

Transcript of interview with David Willets

DW: There was just so much stuff that was wrong. Anyway, I'm pleased that we're finally meeting because so much of it was completely rubbish that you've been producing. I wanted to try to set the record straight. I've never come across such a load of old confused rubbish.

OT: Ah. What are you referring to?

DW: The miscellaneous articles in *Oxford Today*. Anyway, let's go through it but I'm very happy, it's such a set of bizarre claims but I don't know, let's go through your questions and try to set the record straight.

OT: Ok. Well, the university's congregation voted no confidence in you earlier this year. How did you react upon hearing this?

DW: I guess I was disappointed but I believe what I'm doing is in the best interests of Britain's universities and in the best interests of Oxford and that's why we're doing it, we want to have British universities properly financed as we go into the 21st century and I want to see Oxford growing and stronger which is why we're putting more cash into our universities.

OT: Ok. We'll come back to that exact point in a minute. If I could just ask you the second question I had, it's a much-rehearsed question whether trebling tuition fees to £9000 will depress applications, particularly from the poor, thus setting back your government's access ambitions. But we already have indicative answers. British applications for next year are down 15.1%, a drop of 23,759 as of November 29th, and the biggest drop was from mature students and it is suggested by students from disadvantaged backgrounds. Surely this is an own goal?

DW: These figures are very early, the only figures which have a deadline were the figures for applications for Oxbridge and for some medical courses where the production is much less. It's quite interesting, it looks as if [the fall is mostly], it's amongst the more mature students, not amongst the 18 year olds, and there doesn't appear to have been a significant fall so it doesn't look fortunately as if young people are being put off and of course they shouldn't be put off as nobody is paying upfront and their monthly repayments are lower under the new system than they are at the moment, we've tried to reduce this. Part of what I'm trying to do as consistent with my book *The Pinch*, which you kindly ask about later on I think, is reduce the burden of paying for university

and people in their 20s and 30s and starting up a family or starting a job. So that's why we've raised the repayment threshold from £15,000 to £21,000, to lower the burden of repayment monthly. So no payments upfront and lower monthly repayments afterwards.

OT: But you can see that the amount of money that will be owed will be far higher.

DW: Eventually, in the long run, but the point is this is basically close to a higher rate, it's close a 29% rate of tax, set on a very high threshold. It has the best features of a graduate tax, the language of loans and debts with which we are trapped because it's where this debate began, is very misleading. If a child of mine left university with a £25,000 credit card bill I would be extremely concerned. If someone tells me a child of mine on leaving university is going to pay half a million pounds of income tax during his or her working life, I would say that's just because they're going to be in a reasonably paid job. This is much closer to the latter than the former.

OT: Do you concede though that you and your government have done a pretty poor job of explaining that exact point and the reforms generally given how much anger there is out there in the public sector?

DW: I try at every opportunity and in every way – this is one of the reasons I was keen to have this interview – to communicate the truth of the system and the fact that it looks as if applications amongst the crucial *cohort* of 18 year olds coming to the end of their time at school or college, so far very cautiously don't appear to have significantly fallen, so that may suggest to me that just possibly this message is getting through and at lunchtime today I'm going to meet a group of recent graduates who have been going round all of our universities – I've sat in on one of two of their sessions – explaining to individual groups at schools and colleges, the reality of our university financing, that you don't pay upfront and that your monthly payments are lower, and they are spreading the message as we've also tried to do through a large advertising campaign.

OT: Do you know or would you hazard a guess at what will happen to graduate education as I know that Oxford has no idea and nor do any other universities, it's sort of like going over a cliff blindfolded.

DW: We're not going over a cliff blindfolded. I don't know where that image comes from, it's an absurd image,

we're not going over a cliff blindfolded. John Brown was commissioned by the previous government to do a report, the main features of what he is proposing are features that go back to Robbins. After he had done his report, Robbins himself envisaged a world where fees and loans would be an increasing proportion of financing universities, so we've essentially taken a model that we inherited from the previous government, the Blair reforms, which my party opposed, fearing that they would be bad news for access, for *encouraging young* going to university, unfortunately evidence came in that it didn't. So I was on the wrong side of the argument in 2005 when we said, as you're saying now, that it's going to put off poor students from going to university, and it didn't. So the truth is, it didn't do it, so the truth is when all three main political parties have confronted the question about how to finance universities in the modern world with large numbers of people going, all three parties have reached broadly the same conclusion, as also was the conclusion reached by John Brown in his cross-party report.

