

social services for all?
part two

BP161511 (383)

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Mark Blaug	4	selectivity in education	29
H. D. Hughes	5	how far is selectivity really necessary in education?	40
Bleddyn Davies	6	the cost-effectiveness of education spending	49

this is the second of four pamphlets dealing with selectivity and the social services

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4. selectivity in education

Mark Blaug

"Selectivity," I take it, is the principle that social benefits should be distributed in relation to needs, needs being revealed by some form of income assessment or "means test." It stands opposed to the principle of "universalism," that is, a system of making social benefits available freely to everyone, regardless of individual need. The arguments on both sides are well known. The refusal to concentrate limited resources on improved benefits for those who need them most is said to lead to inadequate total expenditures on welfare; furthermore, since the capacity to make use of free social services is not equally distributed, the effect is frequently to provide free social services for those who need them least. The defence of the universal principle, on the other hand, is couched in egalitarian rather than in financial terms: universalism is intended to eradicate the stigma that attaches to the discriminatory receipt of public assistance, and to destroy once and for all the social privilege that is inherent in the juxtaposition of a private sector with and a public sector without charges.

The current debate on the financing of welfare services, however, is not satisfactorily depicted in terms of the polar extremes of selectivity and universalism. Within both camps, there is, so to speak, a "right" and a "left" wing. Some advocates of selectivity urge a selective system on grounds of fundamental values and not merely of financial imperatives: they look forward to the growth of private welfare services competing with the state sector because they believe that it would expand the scope of choice, serving to restore "consumer's sovereignty" in welfare. This point of view is perhaps best represented by the staff publications of the Institute of Economic Affairs, but is widely shared by many who vote Liberal and Conservative. (For a comprehensive viewpoint see A. Seldon, H. Gray, *Universal or Selective Social Benefits?*, Research Monograph 8, Institute of Economic Affairs, 1967, and H. Gray, "Towards a new welfare strategy", *New Society*, 1 February 1968). Similarly, while the Labour party as a whole, may still be said to subscribe to universalism, some party supporters have recently come out in favour of selective charges *within* the state sector, administered with the aid of income codes for everyone. (D. Houghton, *Paying for the Social Services*, Institute of Economic Affairs, 1967) They point to the impossibility of raising standards and expanding existing services out of general taxation, given the firm expectation of a low over-all growth rate for the next five or ten years; the fact that Britain enjoys an unusually high average propensity to consume (personal consumption as a percentage of the gross domestic product) is an opportunity to enlist private contributions, an opportunity that is denied to us under a universalist system, because people as consumers always demand more "free" social services than they are willing to pay for as voters. They deny that any new principle is involved: supplementary benefits, rate rebates, council rents in some areas, school meals, student grants, legal aid, and the new mortgage option scheme are all geared inversely to means as measured by earned income.

Indeed, the Labour argument is no longer that of pure universalism, but one of grafting additional selective benefits on an essentially universalistic structure of welfare services.

What controversy remains within the ranks of the Labour party is whether to extend the selective principle as far as to introduce, say, charges for state nursery schools or charges within the National Health Service, not only for prescription fees, but also for consultation fees and short stays in hospital. However, while some are convinced that the coding system of PAYE can be carried below the point of no tax liability, so that everyone will receive a code number either for purposes of taxation, if income exceeds tax allowances and exemptions, or for allocating selective social benefits, if allowances and exemptions exceed income, the "high priests of universalism"—Professor Titmuss, Professor Abel-Smith and Professor Townsend—continue to deny the administrative feasibility of a "negative income tax." (See R. Titmuss, "The practical case against the means test state", *New Statesman*, 15 September 1967, P. Townsend, "The need for a social plan", *New Society*, 14 December 1967). Now, it is true that the incidence of unemployment, disability, adversity, dependancy is not conveniently synchronised with the Inland Revenue financial year, thus necessitating some payments in advance of the coding that would justify them. It is also true that a negative income tax would have to be so devised as not to create a disincentive effect for heads of households working in low-paying occupations. The scheme proposed by D. Lees ("Poor families and fiscal reform," *Lloyds Bank Review*, October 1967) is perhaps open to this objection. But all that this proves is that a negative income tax is not a perfect device for administering selective benefits; it is merely the best that we can think of. Provided it is agreed that there is a case for deliberate discrimination between people in providing tax-financed public services, we should be arguing, not about the pros and cons of means tests, but about the appropriate extension of the selective principle and about practical ways of improving the assessment of income. It has been alleged that the real obstacle to putting welfare benefits on a reverse-PAYE basis is the inability of the Inland Revenue to cope with universal income coding before 1971 or thereabouts. But this is merely to say that a negative income tax would have to be accompanied either by comprehensive tax reform or by an overhaul of the Inland Revenue. Until it is shown how we can select those in need of social benefits without investigating their income, all attacks on means tests as such are simply refusals to face unpleasant economic realities.

What continues to divide the Labour party view from radical thinking about welfare outside the party is the notion mentioned earlier, namely, that choice between public and independent provision should be facilitated by encouraging voluntary private expenditure on welfare services. Even when there is common ground in the view that additional purchasing power should be drawn into welfare

at the expense of personal consumption, there is no agreement as to whether this should be accomplished by charges for state health services or reductions in subsidies for council housing, on the one hand, or by a voucher system which could assist low-income families to purchase private medical insurance and private housing, on the other. This particular dispute is much more difficult to resolve than the one between the friends of Labour about a little bit less or a little bit more of selectivity, not only because it involves basic value judgments, such as trusting people to choose social services in their own best interests, but also because it requires prediction of the consequences of new and hitherto untried social arrangements. In one sense, everyone favours "competition for excellence" and giving people more opportunities to cultivate the art of choice in welfare. But would it work out that way? The great fear is that the state services will be denuded and impoverished as those that opt out increasingly refuse to subsidise those that are forced to stay in. That this is not a groundless fear is indicated by the contrast between "public squalor and private affluence" in even so wealthy a country as the United States. Nevertheless, there is valuable experience in other European countries where more use is made than in Britain of privately provided but publicly subsidised welfare services. And a few experiments in particular localities in these countries might throw light on the effects of underwriting private initiative in the provision of social services. The point is that the issues involved in alternative welfare systems have never received adequate discussion. Debates on selectivity quickly degenerate into arguments about sources of finance: can we divert defence spending to the social services, or must we take more money out of private pockets? The questions we should be asking, however, are: should we give people the wherewithal to visit private doctors?; should parents be allowed to send their children to private schools if they have the means, and if so, should we concentrate on equalising means?; is something like the mortgage option scheme a better answer to housing needs than additional council houses?; do we want to give aid to underdeveloped countries in the form of indiscriminate subsidies to overseas students?; would the quality of state services improve if the state had to compete with rival suppliers?; and so forth. Alas, the current economic climate is all too likely to contribute to mere penny-pinching arguments. I hope that in what follows I shall manage to avoid these, if not altogether, at least in part.

the trends towards selectivity

The last few years have seen a strong swing towards selectivity in education, the most prominent example of which was the recommendation of the Plowden Report on Primary Schools to establish "educational priority" areas by 1968-69, that is, to spend an extra £11 million to discriminate positively in favour of socially deprived areas in an attempt to bring schools in these areas up to the level

of the best. There is still some confusion about how the education priority areas will be identified and whether, once having been identified, the areas will be publicly labelled as receiving positive discrimination. Furthermore, it still is not certain whether the extra help will, in fact, be given this year but, in principle at any rate, the idea of priority areas in primary education has now been accepted. In other respects, however, the Plowden report shied away from the full implications of selectivity. For example, it recommended the extension of "free" nursery schools to the tune of £29 million, and it was left to a minority of the Plowden Committee to argue the case for charges on nursery education, simply as the only practical means of getting some state nursery schools started at long last.

The language of the "Note of Reservation on Parental Contribution to the Costs of Nursery Education," signed by eight members, including the chairman, is worth quoting: "Extra resources are needed, and (apart perhaps from some voluntary and private nurseries which will charge anyway) will not be forthcoming on a large scale unless the amount of money being spent on education is substantially increased. . . . The answer we suggest is a parental contribution. . . . Our suggestion is advanced as much in the interests of children whose parents cannot afford to pay as it is of others. Without a parental contribution we fear that nursery education will not be extended at all and such children be no better off than they are today. With it, we can be more optimistic, and, if the hopes are realised, there will be nursery schools which can be attended by the children of poor parents, in and out of educational priority areas. They are often just the ones who could benefit most. Charging the rich will be a means of helping the poor. Charging those with smaller families will be a means of helping those with larger," (*Children and their Primary Schools: A Report of the Central Advisory Council for Education (England)*, p487, HMSO, 1967)

It is amusing to consider that the neglect of nursery schools in this country survived 20 years of over-full employment, during which time every pound spent on providing nursery school places would have undoubtedly yielded a handsome return in the form of the output of released female labour, only to become widely endorsed now that the extra labour will be largely redundant.

