OSs in publicly financed institutions fell from 83,000 in 1978/79 to 79,400 in 1979/80 and to 67,100 in 1980/81,<sup>3</sup> a fall of 19% over the three academic years. More specifically, the drop in universities was 8.4%; in all higher education, 22%; and in non-advanced education, 27%.

More significant for future policy is the fall in entrants to higher education who are OSs. The DES statistics are as follows, in thousands:

#### Enrollment of students in first year of courses

	1978/79	1979/80	1980/81	Change from 1979/80
<b>University</b>				
Undergraduate	7.5	7.1	6.4	-9%
Postgraduate	10.2	9.4	8.4	-11%
<b>Advanced</b>	<u>10.3</u>	<u>9.3</u>	<u>6.7</u>	<u>-28%</u>
<b>All higher</b>	28.2	25.8	21.5	-17%
<b>Non-advanced</b>	<u>18.0</u>	<u>17.7</u>	<u>10.0</u>	<u>-44%</u>
<b>Total</b>	46.2	43.5	31.5	-28%*

\*If countries in the EEC are excluded, the falls are slightly higher, totalling 30%

Source: DES Statistical Bulletin 4/81 and 6/81 (April 1981).

<sup>3</sup>Figures from DES Statistical Bulletin 4/81. The 1978/79 total for publicly financed students, excluding N. Ireland, was 83,000. The total including N. Ireland was 87,000.

It is clear from this table that, while the university figures are falling, the advanced further education, and especially the non-advanced courses are falling much faster; and there is a higher proportion of students from the poor countries on these latter courses, particularly the non-advanced.

As for the prospective entrants in autumn 1981, the present indications are for a fall of greater dimensions. The World University Service quote the Universities Central Council for Admissions (UCCA) as expecting a 32% fall in undergraduate applicants. Overseas applications in March 1981 were reportedly down from 20,528 in March 1980 to 13,292 (35%). Actual entrants cannot be known until October, since the figures for applicants have to be turned into university acceptances, and acceptances into actual entrants; and there has been a tendency for the number of accepted students who do not take up the offer to rise.

The effects of this fall in numbers will of course be much frustration in overseas countries and a strong tendency to switch to other, less expensive host countries for help. It is not yet possible to say how far other host countries will raise fees or shut doors in response to a sudden extra demand from students deterred by the level of fees in Britain; but there is a probability of much greater selectivity and therefore difficulties for applicants, and particularly those from poor countries. Many British universities and colleges will also be in trouble. The universities are even more restricted in economising on staff by the life-tenure of their academic staff, by the enormous cost of redundancies, and by their fixed capital of buildings and equipment. Run-down by not replacing retiring staff will not be quick enough to cover the loss by reduction in grants to which the government is committed. The fact is that our higher education system, expanded greatly in good times, is peculiarly unable to adapt to bad times and acute financial stringency. We appear to be faced with a double blow of loss of goodwill overseas and financial crises in education at home; and this is a long-term effect, since lower entries now and perhaps also in 1982/83 will continue to bring down total OS numbers in 1984 and 1985. As far as total numbers (home plus overseas) of students are concerned, 1980/81 figures rose to a record number (292,000 total, 252,000 undergraduates of whom 112,000 were a record new entry) despite the fall in OSs. This will not help universities to cut their total costs (the home age group of 18 year olds will reach its peak in 1982). Apart from financial troubles, the dependence of British postgraduate courses, and therefore of research, on OSs (around 50% in several key subject areas) may make a severe reduction in OS numbers very damaging.

### IV Financial costs - students and government

#### Student fees

The first major differentiation between fees payable by home students and fees from OSs was made for financial reasons in 1967. From then on fees were rising, mainly to keep pace with inflation, with a sharp acceleration from 1975 onwards (from £320 to £1,230 for postgraduates and £940 for undergraduates). Even then, *in real terms*, OSs were paying less in 1979 than they had after the first rise in 1967. However, the critical jump came when the new (full cost) figures were announced, and the fees for new entrants to

universities went up from £1,230 (postgraduates) and £940 (undergraduates) to a scale of £2,000 (for both) in Arts courses, £3,000 for science courses and £5,000 for medicine. The jump in medicine is over 300% for postgraduates and over 400% for undergraduates. These figures have now been raised to minima of £2,500 for Arts courses and £6,000 plus for some postgraduate work in 1981/82.

Five main concessions were made by government.