OT: Surely the point about Lord Brown's report was that he suggested – and this is a view of course of some people at Oxford who weren't represented in the vote of no confidence – namely, that if you're going to introduce a free market system to higher education then why not do it properly, why cap fees? – it sounds as though you've thrown a sop to your Liberal Democrat colleagues.

DW: Firstly there's no free market system and we're reforming the system to put more power in the hands of students. This debate about so-called Americanisation, – I was in California last week and I'm a great admirer of the Californian state university system, they're in the throes of a crisis. The argument for the cap on fees, Brown proposed an alternative to write a levy. Let's take a further step back. We are going to lend students the money to pay all of their fees, so no student pays upfront, as a result of which you need some constraint on what would otherwise be the university's ability to charge anything and the bill go to the taxpayer. So you need some mechanism. John Brown proposed a mechanism to constrain this, of a rising levy so that as the fee went up you took a higher and higher proportion of the levy, so the exact figure by the time you got to 9 or 10, he was going to be collecting 75% or 80% in a levy on the fee which was not going to get to the university at all. That was his proposal and I have to say that I was lobbied, I was lobbied quite hard against that including by some leading universities who didn't like the fact that we had such a high levy. So what we've instead done

is put a cap in which does at least ensure that the money goes to universities and the cap is, and I read this stuff about [?] and although there is an argument in Oxford and Cambridge that you have to cross-subsidise the current tutorial system as it costs more than the current exchequer funding, the cap at £9000 brings more resource into universities than they currently receive so my proposals are not cuts, they are an alternative to cuts.

OT: As an old member yourself though, you must understand, if not this point of view, that this brings hardly any extra money in at all especially when it has its agreement with the Office of Fair Access in order to address people who criticise this?

DW: So now the issue is not cuts, it is that there isn't enough extra money. So now we inherit; eighteen months ago, we come into government with a physical crisis, with Britain borrowing more money as a *percentage* of GDP than any other advanced Western country so we need to take some very tough measures. We come up with a set of proposals for university financing, which involve no reductions in the cashflow to universities, if anything our estimate is perhaps up to 10% extra cash going into our universities at the end of this parliamentary session than the beginning. Now the challenge is that this isn't a big enough increase in the funding for Oxford? I believe that these proposals probably do mean extra cash coming into Oxford, I realise that there will always be arguments for even more and I want to finance our universities because I love our universities, but if the charge is in today's fiscal environment that we haven't increased the cash sufficiently, that is, we could always do better, but there is actually extra cash in tough times.

OT: It sounds, it feels, like a staging post towards a system where maybe a successor government to yours will hand the financing, the repayments, the tax, whatever we want to call it, to the private sector and then you will actually be in a situation where it may become a less constrained, less dependent on the taxpayer financing situation.

DW: No I don't accept that at all. What we are doing, and it's a very important part of our system, is the taxpayer is going to provide the finance for every student. That's the reason why, earlier on, when you called it Americanisation, I didn't accept Americanisation, the point about America is that they have an incredibly complicated mixture including a large amount of private payment. What we have because universities are public

institutions of public value and must continue to be publicly financed alongside a contribution from individuals who have benefited. One of the ways we recognise the public value of the university as an institution is by saying all students will be able to borrow the full amount they need to go on a university course. And that is a key feature of the system. When I was in the US, looking at the crises in their system, and they do have serious problems, one of the main things they hope for is that Obama might introduce a more widespread federal loan scheme for students, not unlike ours, that was the great dream of the reformers in the US.

OT: You studied PPE at Christ Church. What did it give you?

DW: I loved doing PPE and in fact I've been doing PPE ever since.

OT: There must be... I really liked your book *The Pinch* I thought it was a very interesting and intelligent book, it made me wonder if there was a part of you that could or might have been an academic instead.

DW: Well I certainly, I like, ...what I really feel so fortunate about is to have the opportunity in politics of trying to do some real things that one hopes improves the lives of the people whose lives you are responsible for. I hope that I draw on some small part of what I learnt from doing PPE *as I try to do it*. I guess the difference between politics and academia is the difference between being a GP and being a hospital consultant, in politics you often have to work with limited information and limited time, whereas you can't always ask for more evidence and you have to act with limited time and limited information. That's the nature of decision-taking. I really appreciate the opportunity of being a politician but I enjoyed writing my book and who knows, I might get the opportunity of writing another one.

OT: I was going to ask - What would your next book be?