Another indication of the trend toward selectivity is the recent increase in the charges for school meals, combined with the abolition of free secondary school milk. The new charge is 1s 6d a meal, but the gross cost of producing a meal is nearly 2s 6d. The implied subsidy on school meals and on free milk in primary schools is currently running at about £90 million a year, or almost 5 per cent of total expenditures on education; with the proportion of children taking dinners growing at 4 per cent per year, this sum is estimated to rise to about £175 million in 1972-73. The increase of the charge to 1s 6d per meal will increase income

from private contributions by almost £20 million if we assume that the increased charge will not reduce the number taking meals.

In 1957, when charges were raised by 11 per cent, the numbers taking dinners fell by 4 per cent; in other words, the elasticity of demand for school meals was 0.35. However, it is certain that the elasticity will be higher for the 50 per cent increase that is to take effect shortly.

If the cost price of 2s 6d were charged, with suitable remissions for children from poor families, the saving might be as high as £50 million—£60 million, although the exact effect on demand would then be difficult to predict.

Any significant increase in charges for school meals and primary school milk would adversely affect those children and families who need the service most, unless a means test for purposes of remitting charges can be cheaply and efficiently administered. In the absence of a negative income tax, one solution would be to add the full cost of school meals and milk to family allowances and then to recoup the extra expenditure on family allowances by increasing the progressive incidence of the current tax on family allowance payments, similar to the way in which the chancellor proposes next year to offset the scheduled increase in family allowances with an increase in the amount reclaimed through income tax. The entire problem is complicated by the fact that any adverse distributional effects of raising school meal charges will be counteracted by the positive distributional consequences of the Plowden expenditures on "educational priority" areas. What we need to know is the proportions of children in different income groups and from different family sizes taking school dinners. The existing evidence is difficult to interpret, but one multiple regression analysis revealed surprisingly enough that the female-labour force participation rate in different areas explains "dining rates" (proportions of children taking school meals between areas) better than the poverty, population density, and average family size of the areas. (Bleddyn Davies, Mike Reddin, "School meals and Plowden," *New Society*, 11 May 1967) On the other hand, about 300,000 children are now receiving free meals, which is about 7 per cent of all children taking school dinners, but the estimated number of children under the age of 16 in families with incomes below the National Assistance Board scale rates is about 500,000 (*ibid*). Unfortunately, we do not know whether the difference of 200,000 is due to lack of information about remission of charges, the reluctance of parents to be means-tested, the willingness to pay the nominal sum of 1s 6d, or, of course, preference to eat at home. In the present state of knowledge, it is not possible to pontificate on the social justice or injustice of raising charges for school meals and milk.

Further indication of the trend toward selectivity is provided by the rise last year

of fees for overseas students and for some non-vocational adult education courses. In both cases, the new fees are still well below the average costs of providing the service. Nevertheless, there was furious opposition to both increases, most of which was unrelated to the issues involved. The increase in the fees of overseas students was badly managed from the start. Nevertheless, the then Minister of Education had some grounds for feeling that the case which he did present to the House of Commons never received a hearing, either among British students or among their teachers. The move was widely interpreted as a blow to the underdeveloped countries, a betrayal of sacred obligations to our ex-colonies, and so forth, ignoring the fact that about 30,000 out of the 72,000 overseas students in this country come from advanced countries, and that about half of the 42,000 overseas students from underdeveloped countries are recipients either of awards from their own governments, or from a British official source, or from an international organisation. (*Overseas Student in Britain*, pp3-4 and table A, British Council, 1966) In other words, for the sake of 20,000 students, we subsidised and still subsidise 70,000 students. Would it not be preferable to extend all foreign aid to governments instead of to students? Indeed, an important category of beneficiaries of subsidised fees to overseas students are the children of well-to-do families in the underdeveloped countries who manage somehow to obtain scarce foreign exchange. And if we wanted to assist individuals rather than governments, would it not better to raise fees all round and at the same time institute a scholarship programme to aid those that cannot obtain the approval of their governments? Similarly, the addition of only a few shillings to the 25s. charged for certain evening courses that are alleged to cost £12 14s per student should really have been criticised as being too small. Adult education in Britain is, on the whole, badly staffed and there are no prospects of obtaining better staff without a significant rise in fees. This is quite separate from the issue of evening degree courses for mature students in full-time employment. There is a case for the creation of more institutions of the Birkbeck pattern outside London with low fees and generous financial aid on the same terms that are now available to full-time university students. This brings me to higher education in general which, it seems to me, is the one level of education which most stands in need of some financial rethinking. Before turning to this question, however, I would like to pause a moment over some tendencies in secondary education which some commentators have regarded as manifestations of the tenets of "universalism."

I have made no reference to comprehensive schools, the trend toward unstreaming, and the deferment of the raising of the school-leaving age to 1973. These, however, have little to do with the bone of contention between the selectivists and the universalists, which is, if I may repeat myself, whether to distribute social benefits in relation to income or to everyone irrespective of income. Now, one may be a selectivist and still disagree violently with other selectivists, and with

universalists, about the appropriate scale of higher education, the particular method used to select children for admission to higher education and at what age to begin to do so, the educational and social effects of streaming in secondary schools, and the desirability of keeping children off the labour market until 16 rather than 15. Moreover, one may take a position on these questions in principle and yet view it quite differently in practice, given the present supply of teachers and distribution of school buildings. From almost every point of view, comprehensive reorganisation, streaming, secondary school-leaving examinations, and the statutory leaving-age are much more important issues than that of means-testing. However, they are not issues of which an economist can speak with authority.

This is not to deny that, say, comprehensive secondary schools would constitute a much more substantial selective benefit to working-class parents than cheap school meals, nor that the £100 million we would have spent in the next few years in preparation for raising the school-leaving age in 1971 would not have been spent selectively on poorer areas and understaffed schools, but simply that so much more is involved than distributing benefits universally or selectively. The same thing is true of the issue of public schools, which at first glance appears to provide a fertile field for the application of the selective principle. Even if the state withdrew all its indirect subsidies to the public schools—in the form of tax exemptions and tax relief—public schools would still be with us and all simple solutions for “integrating” them into the state system raise as many questions as they resolve.

student grants in higher education

Student grants in higher education conform in essence to the principle of selectivity, inasmuch as the value of the grant declines with the taxable income of parents. The fact that the parental contribution is means-tested suggests straightaway that the purpose of the grants system is to assist the less affluent to keep their children in full-time education after 18. In short, its purpose is to “equalise educational opportunities” in the face of unequal means to postpone employment. If all that were required for higher education were finance after the age of 18, the system would succeed admirably in achieving its central objective. Unfortunately, what is also required is two or three A-level passes and this implies full-time attendance in school between the ages of 15 and 18. Although educational maintenance allowances are available beyond the statutory leaving age, in practice these are given to only a minute fraction of the relevant age group, and almost never exceed £70 per child. Furthermore, as the Robbins report demonstrated, the fraction of university students from manual working-class homes has remained at 25 per cent of university intake ever since 1938, whereas the present system of grants was only introduced after the last war. I will not now rehearse the rest of the argument.

(See M. Blaug's "Loans for students," *New Society*, 4 October 1966) Suffice it to say that all the evidence goes to show that the place to remedy unequal educational opportunities is in the primary and secondary schools—possibly, by spending on "educational priority" areas and by comprehensive reorganisation—and that if we are going to apply finance to bring more working-class students into higher education, the time to do it is, first, between the ages of 15 and 18, and only then after the age of 18.

It is worth pointing out that, under present arrangements, the raising of the school-leaving age to 16 will constitute a tax, as it were, on those parents who cannot afford or believe they cannot afford to do without the earnings of their 15-year-old children. That is to say, the real cost of raising the school-leaving age will be largely borne by working-class parents. I know of no proposals to compensate them for the loss.