1. 500 awards, equating fees to home student levels, would be made in 1980/81 to postgraduate entrants, and this figure might be increased to 1,500. The subsidy for this quota is drawn from the education budget and made in the form of a special fees award from government to the Committee of Vice-Chancellors and Principals.
2. £5m was set aside to meet transitional difficulties in universities.
3. Students from EEC member states,
4. refugee students and
5. students in fully reciprocal exchange schemes would come at home student prices.

In addition, the Overseas Development Administration has decided to maintain the same number of scholarships for OSs, thus increasing the cost of the programme to the aid budget from £34m last year to £42m this year.

It should be emphasised here that the 'full cost' decision appears to have been made solely to produce a financial saving of government funds. There was no implication that the *numbers* of OSs were excessive in themselves or had any adverse effects on British educational institutions.

#### *Costs and savings to government*

There is considerable difficulty in assessing accurately either the true marginal cost of OSs or the countervailing *financial* benefits which do or may exist as a result of their presence here. Marginal costs can be calculated in various importantly different ways.

Professor Mark Blaug, in a detailed analysis, has suggested that these amounted to £266m for 1978/79, less £66m for fees paid (after remissions), ie a net figure of £200m (cost of subsidy), as against a government estimate of £227m (all higher and advanced public). Against these costs could be put other financial benefits – the value of research carried out by OSs; the benefits to overseas trade and commerce; benefits through foreign exchange paid (not a financial benefit if there is no great pressure on foreign exchange); possibly even benefits from expenditure by OSs as support to consumer demand (or negatively, supporting inflation?). The plain fact is that it is not possible to put a reliable financial figure on any of these benefits, even where they are real.<sup>4</sup> These unquantifiable benefits will be discussed in Section VI.

The object of raising fees was to reduce government expenditure, and figures of a saving to government of £100m by 1984/85 have been mentioned officially. But the quick realisation of such savings will be extremely difficult owing to the inflexibility of university staff

economies, and of capital (buildings, etc), geared at present to a large number of students. The cash paid by the dwindling number of OSs who pay the full fees will certainly contribute to the overall costs of the higher educational system.

#### **V Interests and needs of developing countries**

Needs for external education and training, reflected in manpower planning overseas, differ widely both over time and between developing countries, according to the levels and flows of domestically trained manpower in relation to the growth and diversification of the economy in any country at any given time. Some countries, particularly in Africa, entered Independence with an extremely small stock of trained manpower and an educational system unable to augment this stock very rapidly. They had two main needs – an urgent and immediate need for high level manpower by which to replace the foreign administrators; and a longer term need, also requiring urgent initiation, to expand their whole educational structure. These two needs were aided in three ways: by capital aid for educational buildings; by technical cooperation in providing, for example, technical college teachers; and by the offer of places for study abroad. In *general*, it would seem probable that countries with a larger educational system and stock of manpower at artisan and technical level would need fewer places, but at a higher level, and for more specialised subjects; and that, with development, demand would gradually tail off (as it has, for example, from India).

This sequence would imply, globally, a diminishing demand over the years. But ldc economies grow and diversify; and thus the horizon of self-sufficiency in special skills continually recedes. With up to a hundred countries sending students to Britain, from very varying stages of economic and social growth and diversification, it is impossible to generalise from theory about the future course of demand without a set of detailed, one-country studies, modified by future projections in each case. But two facts of demand in the 1970s do admit of some comment.

The outstanding fact is the rapid rise of admissions in the UK during the middle and late 1970s. Within this rise, the undergraduate proportion to postgraduate did not fall, but rose from 40% to 48%. This goes somewhat against the idea that levels would constantly rise, and suggests quite strongly that the 'eventual' fall in demand is still a long way ahead. It may well be partly due to the strong undergraduate demand from Malaysia, and of course the recent and startling rise from OPEC countries.

Secondly, there is considerable evidence that small poor countries will be worst hit by full cost fees. The smallest proportion of private places come from them; numbers from poor countries fell off by 18% during the 1975/79 steep rise in fees, although all other categories rose, particularly the wealthier ldc's. Yet the number of students coming to the UK per 10,000 population in the age group 20-24 in the sending country was considerably higher from small countries than from large ones, indicating greater proportionate need. A further sign of decline in small country opportunities lies in the exceptionally rapid decline in numbers of students joining less advanced courses, which had been much used by them. Moreover, from all awards offered

<sup>4</sup>The Working Party on Costs and Benefits of Overseas Students, on 1976/77 figures, put in amounts of £120m for research, £35m for trade, and £50m for foreign exchange earnings (but nil for student expenditure). If these figures were used for 1979/80, the 'loss' would fall from £200m to £58m. But they are extremely doubtful.

to OSs, only 15% went to poor countries, against 38% to industrialised countries.<sup>5</sup>

It is clear that planning of training by ldc governments will be much disrupted by the sudden steep rise in fees. It is true that governments do have some options in choosing countries to which students are sent, and there is evidence that the student flow can be deflected fairly quickly from one country to another where fees are substantially lower, provided that quality is still acceptable. But this involves a lot of administrative work in making new contacts and finding new and appropriate courses. Moreover, a sharp reduction in flow of private students owing to high costs is also likely to be damaging, since there is evidence that private choice of subjects to be studied approximates quite closely to official planning choices because, rather naturally, the student seeks qualifications which will be in demand on his return.

