



### Foreign university students

## Will they still come?

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**A fast-growing industry in which Britain is a world beater: what could go wrong? Sadly, rather a lot**

**D**EMAND for higher education is booming around the world. In rich countries like Britain, the number of university students increases every year, and still there are not enough places for all who want one. In fast-growing economies such as China and India, wealthy families can now afford to send their offspring to university but world-class institutions are too few. Whether students cannot find what they want at home or prefer what they see abroad, they are becoming more mobile.

The OECD, a rich-country think-tank, reckons that in 1980 over a million students were enrolled at universities and colleges outside their country of origin. Two decades on, the figure had almost doubled; less than a decade after that, it had tripled.

Britain is a world leader in higher education, second only to America. Long before Oxford had dreaming spires it welcomed its first foreign student for whom records exist: Emo of Friesland, in 1190. Its historic reputation, combined with solid performance in the league tables that purport to show the world's best universities, has helped Britain attract students not just to its best performers but to other institutions too. On the ranking produced by Shanghai's Jiao Tong University America has eight universities in the top ten and Britain two (see table on next page).

Another point in Britain's favour (and America's) is the strength of English, which has emerged as the *lingua franca* of business, science and much culture. Price-wise, Britain is broadly competitive with America or Australia. And for over a decade British universities have recruited abroad more actively and successfully than most, both together and separately.

Of the roughly 3m students at a foreign campus in 2007—regrettably, the most recent year for which the OECD has internationally comparable data—20% went to America and 12% to Britain (see chart on next page). This is big business for Britain. With revenues of £25.4 billion (\$39.4 billion), higher education is a significant industry. It is comparable in size to printing and publishing, slightly larger than advertising and much bigger than aircraft and space, or pharmaceuticals.

Some £2.9 billion of this money—more than 10% of university income—comes directly from international sources, according to a study by Ursula Kelly and her colleagues at the University of Strathclyde. Foreign students spend another £2.3 billion on accommodation, eating, drinking, entertainment and so on.

But international students are welcome for far more than their impact on Britain's balance of trade. To start with, they are cru-

cial to the finances of cash-strapped universities. At English universities (Scotland and Wales do things differently) undergraduates from Britain and the rest of the European Union (EU) pay tuition fees of up to £3,290 a year, though that limit is now under review. It costs far more to educate them, so the state helps plug the gap with a grant to universities for teaching them.

That is still not enough, particularly for laboratory-based subjects. Universities subsidise these undergraduates in part by charging foreign students from outside the EU what the market will bear. If foreigners go elsewhere, then either the quality of education available to British students will suffer or they will have to pay more for it.

Universities intent on growth in these officially austere times are particularly reliant on foreign students. The government controls closely the supply of undergraduate places to British and EU students, because it must lend money for fees (at subsidised rates) to those who need it, as well as pay universities for taking them. An institution has to apply for permission to expand. If permission is refused, its only way to grow is to recruit students from outside the EU. That is exactly what has been happening. Just 71% more students overall were enrolled in higher education in 2008 than in 2004, but non-EU numbers in- ▶▶

► creased by 23.7%.

There are other reasons besides the money-grubbing to seek out foreign students. They are often clever and hard-working. Sir Richard Sykes is a former rector of Imperial College London, which specialises in science, technology and medicine, and draws a third of undergraduates and almost half of postgraduates from outside Britain. "As standards have fallen in the UK, they have been maintained in the Far East," he says. "Students in Singapore sit the same A-levels I did." He credits the presence of large numbers of diligent Chinese, in particular, with making their classmates more industrious. "The Chinese work bloody hard and drive up the standards," he says. "Other students see that, and they have to compete."

A second reason is that taking a big slug of students from other countries gives universities a more international flavour, enriching the mix and broadening the experience of British students in the process. That, at least, is the theory. In practice large groups of foreign students from a single country tend to stick together rather than blending in. The problem is a familiar one at the London School of Economics (LSE), where half of undergraduates and 80% of postgraduates are from abroad. "The LSE celebrates its diverse student body but there is not multiculturalism, rather it is multi-monoculturalism," observes Peter Zakowicki, a recent Polish graduate.

A final pair of reasons is that, in the global war for talent, capturing the world's best and brightest is grist to Britain's economic mill. These are people who may stay to produce ground-breaking research, or return to run job-creating companies. Even if they don't, educating them is a projection of "soft power" at a time when Britain finds it increasingly difficult to stomp up for the hard version. After the last exam is over, it is hoped, there will be a corner of a foreign factory that is for ever England.