Needless to say, it would be pleasant to do both, but the Plowden recommendations taken together would entail extra spending of £40 million in 1970–71, and student grants in higher education are already running at £100 million and may be expected to rise to about £125 million by 1971, even if they are not increased in proportion with the cost of living. ("Student support," *Trends in education* 8, October 1967) As a matter of fact, student grants now correspond in order of magnitude to family allowances and war pensions. Clearly, if one is serious about the objective of equalising opportunities, one cannot advocate doing both. And yet there is no doubt that lack of student aid in higher education would, to some extent, discourage working-class students from staying on after 18, even if there were grants between 15 and 18. The solution is student loans in higher education, or some combination of grants and loans, beginning with loans for postgraduates and then gradually extending downwards. The case for this looks better when combined with grants for fifth and sixth formers, but it can be argued on its own grounds.

The favourite objection to student loans is the "negative dowry" argument: women graduates who married and ceased working would saddle their husbands with a negative dowry. Likewise, graduates who entered teaching or other low-paying occupations would be at a severe disadvantage compared to the rest. This objection wins the argument by inventing a straw man. The scheme that several economists advocated in their evidence to Robbins was one in which repayments would be tied to earned income as revealed by PAYE, that is, an element of direct subsidy would remain for graduates leaving the labour force or going into low-paid jobs. Perhaps, it would have been better if this had been labelled, not a loan scheme, but a system of taxing graduates at a progressive rate, for this is in fact what is meant.

It is sometimes asserted that graduates are already taxed progressively in consequence of their relatively higher incomes, that is, they *are* repaying the state for the cost of their education and the grant they once received was, in fact, in the nature of a repayable loan. But this is a completely specious argument. We introduced the progressive income tax in the 19th century, long before we thought of student grants, because we objected to the distribution of income generated by the market mechanism. In this century, we begin to subsidise higher education by making maintenance grants. The tax which graduates pay on their undeniably higher earnings is not an adequate *quid pro quo* for the subsidy and was never designed to be such. Besides, if we were to accept this type of argument, we ought to advocate the distribution of free annuity policies to all 18-year-olds, on the grounds that part of the annual payments would, after all, be recovered via the progressive income tax.

Deprived of the straw man, the chief lobby for the existing grants system, the National Union of Students, has recourse to the argument that loans would not only deter working-class students from entering higher education, but would also encourage vacation work and part-time study while earning; this would raise failure rates and lengthen the university course, thus raising the cost to the country in producing a qualified graduate. The fact that the NUS is apparently concerned to minimise the costs of university education is worth noting. A loans scheme, or rather a tax on graduates, would begin to yield considerable savings in three or four years. It is true that it might foster a tendency toward part-time higher education and a longer degree course. The effects of this on costs, however, might be offset by more students living at home. At any rate, one could argue that the growth of vacation employment and part-time education, and even a lengthening of degree courses, would confer considerable advantages on students, particularly on those from low-income families. Furthermore, students would have the option of refusing the loan, thereby avoiding tax later, or of accepting part of or all of the loan with consequent tax implications after they start working. Those who wanted it could achieve complete financial independence from their parents, a possibility which I would have thought the NUS ought to favour. I have some difficulty in discovering any logical thread in the arguments of students about grants, except that of "not taking from us that which we have." For a perfect example, see the letter against student loans in the *New Statesman* of 30 June 1967; signed by a variety of student organisations at Oxford University, including the Labour Club, the Liberal Club, the Conservative Association, the Communist Club, the Student Council, and the Union Society.

The strongest argument for a graduate tax is that it would permit an increase in fees, perhaps to the extent of covering most of the cost of teaching additional students. If the "grant" were then paid to students instead of to institutions, the

consequence would be that the entire system of higher education would become more flexible and responsive to the demand from students and their families. Universities would have an incentive to expand, whereas under present arrangements every additional student increases their dependency on public funds, and they would have an incentive to diversify their courses in the effort to appeal to students with different tastes, interests and needs. Fees might vary considerably between universities and so might entry standards, but universities would broadcast these differences in the effort to compete for students, instead of hiding them as they now do. What would emerge is something like comprehensive higher education to match comprehensive secondary *education*. (This paragraph summarises a brilliant anonymous article on "University Finance: Should Students Pay?", *New Society*, 22 June 1967). And think of what it would do to the cause of "student power?"

I have left to the last another popular argument against student loans, namely, that it would encourage "brain drain." All the evidence in this country shows that graduates not only enjoy higher lifetime incomes than non-graduates, but more than sufficient to yield a handsome return on the direct and indirect costs that they have incurred to attend higher education. Nevertheless, by going to America they can do even better. If they paid the full costs of their own education, there might still be some national loss from brain drain, although it is doubtful. But as long as we heavily subsidise higher education, there is almost certainly a national loss from brain drain. In other words, concern about brain drain strengthens the case for loans rather than grants. This is not the way the argument is usually put. On the contrary, the possibility of emigration is said to make a loan scheme administratively unworkable and, indeed, it is alleged that the debt burden would stimulate brain drain.

It would be very simple to devise an administrative arrangement short of a police state to tax British graduates working abroad. In practice, the only two countries that matter are Canada and the United States. We already have bilateral agreements with both countries to force British nationals residing there to pay surtax owed to the Inland Revenue. We need merely to extend the same principle to work permits given by the Canadian and American governments to British graduates working in Canada and the USA: failure to pay the graduate tax then leads to withdrawal of the permission to work. The Jones Report on Brain Drain rejects the idea of student loans in a single paragraph on the grounds that we cannot expect "other nations to pursue civil debts on our behalf." (*Report of the Working Group on Migration*, Cmnd 3417, para 136, HMSO, 1967) But the power to withdraw passports alone might suffice to guarantee repayment of loans; after all, it does take five years to become an American citizen. Furthermore, if we were interested in reducing brain drain, a loans scheme would provide an almost perfect

instrument for controlling it, without interfering with the right to emigrate. The plans would carry interest charges, presumably at subsidised rates, which would be embodied in the calculation of the graduate tax. We might remit all interest charges on graduates working at home, while levying them only on graduates who go to work abroad. If this had too little effect, we could simply raise the graduate tax on emigrants. I am not recommending a tax on brain drain but simply suggesting the manifold policy uses of a graduate tax.

educational vouchers

I close with a reminder of the earlier distinction between selectivity within the state sector and selectivity pure and simple without any connotation about public or private provision. The Institute of Economic Affairs has long been urging a system of vouchers for people with relative low incomes and large families with which they could pay, not only school fees, but medical fees or medical insurance, rents or mortgage payments, and premiums on life insurance with pension options. People would be free to add to the value of these vouchers as they wished and the state, besides setting minimum standards and perhaps minimum levels of purchase, would simply compete in the market with other producers of services. The idea is that we need, not the welfare state, but simply more equal means to purchase welfare from whomsoever provides it. A voucher scheme could be made as equalising as we liked by scaling the value of the voucher inversely to income, but the principal effect in any case would be to stimulate the growth of private schools, private hospitals, private medical insurance, private housing, private pension schemes, and the like. The idea is so radical that one can hardly begin to assess its probable consequences.

I have tried to canvass the possible implications for primary and secondary education in "Economic Aspects of Vouchers for Education," *Education: A Framework for Choice*. (Institute of Economic Affairs, 1967)

Is there anything to be said for trying a voucher scheme in secondary education in two or three LEAs for a few years? Is this simply the selective pattern carried to its logical conclusion, or is it selectivity gone mad?

5. how far is selectivity necessary in education?

H. D. Hughes

At least since 1944, the British nation has been committed, as a major social priority, to the establishment of a democratic education system which would provide equality of educational opportunity according to "age, ability and aptitude." The 1944 Education Act committed all parties to the goals of compulsory full-time education for all from five to 16, and compulsory part-time education to 18. Outside these ages, it is recognised that nursery schools or classes would be beneficial for many, and that a much higher proportion should be in full-time higher or further education for varying periods after the statutory leaving age. There should also be adequate provision for adult education for all who can be encouraged to participate. A comprehensive educational system catering for all these needs is required in the interests of society as well as of the individual citizens.

