

OECD REVIEW OF HIGHER EDUCATION IN IRELAND, 2004.

SUBMISSION

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1. BACKGROUND TO SUBMISSION.

In December 2003 newspaper advertisements sought submissions to the OECD Review of Higher Education in Ireland. The request for submissions stated that the review aimed to support Ireland's strategic objectives of placing its higher education system in the top rank among OECD countries and listed six areas to be reviewed including strategic management and structure, investment and financing, and international competitiveness. The request for submissions specified a desired limit of 2,500 words or 5 pages. This submission is 2 pages longer. I trust that this is acceptable to the review body.

The author of this submission, Dr Sean Barrett is a graduate of UCD and McMaster University, Canada, a senior lecturer in economics at Trinity College and served as Junior Dean, a college officership, for fourteen years. He supported in public the Minister for Education's proposals for the return of third level fees in Ireland and opposed the application of the statist principles of the Universities Act to the previously autonomous Trinity College, Dublin. He has served on many public bodies including the Brennan Commission on the Health Service, and the Culleton Review of Industrial Policy, contributed to the OECD review of Regulatory Reform in Ireland and served as a director of the Irish Tourist Board.

2. INTERNATIONAL COMPETITIVENESS AND HIGHER EDUCATION.

Government expenditure on education in Ireland in 2003 was 1,484 euro per head, or 16% above the EU average of 1,279 euro. (McCarthy and Lawlor, 2003). Ireland's GNP share spent on education was 5.5% compared to an EU average of 5.3%. While the decline in the birth rate in Ireland since 1980 has reduced pressure for increased spending at primary and secondary level the scope for further taxpayer finance of third level education in Ireland is limited by the fact that Ireland's government spending on education exceeds the EU average.

There is a wide range of evidence that the Irish education service has performed well at many levels. These indicators include the high rates of return to graduates at both second and third level, some among the highest in the OECD; the unprecedented performance of the Irish labour market since the mid-1980s with an increase of over two-thirds in the number at work in Ireland and an unemployment rate of 3.4% in 2001, the lowest in the EU. Further indications of the successes of the Irish education service are the wide international acceptability of its degrees and the attainment of these qualifications over shorter periods of study than in other EU countries. For example, a report prepared by the Fellows (a body selected on the basis of academic excellence) of Trinity College, Dublin, on the occasion of the quatercentenary in 1992 found that the College's graduates attained world standards in international graduate schools and were produced with undergraduate unit costs of about half those in the United Kingdom.

Much has gone wrong in Irish universities in the last decade, however. There are many factors, which in that time have reduced the ability of, for example, Trinity College, Dublin, to compete with Harvard, Yale, Oxford, and Cambridge. The problems of recent years, which have reduced the international competitiveness of Irish universities include;

- (a) the abolition of university fees, the major nongovernmental source of income for Irish universities;
- (b) the ending of Irish university autonomy by the Universities Act, 1997;
- (c) the growth of managerialism in Irish universities, displacing the previous collegiate structures;
- (d) the failure of universities over a prolonged period to respond to the preferences of students, leading to shortages of personnel in the professions and occupations protected by contrived shortages of study places. This reduces national competitiveness.
- (e) the low rating of university staff in the Benchmarking Report on public pay which decided that academic staff pay rises should be far lower than virtually all of the occupations it was requested to examine. This negative view of Irish university staff was endorsed by the country's social partners despite frequent statements by government, trade unions and employer bodies in support of a knowledge-based economy. The Benchmarking Body does not give reasons for its decisions.

3. THE REINTRODUCTION OF THIRD LEVEL FEES.

In 2002 government grants to universities in lieu of fees cost 240m euro, 63% of the overall expenditure on third-level student supports of 382m euro. The abolition of fees in 1995 had impacts on both the equity and efficiency of the sector.