### Winds of change

Britain is not alone in thinking along these lines. And, as the market for international education explodes in volume, it is in danger of seeing its market share slip. For the past few years this has remained relatively constant—buoyed partly by the weak pound—but, as the chart shows, the trend over the decade to 2007 was slightly downward. In 2008 British universities had 368,970 foreign students, more than two-thirds of them from outside the EU. Of the total, 47,000 were Chinese and 34,000 Indian (up a promising 32% on the year before, though almost three times as many went to America). The number of foreign students has grown since then, though Britain's share of the global pool probably has not. And the phenomenon is not confined to particularly elite universities: the former Luton University—now called the

### High fliers

Jiao Tong University league table, 2009

Ranking	University	Overseas students %, 2008
1	Harvard	23.3
2	Stanford	24.9
3	California, Berkeley	9.9
4	Cambridge	23.8
5	MIT	29.4
6	Caltech	12.0
7	Columbia	26.3
8	Princeton	18.7
9	Chicago	18.6
10	Oxford	25.3

Sources: Jiao Tong University, China; Institute of International Education, US; Higher Education Statistics Agency, UK

University of Bedfordshire—has a student body that is 30% international.

In 1999, when Tony Blair, then prime minister, launched an initiative to attract more foreign students to Britain, only Australia and America were seen as real rivals. Today serious competitors include not only Canada but also—though complacent Anglophones deny it—non-English-speaking countries such as Germany, France and perhaps the Netherlands. Former consumers have turned providers too, including Singapore and Malaysia, which aim to become regional educational hubs, and increasingly China itself.

Though America's leading institutions have long been focused on enrolling bright students from beyond its borders, most of its colleges have not; unsurprisingly, America lost market share in the years to 2007. Its prominence has had much to do with the global dominance of its culture, the allure of its labour market and its lavish bursaries. But that is no longer enough. Many states now employ educational agents to lure foreign students their way. Even top universities are broadening their search.

Australia continues to attract students to its shiny new campuses in comfortable surroundings, boasting state-of-the-art facilities closer to home for many Asian students than Europe or America. The murder of an Indian accountancy graduate, Nitin Garg, in January, and a series of attacks on young Indian men, has dampened the recent enthusiasm from Indian students: their enrolment is 10% lower this year than last. Overall, however, Australia's international student numbers are 10% higher in 2010, buoyed by a 20% rise in demand from China. This has brought the total number of Chinese students there to 63,000.

Another Old Commonwealth country, Canada, has also been recruiting, though mostly students who would otherwise have gone to America rather than Britain. Its foreign-student numbers doubled in a decade, many of them from China, America, France and India. It appeals as well to

students who want an American education but fear that they would be unwelcome south of the border. One American university which has opened a campus in Vancouver reports that it is particularly popular with Iranian students.

Japan too is hoping to increase its share of international students, at present 3-4% of the rich countries' total and based on a big intake from China. It is taking a leaf from the books of the many European universities (France's Sciences Po, for one) that now teach in English and other languages in a bid to attract more foreigners.

Against such competition, Britain must look to its relative weaknesses. Cost could be one of them, though on the face of it Britain is not out of line. A student from outside the EU who wants to read physics at Imperial College London, for example, will be asked to pay £20,750 a year, and to set aside a further £14,000 for living costs. Harvard charges £22,000 a year, plus another £12,000 or so for lodging, food and so on. The University of Sydney charges £20,000 per year for undergraduate tuition in physics, and about £12,000 a year to live in halls of residence with meals supplied.

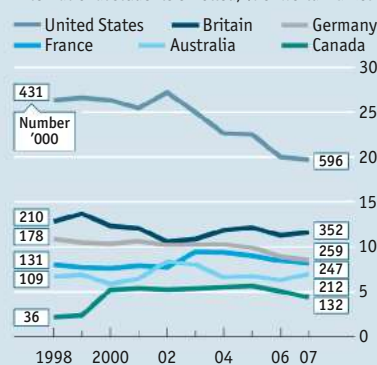
### Counting the cost

In Britain, however, most foreign students pay these bills themselves. Just a small proportion get help from their home governments or from scholarship funds established by their compatriots. America's wealthy universities offer bursaries to anyone in the world who is bright enough to gain entry but too poor to pay. More than 20% of students at Harvard, including many foreigners, receive financial help.

Nor has Britain been helped by the recent tightening of its border controls. A botched reform of the student-visa system to catch bogus applicants has damaged its reputation in many of its key markets, including India, where students languished visa-less last autumn and missed the crucial first few weeks of term, or dropped out altogether. The system is now being rethought. Meanwhile actual and proposed ►►

### Grey matters

International students enrolled, % of world market



Sources: OECD; UNESCO Institute for Statistics

► tweaks to the points-based immigration system, giving greater weight to those with money and less to those with PhDs, risk hampering universities in hiring the best academic staff, they say. Institutions compete to attract the best students globally, they argue, and they should be free to do the same for staff.