A quarter of a century later, we are faced with the problem of how to obtain an adequate proportion of the national resources to achieve these desirable ends, in competition with the other demands of public and private expenditure. By 1968 education was already accounting for 14.2 per cent of all public expenditure, including two-fifths of the current expenditure of local authorities, and yet school building programmes were far from meeting the needs, teachers were underpaid and classes were overcrowded, the proportion of young people in full-time education after 15 lagged far behind most other developed countries, and the provision for nursery and adult education was ludicrously inadequate. The limitations on expansion were both physical and financial. Hence the argument about "selectivity," sparked off mainly by those who disliked the ideals of educational equality, but later taken up by others who were forced to face the argument that, given lagging economic growth, priorities had to be established. The discussion on selectivity has tended to become confused between a number of separate, though related issues, particularly in the education field. "Universalism" in education clearly does not involve provision of identical facilities for all. Certain educational services such as schools for handicapped children, nursery schools, boarding schools, graduate and post-graduate courses are only required by special categories. Some of these, such as handicapped children, are categories of special need; others, such as boarding schools and post-graduate education, involve an element of personal preference and possible "privilege." Some services are required by all, but some groups have exceptional needs, as the Plowden report indicated in its chapters on educational priority areas and immigrant children, and in its advocacy of "positive discrimination". Selecting a limited number for post-school education involves additional expenditure on them, according to a mixture of need, motivation and merit.

Questions such as these, of different needs, desires and merits, have become intermingled with the problems of finance on the one hand, and of the nature of

the providing agencies on the other. Should the state provide for all these differing needs out of the general system of rates and taxes, or should the "consumer" be asked to make a contribution, either on a flat rate or a graded scale, as in the case of university awards? Should there be discrimination between UK residents and those from overseas? Even more controversial, should there be a unified educational system, or should some be allowed to "contract out" to private educational establishments, and even encouraged to do so by relieving them of all or some of their contributions to the public system by tax concessions or some kind of "voucher system." Both in theory and in practice, a good deal of confusion reigns.

In a socialist utopia, the problem would be simple of resolution. There would be an adequate supply of educational facilities to meet the varying demands. Wealth and income would be reasonably distributed, and either all services would be free or all citizens might make a modest contribution within their means towards the cost of the services they consumed. How far can we hope to progress in this direction in Britain? The crux of the matter lies in the extent to which we can persuade the electorate to expand public social expenditure or "the social wage" in relation to private expenditure. Given economic growth, this would of course be infinitely easier to achieve—indeed the assumption of the Labour government has been that this is the essential pre-requisite to social advance (see R. H. S. Crossman, "Socialism and planning," *Socialism and affluence*, Fabian Society, 1967). Can, however, nothing be done in the form of redistribution of existing resources?

Together with Titmuss, Abel-Smith and Townsend, I believe that something significant could be achieved in this respect. We have allowed the myth to be created that this country is overtaxed and being crippled by the demands of the welfare state, when in fact in recent years the proportion of personal consumption in this country has been *higher* than that in W. Germany, the Netherlands, USA, or Sweden; and the proportion of government civil expenditure has been *lower* than the average of the Common Market countries or the OECD (Europe), as shown in the table overleaf.

Government civil consumption in these years took 10.8 per cent of the gross national product, and personal consumption 64.6 per cent, compared with Swedish figures of 14.4 per cent and 57.1 per cent respectively. Clearly there is some scope for redistribution here.

As for personal taxation, "for the first £10,000 of income the UK average rate of tax is exceeded by Germany, Sweden and the Netherlands," though above £10,000 Britain has an undisputed lead. (G. Polanyi, *The Times*, 25 October 1967). £10,000

GOVERNMENT EXPENDITURE AND PERSONAL CONSUMPTION
1963-65 average percentages

country	defence	civil	total government	personal consumption
Sweden	5.9	18.9	24.8	75.2
USA	9.9	12.7	22.6	77.4
Netherlands	—	—	21.2	78.8
W. Germany	5.6	15.5	21.9	78.9
UK	7.1	13.3	20.4	79.6
EEC (total)	5.2	13.9	19.1	80.9
OECD (Europe)	5.4	13.6	19.0	81.0

source: *The Times*, 18 May 1967.

net is the effective ceiling income for a taxpayer in this country (gross salary £50,000) leaving out questions of evasion and avoidance and fringe benefits. This is some *thirteen* times the minimum gross wage of £15 per week that the TUC is endeavouring to establish over a period for an adult male worker. Is there no room for redistribution here? There is also the question of redistribution of wealth: 10 per cent of the population owned 88 per cent of total net personal capital in 1936 and 83 per cent in 1960, a shift of 5 per cent in a quarter of a century. The TUC in their *Economic Review 1968* estimated that a wealth tax of 3 per cent on property above £20,000 would probably yield about £1,000 million per annum, though clearly this would not all be available for current purposes. Roy Jenkins's "special charge" on investment income above £3,000, calculated to bring in £100 million, is a mild genuflection in this direction, and it is to be hoped that he will follow up his promise of further exploration of the problem.

Even on current estimates of economic growth, therefore, a determined policy of redistribution of resources in favour of public social expenditure, to be met out of taxation, could provide room for expansion. The same may be true of local government finance if the report of the Royal Commission results in the radical overhaul of the structure and finance of local authorities, and makes possible, for example, a system of local income tax to relieve the regressive rating system. Failing this, educational expansion requires a further transfer of expenditure from local to national finance. Teachers' salaries and university awards account for large blocks of expenditure which are nationally determined and could well be nationally financed, even if the detailed administration were left to local education authorities.

The current mood of defeatism about expanding social service expenditure is therefore to some extent unjustified and must be overcome. It is the cause of much

of the discussion on selectivity. Another major cause is, however, one of philosophy rather than finance. This is best illustrated in the educational field in the arguments about the private sector, notably the public schools. Is it right or wrong in principle that those who can afford to do so should withdraw from the "universalist" state system and provide for their own needs? In my view this lies at the root of the class division in British society and any socialist movement worthy of the name must seek to establish a unified comprehensive system. Only in this way can an equality of opportunity be made a reality. This is not the place to argue the case in detail. Suffice it to say that the present system of income tax allowances and tax concessions to educational charities provides substantial assistance to the wealthy to enable them to purchase educational privilege, and should be terminated.

Any proposals from the Newsom commission to make further public funds available to selected pupils attending private education institutions should be strongly resisted unless these bodies can be thoroughly integrated in a comprehensive system based on selection according to need, and effectively under public control. A voucher system designed to perpetuate a dual system would indeed be selectivity gone mad! The limited resources of capital expenditure, current educational finance, and qualified personnel, must be devoted to the expansion of a unified educational structure, providing legitimate freedom of choice *within* the public system. The lack of enthusiasm for increased public expenditure on education stems largely from the encouragement given to wealthy and educationally conscious parents to contract out of the state system rather than devoting their energies to demanding its improvement. American experience has shown only too clearly that the idea of "separate but equal" institutions with parity of esteem is an illusion. Class segregation is as pernicious as racial segregation in a democratic society.

Let me now turn to the two important "selectivity" questions posed by the Plowden report, which have wider implications. First the question of educational priority areas and "positive discrimination." To date, there is little doubt that our educational system, intentionally or unintentionally, has provided positive discrimination in favour of the middle class. Crowther, Newsom, Robbins, Douglas's *Home and School*, all provide overwhelming evidence to this effect. Newsom schools predominate in decaying working-class areas, the provision of grammar school places is higher in middle-class communities, a higher proportion of middle-class children stay on beyond the compulsory leaving age and enter higher education. Per capita expenditure increases at each stage of the system. Selection systems inevitably favour those from comfortable educated homes. Positive discrimination in favour of deprived areas, including priority building programmes, preferential teaching ratios and salaries, are required not only at primary level to establish equality of opportunity within a "universal service."

It is good that a start, however inadequate, has been made in this direction. This is a form of group selectivity which is wholly desirable.

The second Plowden selectivity problem relates to the question of nursery education. The report advocated provision of places for 15 per cent of children, with priorities according to need. A minority vote of reservation, tinged with a deep tone of pessimism, recommended parental contributions of 5s per half day with remissions of charges for "families with low income or several children," on the grounds that the necessary resources would not otherwise be forthcoming. They admitted that "some parents who cannot afford to pay may be too proud to accept remission and therefore keep their children away," but hoped "new traditions can be created." Clearly there would have to be an income scale—let us hope it would be a national scale rather than adding to the chaos of local authority scales as described by Mike Reddin. The additional expenditure involved is estimated at less than £50 million per annum—the minority note gave no estimate of the cost of administering an additional income scale. Professor Titmuss' devastating article "The practical case against the means test state" (*New Statesman*, 15 September 1967), related to the fluctuating nature of working-class income and the "administrative nightmare" involved in equitable means tests, is in no way answered by Mark Blaug. Any qualified case-worker could tell him how to select those in need of this social benefit, irrespective of income. If a mother does earn extra income because her child is in a nursery school, as the Plowden minority feared, that income will be taxed. She will be adding both to the national income and to the inland revenue receipts.