The rate of increase in participation in Irish higher education by lower socioeconomic groups has slowed compared to the 1986-1992 period when targeted student grants were the policy instrument used to further greater equity in participation by lower socioeconomic groups in higher education. The Department of Education report

Supporting Equity in Higher Education (2003) shows a disparity of almost five to one between total participation in third level full-time education in the higher professional socio-economic group and 21% in the unskilled manual worker group. Between 1992 and 1998 the higher professional, employers and managers and farmers further increased the margin by which they exceeded the participation rates of the lower socioeconomic groups. The high participation groups increased their participation rates by 15% compared to only 5.3% increase by the seven lowest participation groups.(p.11). The same table of data indicates that the increase in participation of the five lowest social groups was 23% higher in the years 1986-1992 than in the years 1992-98. In 2002 two-thirds of student assistance was delivered in fee fees with the remainder being targeted towards low income students. (Department of Education, op cit., p.19).

Irish research indicates strongly that there is a high rate of return on investment in higher education to the individual in whom the investment is made. This is illustrated in the earnings differentials between graduates and non-graduates. The return on investment in higher education makes the investment highly attractive. There is on the other hand little evidence to indicate that the benefits spill over to non-graduates more than graduates and therefore the case is weak that taxpayers as a whole, rather than graduates, should bear the cost of higher education.

The abolition of fees removed the main nongovernmental income of the universities and increased their dependence on state finance which proved unreliable and curbed the participation of universities in policy debates. In the late 1990s Irish public spending increased at an unsustainable rate and corrective measures were required to reduce the growth rate of public spending to 6% in 2004 from 22% in 2002. Universities appear to have been lulled into a false sense of security that the public expenditure growth rate could be sustained and were unprepared for the reduced public spending growth required in 2004. Irish universities did not respond either to the Minister for Education's wish to debate the impact of fee abolition on quality and equity or the United Kingdom "top up" fees which have obvious implications for Ireland.

Irish universities have been successful in fundraising in the United States and the United Kingdom where higher education finance is seen also as a matter for foundations, corporations and individuals, rather than the sole responsibility of government. It hardly a sustainable strategy to ask foreign donors to make a contribution to the finance of Irish higher education greater than that of Irish graduates themselves.

4. RESOURCE ALLOCATION WITHIN UNIVERSITIES

The costs per student per year in 2002/3 are shown by the Department of Education as follows;- Arts/Law 6,044 euro; Business 5,820; Science 8,204; Engineering 9,270; Medicine 8.815; Dentistry 24,890; Veterinary 20,577; certificates/diplomas 7,100/7058. (Table 3.3)

Many students and staff in the sector will be surprised by these cost and subsidy figures. For example the direct lecturer costs of a class of three hundred students are only 100 euro per student in a class of 300 students with a lecturer earning 30,000 euro a year. A student taking five of these courses would receive a 500 euro annual subsidy, less than the subsidy to a primary school student. The typical college central overhead cost of 2,800 euro is almost six times the direct lecturing costs for this group of students thus causing concern that heavily subsidised organisations become careless about costs.

It is difficult to find any rationale for the state subsidy to a first year dentist being 50 times that of a first year economics student at 24,890 compared to 500 euro as in the above example. The total medical subsidy includes the hospital subsidy and is thus greater than shown above. It is difficult to justify a dental student subsidy three times, or a veterinary medicine student subsidy two and a half times, the subsidy to the student of human medicine. The heavy subsidy to students on certificate and diploma courses contrasts with the conventional wisdom in the sector that such courses are self-financing. The reintroduction of fees should therefore be accompanied by a reform to ensure that relative fees charged should reflect the costs of the courses of study rather than the present irrational pattern of cross subsidisation of faculties as shown above, the cross subsidisation of small classes by overcrowded large classes and of postgraduate students by undergraduates. Given the high estimate of central overhead charges any reform of the university fee system should tackle the growing problem of bureaucracy.

5. RESTORING IRISH UNIVERSITY AUTONOMY.

Under the 1997 Universities Act, the government has the right to nominate members of the governing bodies of seven Irish universities. Prior to that date Trinity College Dublin was an autonomous body by charter, three colleges of the National University of Ireland were governed by the Irish Universities Act of 1908 and the other colleges had separate legislation.