### A British peculiarity

Given that students now have, quite literally, a world of choice, how well does the British university experience measure up to the competition? Despite newspaper headlines to the effect that debauched and sodden British students offend the sensibilities of their sober and diligent foreign counterparts, international students seem satisfied with their education. Since English universities started charging tuition fees to British undergraduates in 1998, they have kept an eye on whether their paying customers are satisfied. The National Student Survey asks final-year students to rate the quality of the teaching, the assessment and feedback they got, and their overall satisfaction with their course. Paula Surridge of the Bristol University has analysed the responses and found that international students are generally as satisfied as British ones, and in some cases more so. Moreover, satisfaction for both groups is improving.

Will Archer of i-graduate, which surveys international students enrolled at universities in America, Australia and Britain, concurs. He says his data show that they are mostly happy with what they get in Britain and have grown happier over the past five years, though foreign students in America are more likely to say they feel part of a community.

There is a rub, however, though it has not proved too great an irritant until now. Britain's universities pride themselves on fostering independent learning. Many offer limited tutorials and even lectures, and attendance at the latter is not usually compulsory. Exams are few and far between. Foreign students often flounder in so unstructured an academic environment. As Sheyrhar Azhar, a Pakistani student who recently graduated from the LSE, puts it, the British style of higher education "helps you grow into adult life very quickly".

Another oddity is that although Britain pursues international students, it sends relatively few of its own abroad. That is partly because it has good universities of its own at which British students receive a subsidised education. Yet since students have had to pay for their higher education, albeit at knock-down prices, they have begun to seek out what is on offer elsewhere.

Most of those who do study abroad go to America. In 2008 some 8,700 were enrolled at campuses there—a record high—more than a few with financial aid. Institutions that have long targeted pupils at fee-

paying schools in Britain are beginning to find state schools fertile ground as well.

Despite this, most British students are still staying put. British universities, however, are not. Many, like their counterparts elsewhere, have established campuses abroad. The University of Nottingham, for example, was the first British university to open a fully-functioning overseas branch, in Malaysia a decade ago; the campus now has 3,500 students. In 2004 the same institution was the first foreign provider to establish a campus in China. The University of Nottingham Ningbo counts more than 30 nationalities among its 4,300 students, though most of them are locals.

### Asia, yes, but which bit?

The question is where future growth in the market for international higher education will come from, and what form that education will take. A report by the Economist Intelligence Unit, our sister company, reckons China will no longer be sending ever more students abroad: thanks to its one-child policy the number of young people there peaked in 2007, and improvements in China's own universities mean more students will stay there. Indeed, those institutions are already starting to vie with American and British ones for foreign students, particularly postgraduates.

India is likely to prove more promising. Despite recent efforts to boost the number and quality of its universities, it lags well behind China. Demand far outstrips supply at its best universities, and India reserves a proportion of places in all public and private universities for different castes to advance those at the bottom of the pecking order. For wealthy Indian students denied a place at one of the country's best institutions, a good university abroad is a better bet than a mediocre one at home.

The Indian government has introduced

legislation to let foreign universities set up campuses there too, though after four years it has yet to be passed. But Britain is keen to be seen not just as a destination for Indian students, or a provider of higher education in India, but also as a partner in boosting the quality of universities across the country. On July 29th, during the trade mission to India led by David Cameron, the prime minister, British university vice-chancellors promised to take part in talks later this year aimed at deepening Britain's involvement. This week India's parliament considered allowing foreign partners to help recreate an ancient Buddhist centre of learning, Nalanda, near Patna.

Middlesex University is one British institution that is watching India with interest. It has a campus in Dubai, which recruits locally from the city's international population. (Many local people too in the Middle East want a Western education but prefer to get it in a Muslim country, a niche that American universities have been especially quick to exploit.) Middlesex opened another overseas campus in Mauritius this year. If it becomes legal to do so, it wants to establish a campus in India too.

One way and another the market for international higher education is being transformed. British universities have done well in it so far, against often better-funded rivals. But to ensure that Britain continues to attract students with the best brains and sufficiently deep pockets to keep its universities world-class, they need to think hard about which markets to tackle, what products to offer and how to forge alumni into a coherent community. As David Greenaway, vice-chancellor of Nottingham University says, "Higher education is only going to become more global. Britain needs to make sure that it maintains quality and doesn't get caught out by new competition. We must sharpen up." ■



From Doon School to Downing College?