Nursery education, before the compulsory age, raises in some ways similar problems to those involved in financing education beyond the school-leaving age for a proportion of the population. Do we as a nation regard it as a social good that the proportion in full-time higher and further education should increase, and that the basis of selection should be motivation and merit rather than ability to pay? If so, how do we raise the money for an adequate system of maintenance allowances for those staying at school beyond the statutory age and for students in post-school education? Given our unequal distribution of income and wealth, and the resistance to higher direct taxation, there is a case for an income scale of contributions in administering student grants. This is in effect one method of attempting to re-adjust the social imbalance of higher education in the past. At present we subsidise university education by charging uneconomic tuition fees, whilst residential charges and personal needs are covered by income tested grants, now admittedly falling behind the increase in the cost of living, owing to unjustifiable meanness on the part of the Department of Education and Science. There is no logical case for this parsimony. Clearly a grant, to be effective, must be adequate to cover the need for which it is supposed to cater. The Robbins report wanted

to raise fees to 20 per cent of institutional expenditure. If the fees are in any case covered by grants this may have some relevance to academic freedom, but very little to the general problem of raising educational resources. Robbins, however, strongly opposed the idea of raising fees to cover the full cost of particular institutions or courses. Courses in science and technology no doubt cost more to provide than those in the classics or history—do we really want “market forces” to provide additional deterrents to students choosing the former? Do we want institutions competing with each other to provide cut-rate courses, as though education was a kind of soap powder? Admittedly, this may be one of the department’s undeclared objectives in supporting the binary system, but they would be ashamed to admit it openly.

The economists, however, have made the great discovery that higher education tends to benefit not only society but also the individuals receiving it. If there is a calculable return in the form of future earnings, they argue, why should not these be taxed? Some form of loans system might assist future taxpayers, even if it provided little immediate relief to the exchequer. There is, of course, a fundamental distinction between a loans scheme and a graduate tax, though Mark Blaug seems to confuse the two. In principle, a loan would be related to the cost of the course not met by public funds or paid for at the time; a tax to the post-graduate earnings. A tax would appear more equitable, as its incidence could be progressive, and related to the presumed benefits. But graduates earning higher incomes are, of course, already taxed in respect of these—why impose on them a further tax which a “self-made man” earning an equivalent salary would not pay? The straw man, and straw woman, are in fact very real. There is the well-known story of the man who was refused the post of lavatory attendant on the grounds that he was illiterate. Subsequently he made his fortune at the rag and bone trade, and when asked the secret of his success replied “illiteracy.” He would clearly not be expected to pay a “graduate tax.”

A loan scheme, on the other hand, as an alternative to grants, would obviously be socially regressive. Students from poor families would be saddled with repayment obligations from which the wealthy would escape. As a supplement to grants it might just be tolerable in certain circumstances, but the National Union of Students are clearly on firm ground when they argue that its existence would be likely to be used as an argument to reduce expenditure on grants. (*No to Loans*, NUS, November 1967). I prefer to accept the logic of the Robbins report: “On balance we do not recommend immediate recourse to a system of financing students by loans. At a time when many parents are only just beginning to acquire the habit of contemplating higher education for such of their children, especially girls, as are capable of benefiting by it, we think it probable that it would have undesirable disincentive effects.”

Labour Britain has little enough to boast of in international comparisons of social progress. Shirley Williams has been able to quote with pride the proportion of university students of working-class origin, studying under a grants scheme inherited from the years of "Tory misrule". Are we really to contemplate backsliding on this? Over a quarter of our university students are the children of manual workers, compared with Sweden 14 per cent, France 8.3 per cent, Western Germany 5.3 per cent, largely the result of our grants policy (Patrick Gordon Walker, *The Times*, 13 May 1968). In the same article the former Secretary of State estimated that the top practical saving by a loans scheme was £5 million per annum, whilst the abolition of parental contributions would cost about £30 million per annum.

I find Mark Blaug's arguments on overseas students and adult education so reactionary that I am appalled at their being considered seriously in Fabian circles. Grants to overseas students are one of the most fruitful forms of aid to developing countries. If "all foreign aid" were extended to governments instead of students what would happen for example to the African students from Rhodesia and South Africa now studying in this country? Would Mark Blaug prefer them to go to Moscow or Peking? What would have happened to Julius Nyerere, or Tom Mboya? The government has in fact belatedly recognised the case for assisting private overseas students in the new arrangements to be introduced this year.

Mark Blaug clearly has no time for liberal adult education. Birkbeck has its place, but so have extra mural and WEA courses for industrial workers; even those for the much despised housewife! Anyone with the least knowledge of adult education is aware that it is easier to attract the educationally privileged than the manual worker and his wife who tend to regard themselves as rejected by the educational system at 15. Do we want to perpetuate the division of this country into two cultural nations, or do we seek to build a democracy in which the mass of the population can understand and communicate with the experts, be they scientists or economists as you will? Our total national expenditure on adult education in 1956-57 was estimated by the National Institute of Adult Education at £4.6 million, or 0.659 per cent of public expenditure on education and 0.022 per cent of the gross national product. Since then the position has if anything deteriorated.

Some £1 million extra per annum (capital and revenue) would put adult education on its feet. An increase in fees will merely nip some of the buds that are already sprouting. Does Mark Blaug wish to apply his economic cost analysis also to the arts, theatre and opera and the other forms of culture subsidised by the state in the face of the criticisms of the Philistines? Can we not "select" certain forms of activity that are worthy of encouragement and subsidy, for all who are willing to participate in them to their own good and that of society? Or must we be

ruled by market forces which will undoubtedly favour bingo at the expense of Beethoven?

In conclusion, let me endeavour to set out the basic principles of a socialist education policy as I see them. The basic aim must be real equality of educational opportunity according to need. Need will clearly vary with aptitude. There must be variety of provision within a unified education system. In any given case, the choice of the appropriate institution and length and nature of course of study should be determined on educational and social grounds alone, and the financial resources of the student and his family should be irrelevant. This means that the state must in its educational policy seek to counterbalance the inequalities which arise from the maldistribution of incomes and wealth in society, and also those which arise from the educational inequalities of the past, reflected in the wide differences of parental education and attitudes to education.

"Positive discrimination" is therefore necessary in favour of children from educationally underprivileged homes and areas, not only at primary level but throughout the educational system.

To achieve this, a unified educational system under public control is essential. The essence of private schools and institutions is that they aim to provide preferential treatment and privilege of one kind or another. Parental willingness to pay fees, or manipulate vouchers, is inextricably linked with this. Fees or vouchers are tools at the disposal of the educationally conscious section of society to be used to preserve or strengthen its already preferential position. The aim of a socialist educational policy is diametrically opposite, and must inevitably restrict parental choice in the interests of social cohesion and of justice for the underprivileged. There may have to be compromise in implementing this aim in practice, but the principle is clear. Any policy which would have the effect of strengthening the private sector of education must be resisted as inevitably encouraging educational apartheid!

Given these principles, the problem is how to secure the necessary resources. What we are faced with is the education and provision of maintenance for the whole population for ten to 15 years of its life span. During the period of compulsory schooling, provided free by the state, families can be expected to meet the full costs of maintenance. Outside that, whether in nursery school or university, given current economic and educational inequalities, the majority cannot. If fees must be charged, they should be kept down to a level at which they do not act as a deterrent, and it then becomes a question of whether the administrative costs involved in collection justify their imposition. If we regard education as a public investment good rather than a private consumer good there is a strong case for

the elimination of fees wherever practicable. If the state provided free education at all stages, can families be expected to contribute to maintenance? Given the inequalities of income and the inadequacies of our taxation and rating system, maintenance grants linked with an income scale are probably inevitable and compatible with socialist aims. The scales should be reasonably generous, and there should be national uniformity. They should cover pre-compulsory school education and all full-time education after the school-leaving age, whether at school or college. To overcome the difficulties experienced by many students in obtaining the parental share of their standard allowances, the parental contributions should be made payable to the school or college for transfer to the pupil. In cases where the college failed to secure the parental contribution, a loan scheme might be justified, but only as a last resort. An optional loan scheme for the progeny of mean members of the middle class is far less objectionable than one imposed by force of circumstances on the deserving poor! Similarly, the current DES policy frowning on loans to students who have failed their examinations and wish to extend their courses might well be reconsidered.