In the Irish political system the patronage of appointing supporters to state boards and quangos is numerically greater than local government. Keogh (1994) noted that in 1992 there were 2,200 appointments to state boards compared to 1,500 locally elected public representatives. In higher education there are some 49 political appointments to the governing authorities of universities and the Higher Education Authority. (Universities Act, 1997, s. 16). In addition there are 78 political appointments to the governing authorities of the Institutes of Technology with the possibility of up to four further appointments depending on the local circumstances of each of the thirteen institutes. Academic staff representation is limited to two per institute. (Regional Technical Colleges Acts, 1992, 1994 and 1999). In addition there are 38 vocational education committees with a minimum of nine and up to fifteen political appointments.

Political patronage in higher education in a clientalist political system such as Ireland reduces the international competitiveness of Irish higher education. Lee (1989) describes

“the gradual growth of an insidious, if initially discreet spoils system in the army, the judiciary and the state sponsored bodies.”

The heads of Irish universities in the mid to late 1990s did not seek competitiveness model to rival to Harvard, Yale, Oxford or Cambridge but chose instead a semi-state body model. That choice was made despite the evidence of widespread clientalism in political appointments and the programme of privatisation worldwide by governments which removed the state from many areas of economic activity. The Irish privatisation programme of privatisation raised Exchequer receipts of £6.2 billion between 1990 and 2002.

Irish universities contributed substantially to their own loss of autonomy. In the Senate, or upper house of the Irish parliament, on 30 November 1995, a motion to defend the autonomy of Irish universities, proposed by the present government parties, was defeated by the casting votes of all the university senators, including Lee, who six years earlier had written against the “insidious spoils system of state appointments”. (Seanad Debates, vol 145, 9). When the 75% majority required to alter the Charter of Trinity College was not secured the College authorities lobbied a separate parliamentary committee, the Joint Committee on Standing Orders (Private Business) to have the 75% requirement waived, after two failures to achieve it, but did not lodge any documentation. Several instances of malpractice in the promotion of the Bill caused the award of costs by the parliamentary committee against the college. (Minutes of Evidence of the Joint Committee on the Trinity College Dublin and University of Dublin (Charters and Letters Patent Amendment Bill, 1999-2000). (Dail debates 15 October 2000, vol 525, 36-50).

The heads of Irish universities had agreed “in their personal capacities” with the ending of Irish university autonomy, according to John Walshe’s book on that period of Irish education policy. (Walshe, 1999).

There was no consideration of international competitiveness in Irish education in this period of intense political activity in Irish higher education. The Trinity College charter, altered by a petition submitted by the College authorities gave the college the same legal status as Oxford and Cambridge. The latter were the only European universities ranked in the world’s top fifty universities in an EU study reported in the Economist of January 24, 2004.

The success of those campaigning from within Irish universities to end their autonomy was linked also to a struggle within Irish universities between those who favoured a managerial over a collegiate model. This is examined below in section 6.

6. REDUCING MANAGERIALISM IN IRISH UNIVERSITIES.

The ending of the autonomy of Irish universities by prior agreement with the heads of the universities brought in turn the growth of a managerial class, Many senior persons in

Irish universities have exemptions in whole or in part from undergraduate lecturing. Avoiding undergraduate lecturing as a badge of seniority and the deployment of senior academic staff increasingly in administrative functions has created a widening gap between senior academics and both their lecturing colleagues and students. Collegiate governance of universities has virtually fallen away as the managerial elite abrogates decision making to itself. The Universities Act in schedule 4 states that “the chief officer of a university shall, subject to this Act, manage and direct the university in its academic, administrative, financial, personnel and other activities and for these purposes has such powers as are necessary or expedient.” Many academic staff chose the traditional collegiate system rather than seek employment in either the private sector or the civil service and the new managerialism has caused widespread demoralisation of academic staff.

No member of an Irish university, however senior, should be exempt from undergraduate lecturing duties. Administration is not an acceptable alternative to lecturing and research as academic duties. The ten year term of office of Irish university heads without review is too long and that a four year term should be substituted. The heads should not appoint a cabinet of supporters to college officerships as a form of patronage. New checks and balances on the conduct of college officers should replace the autocratic powers given to heads in the Universities Act.