While it must be supposed that developing countries are the best judges of their own needs, it must be confessed that some doubts have often been expressed about the whole process of taking students out of their own environment into the very different one of an industrialised country. They may become uprooted from their own culture and unwilling to return to it, using their new qualification to get better paid jobs in rich countries. They may be taught technologies, organisational systems, and values which are alien and inappropriate to their country of origin. For such reasons, it has often been suggested that technical assistance to education and training in their own country – or in ‘third’ countries with more similar problems but richer in educational provision – would be a better use of funds from rich countries than the offer of subsidised training overseas. It appears that there is not much to choose, in financial costs to host or ‘donor’ countries, between sending teachers overseas and accepting, with subsidy, overseas students in British institutions. However, the Overseas Student Trust survey suggests that not many developing countries take this view; and indeed a number of developing countries have expressed quite strongly their hopes that Britain would *not* switch towards such a policy.

In summary, it is unlikely that total demand for OS places at any level will fall steeply in the 1980s, though it may be directed to other host countries than Britain. The rapid growth of demand in the last decade, and the fact that demand for undergraduate places has in fact increased proportionately, supports this view. Secondly, there is clear evidence that the British full cost decision will damage the smaller and poor countries most, and that the planning of training will be disrupted. Thirdly, an alternative British policy of increasing technical assistance to overseas training (at the expense of having fewer students here) would be unlikely to produce either a substantial monetary saving or avoid great dissatisfaction overseas.

## VI British interests and obligations

Britain has a number of interests and obligations in receiving and aiding OSs, some more quantifiable than others. There is clearly an *educational* interest in

having an admixture of international students in our institutions and in having some additional bright scholars with a different outlook on the research which they may do.

Secondly, *political* goodwill towards Britain generated by studying here is, with a few exceptions, no doubt an influence on those who later become political or industrial leaders in their own countries; although it certainly cannot be said that the present profile of OSs by country of origin was designed to bring maximum political gains to Britain. Yet there are reasonable doubts expressed about the alignment of aid to students too closely with short-term or foreign policy preferences.

*Trade* is another sphere in which Britain benefits from its contacts with OSs. Two surveys of the views of major industrialists show that 75–80% believe that previous educational experience in Britain makes for easier contact and understanding when the ex-student (8–10 years later) shows up in trade or investment negotiations. Prices and delivery dates are the paramount considerations but goodwill can tip a narrow balance between competitors. Note the decade of delay. The ‘full cost’ decision was made for a short-term reason, but its full implications may only become apparent in the 1990s.

Britain has also undertaken certain *formal obligations* towards some OSs – for example, the EEC Treaty which binds Britain to treat EC nationals as favourably as our own, and certain cultural agreements and pledges in international or Commonwealth agreements which must be honoured. Apart from these, certain *moral obligations* can be mentioned – one is to refugees and another is to students, already on a non-advanced course to gain qualifications for a higher course, who are caught at the change-over point by the full cost obligation.

### *Wider obligations and values*

If Britain is to play a worthy role in the world community, and the aid programme is part of that role, then there will be a need for some monetary sacrifice and some sharing of talent and experience. Today, given the opportunity, the young people of the world wish to move freely within it, to benefit from the knowledge available at centres of learning. If Britain has any belief in the value of its political, social and academic institutions, then it must be prepared to contribute to the sharing of this experience – a contribution which can only enhance our own knowledge and further our influence and reputation in the world, whilst at the same time benefitting the poorer countries of the world.

## VII Towards a future policy

### *Main strategies*

It is not realistic to deny altogether, in the present circumstances of this country, the case which existed in 1979 for cutting the escalating costs of OSs in Britain. The policy arguments which follow are based on a search for new policy openings, and new administrative systems, which would keep costs within rationally defined bounds.

<sup>5</sup>Figures from *The Overseas Student Question*, Chapter 6B – the account of a sample survey of OSs in Britain by John Oxenham and research team.