I come to this conclusion about income scales with some reluctance, faced with the hard economic and political realities of the present period. As the achievement of economic growth relieves these pressures it is clearly necessary that more adequate resources be made available for our educational needs. 6 per cent of the national income is clearly inadequate to provide for ten to 15 years of the average person's life. As we begin to produce a more educated people, our social priorities should become clearer, and the understanding of the "social wage" increase. We may progress towards a more equitable distribution of wealth and income. Vouchers, loans, fees, and indeed income scales, will be seen to be obsolete devices of an imperfect and outmoded social and economic system. Public acceptance of enhanced public expenditure on comprehensive communal services requires a vast effort of political education. Socialists should be concentrating on this instead of seeking to compromise with market forces which are inimical to their fundamental objectives. We should have the courage of at least some of our convictions!

6. the cost-effectiveness of education spending

Bleddyn Davies

It is widely recognised that much public spending is undertaken without adequate comparison of the yields of different ways of spending the money. There is every reason to suspect that this is as much the case for expenditures on education as for spending on other public services. That the machinery of government is not in all respects conducive to highly efficient spending decisions is one of the principal *raison d'être* of bodies like the Fulton Committee and the Royal Commission on Local Government. But the problem is not only one of reforming the machinery of government although substantial reforms in this would contribute substantially to better allocation decisions. An appropriate administrative structure does not by itself lead to good decisions.

Management techniques have been evolved to assist in the appraisal of alternative policies. They include systems analysis (the development and application of analytical tools for aiding resource allocation decisions), performance budgeting, where an accounting system (involving non-financial as well as financial indices of achievement and resources) is designed to estimate the resources devoted to achieving an end and which can be used to assess the efficiency with which the ends have been achieved or the degree to which actual performance differs from expected performance; operational research, which brings to bear a wide range of skills and techniques in searching for the optimal use of resources (generally once the major strategic decisions have been made); and cost-benefit analysis, which attempts to estimate rates of return on public investment. Cost-benefit analysis is generally used where there are important divergences between private and social costs and benefits—differences between the costs and benefits to the individual decision-maker and to the community as a whole, where the role of the competitive market is severely circumscribed, and where the returns on expenditure are enjoyed over a long period of time.

Their use in services like education is more limited by the absence of essential information and by some of the characteristics of the services which makes valuation problems difficult than by their degree of appropriateness or weaknesses in their theoretical foundations. However the difficulties are such that the techniques themselves provide no panacea. But the approach common to the more sophisticated management aids is invaluable. In particular, it is important to make a clear statement of objectives, to organise data to measure the attainment of these objectives and the use of resources in doing so, and to apply mathematical and statistical techniques to these areas.

school meals

It is not difficult to find issues in which the application of the approach would pay off handsomely. There has been much discussion recently about the price of

school meals and the level of the school meals subsidy. The questions are important both because a substantial proportion of public expenditure on education services is devoted to school meals, and because policy errors in this field are likely to have most serious and cruel effects on families' welfare. The revenue account subsidy was of the order of £73 million in 1965-66 and £89 million in 1966-67. This was the equivalent of just under one-fifth of current expenditure on primary and secondary schools. Capital expenditure on school meals and milk was £9.8 million in 1965-66, the equivalent of 9 per cent of (other) capital expenditure on primary and secondary schools. As the proportion of children on the register taking meals continue to rise, and more schools are unable to meet the demand because of shortages of eating space and kitchen capacity, so will the quantity of resources and, almost certainly, the proportion of the expenditure devoted to children of school age, increase. (For some crude estimates of the quantities involved now and in the future, see Bleddyn Davies and Michael Reddin: *School Meals and Plowden*, *New Society*, 27 May 1967, and Bleddyn Davies and Valerie Williamson, "Some Causes of the Variation in the Uptake of School Meals," *Quarterly Journal of Social and Economic Administration*, March 1968.)

The principal function of the service is to prevent malnutrition caused by child poverty. It was clearly stated to be so by the policy-makers of the war and early post-war years. Thus, for instance, the level of family allowances was fixed at five shillings rather than eight shillings because it was assumed that such services as school meals would soon become free and universally available (*Hansard*, 29 July 1943, col 2023) It was expected that there would be sufficient facilities available and that some 75 per cent of pupils would take school meals by mid-1947—an optimistic assumption since this proportion has not yet been reached (*Hansard*, 27 January 1944, col 1149). Ministerial and other speakers in the debates stressed how important the service was in the fight against malnutrition. It was also conceived of as an opportunity for social training and for improving school morale. Some of the claims made for it now sound a trifle exaggerated. For instance, a parliamentary secretary to the minister of education claimed that the consumption of meals would encourage "sound feeding and personal hygiene. Where flowers and other decorations are used in the dining room, it helps to develop a sense of beauty and it teaches consideration for others and promotes a sound social spirit in the school . . . as it has in the public schools and at the older universities." (*Hansard*, 2 May 1946, col 333) Few teachers would claim that the present conditions in most schools are such that the service has a strong impact of this kind on many children. The effectiveness of the service must be judged by its contribution to the fight against child poverty, and, more particularly, against child malnutrition. The policy issues are whether the service could be adapted so as to do this more cost efficiently, and whether more or less money should be devoted

to the school meals subsidy relatively to services which attempt to meet the same needs.

Most children pay three-fifths of the cost of their school meal, the remaining two-fifths of the cost being met out of public funds. Perhaps 7 per cent of meals are served to children who receive their meals free because their family income is low, and their parents have successfully applied for free meals. This figure of 7 per cent is a guess based on the assumption that the day in September on which the annual count of receivers is made yields a ratio of payers to free meals recipients which is identical to the annual average. This is tantamount to assuming that factors affecting uptake, notably attendance (which teachers' experience and some quantitative evidence implies is considerably worse for free meals receivers than for payers) and consumption by attenders (which seems to be nearer to its theoretical maximum among free meals receivers as a group than among payers), have the same impact in September as they have over the year as a whole.

Assuming this to be the case, the £73 million subsidy in 1965-66 could be split into two components: one of £13 million being the subsidy to free meals recipients, and the other of £60 million being the subsidy to children who took meals and paid for them. There can be no questioning the efficiency of the first component of the subsidy, assuming that the diets are well-chosen and the service is run in a technically efficient way. Almost all the children enjoying this subsidy are from families whose income is below the supplementary benefits level. This component

EXPENDITURE ON SCHOOL MEALS BY HOUSEHOLD COMPOSITION AND WEEKLY INCOME, 1965 AND 1966

household composition	income ranges	1965		1966	
		average (shillings)	standard error	average (shillings)	standard error
man, 1 woman, and child	under £20†	0.80	(0.23)	0.79	(0.19)
	£20-£25	0.99	(0.22)	0.65	(0.19)
	over £25	1.24	(0.18)	1.40	(0.24)
man, 1 woman, and children	under £20†	1.70	(0.28)	2.15	(0.40)
	£20-£25	2.54	(0.44)	2.92	(0.40)
	over £25	2.79	(0.31)	2.96	(0.40)
man, 1 woman, and 3 or more children*	under £20†	2.63	(0.40)	3.86	(0.71)
	£20-£25	5.13	(0.65)	3.52	(0.59)
	over £25	4.14	(0.56)	5.25	(0.73)

† adjusted for differing mean number of children in different income groups.

* not excluding families one or more of whose children receive free school meals.

Source: Ministry of Labour, *Family Expenditure Surveys* for 1965 and 1966.

of the subsidy should, in fact, have been of the order of £26–£29 million, since probably only two-fifths or a half of those eligible to receive their meals free actually got them (Davies and Reddin, *op cit*, Ministry of Social Security, *The Circumstances of Families*).