I would... Well, of course *The Pinch* was an argument not a programme. In a way, I've written so many ten-point plans for think-tanks and speeches that the book was deliberately an argument, not a detailed plan. But had we lost the election and still been in opposition I would have tried to write a Volume 2, as a kind of 'so what do we actually do' and worked through a set of more detailed policies. The reflection's on education.

OT: I mean, the nub of *The Pinch*, as it were, is that there has been an erosion of the social contract between generations.

DW: Yes correct.

OT: But if we bring this to bear on the policies that you have enacted, equity is re-introduced to the young of today perhaps, I would suggest, by their tuition fees being met by their parents and grandparents. Does that sound about right?

DW: It is true. I mean a lot of people say, what does the author of *The Pinch* think of the policies of the Universities Minister, I realise that, and my view is that the reason why we're going through this is that the alternatives would have been, given that we had to reduce public spending, the alternative would either have been a big reduction in student numbers or a big reduction in the amount of resource per student. Instead, what we're saying is that graduates pay back when they're earning more than £21,000, which is a pretty progressive way of financing it, so my view is that we've honoured our obligation to give young people a decent chance to go to university and the increase in the repayment threshold is deliberately aimed, drawing on the arguments in *The Pinch*, to stop the front-end loading of the burden, because in the old system we inherited from Labour where the repayment threshold was £15,000, all the burden of paying back was paid by people in their 20s and early 30s just when the pressure is heaviest. You're quite right in what you said, that the total amount of repayment goes up but we do spread it much more evenly across the *life-cycle* which I also think is an improvement.

OT: Do you think you're going to let richer students and families pay it back upfront?

DW: There has to be some kind of system. First of all, nobody has to take out a loan. It's a free country, you can't force people to take out these loans-in-quotation-marks and there has to be some kind of mechanism whereby people can indeed pay back more readily if they want to.

OT: There's a chance that the rate of default which you've referred to I think — there will be a rate of default that means you will leave as a legacy to a future government some sort of funding crisis.

DW: No: what we've got, what you're describing, is one of the socially progressive features of the system which is that if you earnings are less than £21,000 you don't pay

back. That is a desirable future. So indeed we estimate, and it's not just our estimate, outside experts have made this, and we've crosschecked it with the IFS [Institute of Fiscal Studies], a rather different methodology, we estimate roughly about 30% of these loans will not be paid back. Quite rightly so, and if people say 'Well I'm not earning enough to pay it back,' well, that's why it's like a tax, you only start paying it if you earn more than £21,000.

OT: I had a question about globalisation. We're running short of time already. The number of applicants to go to British universities from non-EU applicants are up 12%, I understand, which is quite an interesting and unexpected result. But it enforces a sense, and this is particularly a case with Oxford, one can envisage it becoming a school for global elites and far less of a UK university. If you put yourself back in the shoes you were in when you went to Oxford, and me too when I think about it, there's a good chance that either you or I could have been squeezed out from our comprehensive school or grammar school places at Oxford. Are you ok with that as an old member, not as a minister?

DW: No. Well, of course we are members of the EU and that does set a framework, *which I think people at Oxford would welcome*, it does mean that you can't have a policy that discriminates against fellow members of the EU. What I would like to see, and –sorry I've got to go, meeting at 12– this is my challenge to Oxford, is what I would like to see is Oxford growing, and one of the other things, which I've not seen reported in Oxford Today, is that because of the AAB policy, in other words if anybody's got AAB or superior A-levels, they will have removed all constraints on where they go because we've inherited a system where there's literally a quota, in fact I could look up a number, the number of students that Oxford is allowed to recruit each year and I think fixing the number of students that a university like Oxford can recruit, someone sitting in a quango and saying 'Oxford will have 3,271 and if it's 3,272 we'll fine you' is not a good way of running a university and the size of Oxford should determine the decisions of that university and it now will be. A really interesting debate would be whether it wished to expand and if so how it would do so and here there seems to be an agreement between the university and the council about the number of students in outside accommodation... the future debate, which is opened up by these reforms, is the size of Oxford which now becomes a decision for Oxford University...

OT: So you would like to see it flourishing and growing?

DW: I would, I think it's a great university and what we've achieved in 18 months, is, even when public money is tight, we've introduced a set of reforms which will probably ensure more cash going to the university than at present, we have secured a science and research budget protected in cash terms which includes the arts and humanities, against which there is no discrimination in any research settlement we've reached and we have removed the controls on the number of students at Oxford set by a quango so that Oxford can have a debate about how much we grow. That's what we've achieved in 18 months and I'm proud of it.