Such a policy must involve a closer definition of the profile of students (subjects studied, levels, abilities, countries of origin) which would fit better with identifiable British interests and obligations, including in that phrase an international obligation to contribute to the needs of developing countries and not to hit the poorest countries hardest. No such definition would please everyone in this country or abroad; nor can it be more than roughly followed. But it might improve on the existing distribution of student numbers by countries of origin.

There are three main elements of policy by which financial curbs can be applied. These curbs can be combined in different ways and with different degrees of emphasis. The first, a method which has already been largely emphasised, is to allow market forces to operate and exclude those who cannot pay the full cost fees, save for those to whom scholarships or other awards are granted and for those exempted from full costs (refugees, EEC nationals, etc). It would appear, from what is now happening, that such a method works as an effective curb on numbers; and it avoids embarrassing choices and 'dirigism' in educational matters. But to leave the decision to the market, which is amoral, excludes any political, social or international policy.

The second possible choice is to emphasise a system of quotas. This appears to leave the allocation of places open to a wide range of policy choices and, incidentally, means that the key numerical decisions will have to be made by government. But it is hard to see how government, having made the decision on total numbers, can avoid involvement in allocations to individual institutions or some decision on the composition of the quota as between countries of origin of students, or between subjects to be studied. If, as is virtually certain, the British Government would not wish to take all these detailed decisions, it cannot make any real policy choice save that of limiting financial grants to institutions within a *financial* quota, leaving the institutions to choose students, country of origin, subjects to be studied, as each institution thinks best, perhaps with the aid of some governmental 'guidelines', which might or might not be observed. An experimental quota system was operated in Britain for a time (1977/78) through the level of grant and was deemed to have failed, although there is some evidence that it was not altogether without effect.

The third possible strategy emphasises an expanded and perhaps redirected system of awards<sup>6</sup> to individual students, leaving the market to look after those who do not get them. Awards could be made by multiple criteria – by student ability and potential, by the student's special circumstances (eg refugees), by subject of study, by particularly deserving or needy country of origin. Awards could also be made by different agencies – through the aid programme, for foreign policy reasons, by industry or the Department of Trade, by the universities themselves on academic grounds. Awards are, in a sense, a positive form of quota, as against the negative form of mere number restriction. They offer a wide and genuine method of expressing policy aims over part of the OS population, while market forces operate on the remainder. And

indeed market forces, so modified, have a certain attraction to those who feel that British standards of higher education are a valuable export to be sold at a price which the market will bear.

The actual operational administrative system needed to cope with an awards system of this kind would have to be worked out in detail. To this administrative issue we will return. Meanwhile, it is perhaps useful to take a brief look at how other host countries manage their affairs. This is dealt with in some detail in a special study within *The Overseas Student Question*.<sup>7</sup>

### *International comparison*

The study mentioned was carried out to cover 24 'host' countries which received 80% of foreign students enrolled worldwide. 60% of the world total were enrolled in institutions of higher education in only five of these countries – Canada, France, W. Germany, the UK and the USA – and it is to these five that most reference will be made here. Most of the efforts to limit or select students, by fees, quotas, entry regulations, etc which have been mentioned concerning the UK have been tried in one or another of these countries. The two main methods have been tightening of academic or other admission regulations, including quantitative controls and the raising of tuition fees.

Admission regulation and numerical semi-quotas have been widely applied. In W. Germany 6% of places in subjects under great pressure of demand are reserved for foreign students, 8% for other subjects; in Denmark 10% in medicine and allied subjects, 20% in social sciences. In both Switzerland and Austria, where admissions are regulated by the institutions, severe restrictions and even a complete ban on entry to some subjects have been imposed. In France in 1979, regulations were imposed requiring an examination in French language and proof of a bank account adequate to cover the full course. Moreover, decisions to accept or reject an applicant and to name the institution in which he will study were both centralised under a single (government) Commission. W. Germany also established a central Coordination Office for Foreign Students Admission, but this involved the voluntary cooperation of academic institutions to guide the geographical dispersal of students, the acceptance of students lying with the individual institutions.

Discrimination by country of origin is also quite common internationally, either by special favours (eg within Scandinavia by the Nordic Council; in Denmark for an 'approved list' of Idcs) or by exclusion (eg against Hong Kong by the USA). A remarkable combination of favour and discrimination is presented by France, in granting scholarships for students working for doctorates in scientific or technological disciplines 'oriented first and foremost to students from countries producing important raw materials and sources of energy' (for France, presumably) 'or those which constitute important markets for our economy'.<sup>8</sup>

<sup>7</sup>Chapter 7. The Study, sponsored by the Overseas Student Trust, was carried out by the Institute of Education of the European Cultural Foundation, and aided by the EEC, the Council of Europe and the German Academic Exchange Service.