The incidence, and hence the cost-effectiveness, of the remaining subsidy is not as efficient. The data in the table below is based on unpublished results from the Ministry of Labour's *Family Expenditure Surveys* for 1965 and 1966. One can infer from the table that among smaller families (those with one or two children) the probability of receiving a school meal and paying for it is higher, the larger the income of the household. The higher the household income, the greater the school meals subsidy enjoyed. For these household compositions, the subsidy is inefficient. For larger families, the 1966 figures imply that the same may be true, but the 1965 figures imply the opposite. The data of this table has been used to calculate average expenditure per child, and the results are shown in the table below. Given household income, expenditure per child is higher the larger

WEEKLY EXPENDITURE PER CHILD ON SCHOOL MEALS BY
HOUSEHOLD INCOME AND COMPOSITION, 1965 AND 1966

income ranges	household composition	average expenditure per child (in shillings)	
		1965	1966
under £20†	1 man, 1 woman, 1 child	0.80	0.79
	1 man, 1 woman, 2 children	0.85	1.07
	1 man, 1 woman, 3 or more children*	0.87	1.29
£20–£25	1 man, 1 woman, 1 child	0.99	0.65
	1 man, 1 woman, 2 children	1.27	1.46
	1 man, 1 woman, 3 or more children*	1.71	1.17
over £25	1 man, 1 woman, 1 child	1.24	1.40
	1 man, 1 woman, 2 children	1.39	1.48
	1 man, 1 woman, 3 or more children*	1.38	1.75

* adjusted for differing mean number of children in different income groups.

† not excluding families one or more of whose children receive free school meals.

the household size. In this sense, the subsidy is an efficient one. But the gradient of this relationship is no steeper than the positive gradient with income shown in the first table. On the whole, therefore, the evidence of the tables implies that the second component of the school meals subsidy is not, as the service now operates, highly cost-efficient in its incidence on families over the country as a whole. It is also inefficient in its incidence on the populations of different geographical areas, as is implied by the pattern of variation in the uptake of school meals in 1961

described in appendix 14 of the *Plowden Report*, and the pattern in 1966 which was analysed in the article published in the *Quarterly Journal of Social and Economic Administration* in March 1968. The pattern is such that the poorer areas have the lowest uptakes, the uptake in towns being greatly influenced by the opportunity for women to work.

Could the school meals subsidy be made more cost-effective? In a sense, the most cost-effective service would be one in which, say, £40 million were spent on free meals for a minority of children qualifying under a very generous eligibility level. Apart from the objections to such a scheme in principle, it would probably deter more applicants for free meals than does the present scheme which is being run in an increasing number of schools in a way that ensures the anonymity of the free meals recipient. In spite of the fact that there are good prospects of having a flexible and efficient method of handling information about all families' incomes by the late 1970s involving no more stigma than is now involved in income tax assessment—if they are being underestimated by some, they have been discussed by others as if such systems would not have enormous problems, not even technical ones—they will not exist in the short run. A large increase in the number of families to be assessed would therefore generate even more arbitrary and inaccurate assessments. Further, the system would result in a large decrease in the number of dinners served, and therefore a waste of capital equipment which would be under-used, and a consequent increase in the cost of each meal. What is needed is a medium-run policy that will keep the options open until the 1970s when the computer's ability at picking out families in chronic poverty and its ability at handling data on short term poverty quickly and accurately will be better explored and understood, and when, as a result, we shall be able to operate more complex schemes than are now practicable. Meanwhile, schools in working-class areas should enjoy a higher proportion of the available capital expenditure. Shortages of kitchen capacity should not be made the subject of a political outcry as long as these are a symptom of the diversion of resources to the poorer child, as long as the shortages have been as quantitatively small as they have been in all but a few areas, and as long as all LEAs give guidance to head-teachers about the rationing of places which favours the poorer child. Most of the LEAs with this problem give such guidance already. Marginal shortages in schools serving prosperous communities may well result in a better distribution of resources than the creation of high quality and attractive capital for the use of middle-class children accompanied by a failure to provide new canteens serving meals that will attract children in schools serving poorer children.

In such an interim policy, there could be little scope for large price increases. While it would not be a cost-efficient way of preventing malnutrition to encourage the proportion of children taking dinners to increase, there would be little real

saving to the community if canteens were under-used. To keep the existing and new resources fully used but not overstrained it would be necessary to raise prices by small amounts periodically. The policy aim should be to concentrate resources on the upgrading of inadequate services in poorer areas (with, of course, the provision of accommodation as part of new schools) rather than the extension of the present service to cover all children.

This policy would be reasonable under the assumption that there is no more efficient method of achieving the same end. It is probably incorrect to treat the school milk service as an alternative to school meals. It has a separate, complementary role to play, particularly for those children who breakfast early or inadequately: and, in any case, too little is known about it for any conclusion about the incidence of it to be drawn. The welfare food subsidy caters largely for a younger age group. The nearest alternative to school meals is the family allowance. The family allowance is a very cost-effective subsidy: and could easily be made more so. In 1966-67, expenditure on family allowances, including the costs of administering the scheme, amounting to £153 million. In the same year the subsidy to children who paid for their school meals was probably £73 million or so. Thus marginal changes brought about by varying the rate of increase of the two types of expenditure could release considerable sums of money for reallocation between them. Whereas the total net expenditure on school meals increased by 117 per cent between 1959-60 and 1966-67, total expenditure on family allowances increased by only 18 per cent. The latest increases in the rates of family allowances did not affect the figures for 1966-67. The growth of expenditure on family allowances has been slow relatively to other social security benefits also. Not surprisingly, our ratio of expenditure on family allowances to the gross national product is among the lowest in Europe ("Social security in Britain and certain other countries," *National Institute Review*, August 1965). Clearly the relative neglect of family allowances has been one of the most cruel and stupid aspects of our post-war social policy. It is a neglect that can be directly ascribed in part at least to the inefficient appraisal of the needs for and efficiency of, public expenditures. But it would be difficult to argue that the two services, one aimed at preventing child poverty in general, the other specifically at malnutrition, were such close substitutes that massive reductions should have been made in the school meals subsidy in order to finance increased family allowances.

further and higher education

A second field which would merit a cost-effectiveness review would be the pattern of expansion of further and higher education. The "objectives" of further and higher education are many, and a policy that neglects one of the important purposes cannot be called efficient. There can be no doubt that the Robbins

committee paid insufficient attention to securing a more equal mobilisation of talent as between social classes and regions. The Robbins projections were based on a conservative, misleadingly conservative, estimates of the number of places needed to cater for suitably qualified applicants: that is, an estimate of future demand. Merely expanding the number of places in higher education does not tend to secure greater equality in uptake as between social classes. Middle-class children take up the expansion of university places faster than working-class children do, as they did when the number of grammar school places grew between the two world wars. To encourage working-class children to continue their education would demand a different structure of the system of advanced education than that suggested by the report. The report rejected suggestions for the establishment of new types of institution which would cater for new types of higher education—vocational colleges of applied social science, junior colleges, and the like—and which would attract working-class children. They recommended a slower rate of growth of part-time than full-time education, and failed to see the potential of correspondence course work which has been so successful in Russia. The numerical dominance of the most intellectually and socially exclusive of the sectors of higher education, the universities over other sectors was confirmed. That the university sector was to grow so much faster than colleges of further education ignored the role of the latter in mobilising working-class talent. It seems that the overall pattern suggested by the Robbins committee has become established. Between 1960 and 1965, capital expenditure by public authorities more than doubled, capital expenditure on teachers' training institutions doubled, while such expenditure on further (including adult) education went up by a third.

This pattern probably makes little sense on other grounds also. Professor Blaug's work confirms the commonsense view that the rate of return on expenditure on education is very sensitive to the initial cost of the education. A reduction in the cost of higher education per graduate by a given proportion might well increase the internal rate of return on public investment in education by the same proportion (M. Blaug, "The rate of return on investment in education in Great Britain," *The Manchester School*, September 1965) The costs of providing an additional student place undoubtedly varies greatly between types of institution, and between institutions of the same type. The variation in the costs of university faculties is fairly well documented in the UGC returns: but there has been little work done on either the short or long term marginal costs of places. Much less is known about the costs per graduate in institutions from other sectors of higher education. Many of them may be able to produce graduates of roughly comparable quality at much less cost than most universities. Of course, studies of cost-effectiveness in this field face enormous difficulties. But serious attempts should be made to study the structure of costs in relation to teaching methods, organisation, location, and scale of teaching units, taking into account a broad range of

data for quantifying the relative needs of the community for people with different skills.

distribution of resources between LEAs

One of the most quantitatively and socially important types of decision made by a central government department is the type of decision influencing the allocation of resources between areas. Most central government departments, including the DES, have come to operate what to a high degree amounts to control over the area distribution of resources which are essential for the administration or development of services, which are to a considerable extent geographically mobile, and which are virtually fixed in total supply. One example is the power of LEAs to make capital expenditure. Another is their power to appoint teachers (which is limited by the quota system run by the DES with the agreement of the AEC).