7. UNIVERSITIES SHOULD RESPOND TO STUDENT COURSE CHOICES.

For several decades Irish universities have failed to respond to the requirements of their customers for a range of courses mostly in the so-called professional subjects of study. Holding down the numbers studying these subjects in an economy in which the total numbers at work have increased by over 60% since 1980 from 1.1m to 1.8m has created massive economic rents for those in the protected occupations. This was referred to by the Taoiseach in his address to the 2003 Irish Management Institute conference. It is a major source of internally generated inflation in the Irish economy.

The places in medical schools “saved” by the policy of a contrived shortage of places are sold by the universities to non EU students with typically lower academic standards than the 570 point Irish applicants regularly excluded from these courses by Irish universities over recent decades.

The admission requirements for courses of study should reflect the intellectual requirements sought and not contrived shortages of places or preferential treatment of non-EU applicants. The Department of Education 2003 study found that “the under-representation of students from lower socioeconomic status groups in these fields of study is particularly striking” and far in excess of the inequalities in third-level as a whole. (p. 14).

A further problem under the general heading of restrictive practices in Irish higher education is the existence of the Conference of Heads of Irish Universities as a producers' cartel which obviously reduces the competitiveness of the sector. Cartels are unacceptable in other sectors and should not be allowed in higher education. Universities should compete for students through the quality and price trade-off of the courses they offer and not collude in CHIU. Universities should also compete for funds from the public purse and funds should follow the student preferences rather than result from the present rent-seeking and lobbying processes. CHIU should be abolished

In a reformed system based on student preferences much of the internal and external rent-seeking by university staff would be redundant and resources spent directly on students. The Higher Education Authority should also be abolished. Its legislation requiring that no less than seven of its board should not be academics contributes as much to Irish competitiveness as a legal requirement that national football teams should include seven non-footballers. There is no place in a reformed system for the new super-quango proposed by the former head of Dublin City University to include government departments, Higher Education Authority, The Skills Expert group, FAS, IBEC, ICTU and other stakeholders. (Irish Times, 13 January 2004). Ireland is now a full employment economy in an EU labour market. If some Irish firms cannot recruit staff in these circumstances the onus is on them to raise wages and not on universities to supply the staff sought.

8. ACADEMIC PAY IN A KNOWLEDGE ECONOMY.

The Benchmarking award to academic staff of the lowest pay awards compared to a wide range of civil and public servants and ending the links between academic and civil service pay to the advantage of the latter is an obvious blow to the competitiveness of Irish universities as employers. The recommendations have been endorsed by the social partners and the government. Since the Benchmarking Body has refused to give reasons for its decisions universities do not have the knowledge they need to set right the faults. Appraisals of the Benchmarking Report indicate that its authors did not examine recruitment and retentions patterns, international pay relativity or performance. The influence of the Benchmarking Body over government and social partners in Ireland indicates that statements that Ireland aspires to be "a dynamic knowledge-based economy" are a cliché. Unless academic staff who carry out their lecturing and research duties are paid appropriately there will remain problems of recruitment and retention, and financial incentives to transfer out of undergraduate lecturing. In addition, the virtual elimination of the non-monetary benefits of working in Irish universities means that they are no longer competitive employers in many disciplines in the Celtic Tiger economy.

9. A NEW STRUCTURE IN IRISH HIGHER EDUCATION.

The vital step in the reform agenda for Irish higher education is financial reform. The experiment of free fees has had adverse consequences on equity and on the autonomy and efficiency of the sector. The rationale for state funding of universities is to promote greater participation by lower income groups. This should in future be sought by direct payments to students through a reformed grants system as proposed by the de Buitlear Committee. The reforms should include a wealth test to compliment the present income test, use of the Revenue Commissioners in means testing and administrative reforms.

Block grants to universities should be replaced by direct payments to students. Students would then be the gatekeepers of the system and universities would compete for students. Colleges would have the incentive both to reduce costs and to respond to student preferences. The range of quangos and committees and the external and internal bureaucracy associated with the present allocation of public funds in the sector would no longer be required. Universities could concentrate on serving their students in a cost-effective manner. Competition between universities would take place in the lecture halls and in academic journals rather than in government committee rooms.

10. REFERENCES.

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