<sup>8</sup>*The Overseas Student Question*, p. 181.

<sup>6</sup>Some form of award, either from British or overseas country sources, has been available to 42% of OSs, although at widely different levels.

There is also now a fairly widespread tendency to favour students applying for short periods of study, and applicants for postgraduate rather than lower qualifications. W. Germany, France and Britain have also increased awards to students for training in their own country. There are also Commonwealth schemes for encouraging students to use 'third countries' (not industrialised countries).

The use of higher fees to cut numbers is naturally used more by the UK, Ireland and the USA, all countries which have relied substantially on fees to finance higher education. But there are examples elsewhere; Belgium, for example, while admitting home students virtually free, have now been forced to charge OSs quite highly – from about £1,200 for Arts to over £3,300 for the clinical years in medicine (both half the current UK charges). These charges were mainly in self-defence against the inrush of students excluded from other European countries by quotas or other regulations.

The general lesson from Europe is that four methods have been used to curb numbers: quotas, but related to subjects of study; stricter admission tests; awards or favours to favoured countries of origin; and a high level of fees to OSs varying (as in the UK) by type of course chosen. Thus there has been a general movement from 'the open-door' to a policy-controlled discriminatory system.

#### *Administrative organisation*

A discriminating policy has to be administered, and there has been a clear tendency in Europe (especially in France) to establish central controls. In Britain the movement towards policy control has been gradual, partial, and perhaps somewhat confused. The problems and interests of British universities and colleges are clearly the responsibility of the Department of Education and Science (DES); the Foreign and Commonwealth Office has interests in political relations; the Overseas Development Administration, although part of the FCO, has certain international responsibilities to developing countries which are related to developmental criteria; the Department of Trade, and perhaps the Confederation of British Industry, have interests in trade and industrial contacts and goodwill.

Because the DES budget carries the costs of higher education, it is the DES which has had to take and defend policy decisions about OSs. It has every right to a major role in these decisions, but it is not best equipped to deal with foreign policy, trade and industrial policy, or the aid programme. If, as is suggested, a system is adopted based mainly on awards and existing formal obligations and exemptions, with the remainder left to market forces, it would seem that the award system would have to use criteria heavily drawn from the foreign policy, aid, and trade/industry interests. Moreover, these other interests are each likely to use rather different criteria (possibly even conflicting). It seems reasonable to suppose that award policies reflecting these special interests should be borne by their budgets, in addition to the awards reflecting the domestic policies of the DES. It is possible that the appropriate organisations of industry could articulate their policy, programmes and contributions as part of such a joint approach.

This argument leads towards some form of joint governmental committee as the decision-making and financial agency. The recommendation by the Overseas Student Trust is that this should probably be led by the Foreign and Commonwealth Office, within which the Overseas Development Administration would play a distinctive part. It seems fairly clear that the movement from the 'open door' to a more discriminating policy (in Europe as well as the UK) must imply some such more centralised arrangement. The difficulty will be in maintaining simultaneously a clear policy at the centre and a good degree of choice and independence in the educational institutions over the selection and acceptance of OSs.

There are signs that the British government is beginning to consider actively some change in the inter-departmental set-up which would take these arguments more fully into account.

#### **VIII Conclusions**

The government now admits that the full fees decision was taken in response to immediate financial pressure and without the consultation which it deserved. Yet cuts which arise from short-term exigencies can all too easily cause long-term damage long after the crisis which induced them has passed. The government needs now to re-enlist the universities and colleges into positive, voluntary collaboration to operate schemes which recognise the need for a temporary halt and review but are aimed more clearly towards a policy that minimises the long-term damage which the present situation could cause. In a time of financial stringency and cuts there is a tendency to defend threatened programmes by underlining the easily measurable costs that their termination would cause. The findings of the Overseas Student Trust make it clear that such costs certainly exist both in terms of disruption of educational finance and planning and in relation to research in Britain. But wider issues are also involved. The effort to recognise and to contribute towards the interdependence of nations and a more equitable balance between the rich and poor parts of the world cannot be classified as mere extravagance.

The present situation regarding overseas students is profoundly unsatisfactory, precisely for this reason. It should not be difficult to devise an alternative which, while not 'ideal', will improve the present profile of overseas students and reassure the alarmed educational system in the UK and the vigorous protest from abroad.

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