It is at least arguable that a distribution of resources that positively discriminates in favour of children who come from relatively handicapping home backgrounds will help to attain a higher rate of economic growth and a more open society. It is a condition of such a distribution that LEAs whose populations suffer these handicapping factors to the greatest extent should enjoy the highest standards of provision of services—that there should be positive correlations between indices of standards of provision and resource-use and indices of the incidence of handicapping factors. The table opposite throws some light on this. It shows the values of correlation

* revenue account net expenditure per thousand population.

† number of children, per thousand population, aged two to four.

‡ per thousand population.

na Not available or not applicable.

correlation coefficients: the values of correlation coefficients lie between -1.00 and $+1.00$. A value near 0.00 signifies an absence of correlation. If the coefficient's sign is $+$ the correlation is positive, high values of the one variable being associated with high values of the other. If the sign is $-$, the correlation is negative, high values of one variable being associated with low values of the other. The correlation coefficient squared shows the proportion of the variance of one of the correlated variables which can be predicted from the other variable using a linear least squares regression equation.

coefficients of variation: these are computed by dividing the standard deviation of a variable by its arithmetic average, and form a good measure of the variation in the readings relative to the mean. Values can be misleading for other than ratio scales.

Footnotes to table opposite.

CORRELATIONS BETWEEN PROVISION OF EDUCATION SERVICES
AND MALES IN UNSKILLED JOBS IN 1966; AND INEQUALITY OF
PROVISION IN 1961 AND 1966

standards indices	correlation with low social class		coefficients of variation		
	1966	1966	1966	1961	1966
	county boroughs	administrative counties	administrative counties	county boroughs	county boroughs
<i>Pupils per full-time teacher, 1965-66</i>					
primary schools	+0.06	-0.23	11.7	5.6	5.2
secondary schools	+0.06	+0.25	5.4	5.6	4.7
<i>Expenditure per pupil, 1965-66</i>					
primary teachers' salaries	-0.05	+0.23	17.4	7.2	5.7
secondary teachers' salaries	-0.34	-0.01	8.9	7.2	6.0
non-teaching staff salaries					
(primary)	-0.00	-0.07	16.3	24.2	21.0
(secondary)	-0.07	-0.47	9.5	20.2	16.6
rent and rates (primary)	-0.22	-0.01	22.3	29.0	25.1
rent and rates (secondary)	-0.01	+0.05	16.4	22.5	20.6
debt charges (primary)	-0.31	-0.42	36.4	33.7	31.0
debt charges (secondary)	+0.02	-0.30	20.4	29.7	26.3
total expenditures					
(primary)	+0.06	+0.11	13.4	8.9	7.0
(secondary)	+0.27	-0.25	8.6	7.4	6.8
assistance to secondary pupils, 1965-66*	+0.02	-0.03	125.8	135.0	90.7
special education, 1965-66*	+0.17	-0.36	29.2	31.0	29.7
milk and meals, 1965-66*	+0.10	+0.39	17.2	17.1	15.0
recreation, 1965-66*	-0.01	+0.17	48.1	49.3	47.6
<i>Provision of pre-school education</i>					
total, 1965†	-0.14	-0.02	64.1	na	67.6
maintained, 1965†	+0.01	+0.28	119.8	na	90.0
independent, 1965†	-0.34	-0.50	82.1	na	112.0
<i>Percentage children present receiving dinners</i>					
free, September 1966	+0.40	+0.60	60.6	na	38.7
total, September 1966	-0.28	+0.03	11.8	24.7	18.0
<i>Capital expenditure at constant prices</i>					
primary, 1949-64‡	-0.02	na	na	na	31.4
secondary, 1949-64‡	+0.14	na	na	na	29.3

coefficients between various indices of standards of provision of education service in 1966 and the proportion of economically active males in unskilled jobs in the year. This is not the only, or for that matter the best index of relative deprivation that could be used in this text, but if the distribution of standards with respect to such social conditions indices is similar to what it was in 1961, one's conclusion would be little different if one were to use other indices (Bleddyn Davies, *Social needs and resources in local services*, London 1968). Results are stated separately for administrative counties and county boroughs since indices for the former are less meaningful than for the latter, individual counties being more heterogeneous than individual boroughs.

The first conclusion one reaches from the table is that none of the standard indices contained in it are highly positively correlated with this index of basic social conditions. There is a positive correlation among counties (but not among county boroughs) between expenditure on meals and milk and low social class. The substantial positive correlation between the proportion of pupils receiving free meals and the low social class index is also less satisfactory than it looks, since the proportion varies greatly between areas whose social conditions attributes are similar, only a small proportion of the variation in the index being accounted for by poverty-related variables in a multiple regression analysis (Davies and Williamson, *op cit*). Most other indices are uncorrelated with low social class. This is the case for pupil-teacher ratios in primary schools in county boroughs despite the evidence that the low social class child needs more labour-intensive teaching for linguistic and other reasons. There is, however, a suggestion of a negative correlation for this index, and hence a slight positive correlation of standards, among counties. This ratio for secondary schools is slightly positively correlated among counties, implying a slight negative correlation between standards and needs. There is no correlation either way among boroughs. This is in spite of the fact that the case for positive discrimination in favour of the poorer areas is strong for secondary schools, as was stressed by the Newsom report: and in spite of the fact that the small classes that accompany specialisation and sixth form study should have little effect on the ratio (see the sensitivity analysis on pages 256-6 of *Social needs and resources in local services*). Teachers' salaries per pupil is negatively correlated with low social class among county boroughs. The negative correlations between debt charges per pupil and low social class illustrate that one of the effects of the geographical location of new school buildings has been to provide children from unskilled workers' homes with a substantially lower probability of going to an attractive new school, where teachers would find it easier to use more stimulating and effective modern teaching techniques. The debt charges index is more heavily weighted with the effects of recent post-war building than capital expenditure on school building since 1949 at constant prices (which is uncorrelated with social class among county boroughs). Both the capital

penditure indices are very unequal. The combined effect of the differing expenditures is that total expenditure per primary school pupil is uncorrelated with low social class, while total expenditure per secondary school pupil is negatively correlated with it. In expenditure on secondary education, at any rate, what we have at the moment is negative not positive discrimination. This is not to be explained to any great extent in terms of the provision of selective schools. It should be the intention of the central government to reverse this correlation, as much for reasons of economic growth and prosperity as for social justice.

The distribution is no more satisfactory when one examines other education services. Astonishingly, there is a complete absence of correlation between the amount of money devoted to the assistance of secondary school pupils (by such means as cash grants, uniform allowances, and the like) and low social class. The variation in expenditure between LEA under this head is staggering. Mike Reddin's important research on income assessment scales and procedures illuminates one of the reasons why this is so. There is no correlation for expenditure on recreational facilities. Among county boroughs, there is no correlation for expenditure on special education for children handicapped in various ways, and there is a clear negative correlation among counties. The positive correlation for the provision of maintained pre-school provision is quite counteracted by the negative correlation for independent provision. This is so because the quantity of maintained pre-school provision is small.

There is little variation between areas in most aspects of standards. At first sight, this relative equality in standards may seem to be a desirable attribute. It is certainly better to have little inequality when standards are uncorrelated with LEA attributes implying a high yield on expenditure than it is to have great inequality in these circumstances. It would, of course, be desirable to have a higher degree of inequality if standards were correlated with such characteristics. The table shows that the degree of relative inequality of most indices fell between 1961 and 1966. The central government should be aiming both to increase the degree of inequality of standards and to create a positive correlation between standards and indices of relative deprivation.

Conclusion

It is not difficult to find aspects of education policy which would benefit from cost-effectiveness analysis. Would the pattern of training in such professions as social work and teaching be better organised if the initial training period was to be shorter and a further period of training introduced after some years' experience? Would a rapid expansion of pre-school education for the relatively deprived yield more than some other forms of education expenditure? Is the most equitable

and efficient way of securing positive discrimination in favour of the primary school child suffering from an educationally handicapping background to allocate 25 per cent more resources per child to the 10 per cent of children attending schools in areas judged (on the basis of as yet vaguely specified criteria) to have the worst social conditions? Clearly, this essay has mentioned only a few of the topics needing discussion and research using a cost-effectiveness approach.

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