

Closing the doors to foreign students

Universities are a great asset for the British economy. A report last week by Universities UK estimated that their direct contribution has grown by more than a quarter in the five years to 2012, [reaching £73bn](#), or 2.8 per cent of gross domestic product.

A key portion comes from foreign students. According to the Higher Education Funding Council, more than 50,000 non-EU students enrolled as undergraduates in England in 2012, up from 30,000 in 2005. This helped English universities generate more than £10bn in export earnings, according to the business department.

[Britain's immigration targets](#) pose a threat to this economic success story. Measures such as additional language and attendance checks, designed to meet the coalition's misconceived net migration target of 100,000 per year, make it harder for prospective undergraduates to enrol. The target cannot be met without fewer foreign students. In 2012 more than 120,000 foreign students entered the UK. Nearly all such students return home voluntarily.

The government's rush to demonstrate toughness against bogus colleges – sham institutions that enable immigrants to get a student visa – has precipitated dramatic falls in the numbers of genuine fee-paying students. This has been most notable with Indian and Pakistani enrolment, which fell in 2013 by 26 per cent and 20 per cent respectively. David Willetts, universities minister, thinks the Indian press misrepresented changes in the system. Liam Byrne, shadow universities minister, believes the message to prospective foreign students is clear: “they are not welcome here”.

UK universities benefit from being able to tap into the world's brightest, most committed undergraduates. Domestic students get a cross-subsidy from the far greater costs paid by those from outside the EU. International students pay on

average a third more for the same course: £11,200, against £8,600 for classroom-taught degrees.

Funding to universities, and hence domestic fees, is based on assumptions of growing numbers of foreign students. If this does not happen – a likely consequence of the government hitting its migration target – fees paid by British undergraduates will have to rise.

The Labour party has suggested it will offer a cut to tuition fees of at least £3,000 in its next manifesto, claiming this will reduce the risk of default. That is wishful thinking. The Liberal Democrats will be under pressure to offer similar sweeteners, especially after agreeing at the start of the coalition to an increase in the maximum annual fee last year of nearly £6,000. If the numbers of foreign students entering the UK do not grow, both parties will find such giveaways hard to afford.

Furthermore, non-EU students who study in the UK are often required to return home soon after completing their courses. This does the British economy no good. It merely trains our competitors, leaving skills gaps in areas such as science and engineering. Graduates should be allowed to stay long enough to put their new skills to use, providing a much-needed boost to the economy – but not long enough to risk a “brain drain” in their home countries.

The UK’s migration target risks harming Britain’s competitive advantage in higher education and damaging the country’s reputation with important trading partners. Foreign students often return to influential positions in their countries of origin. The networks they forge during their university days can have long-term pay-offs for Britain, for example through inward investment and tourism.

Cutting back student visas as a quick fix to an arbitrary migration target hurts the economy and will ultimately increase costs for domestic undergraduates. This is an act of national self-harm that Britain can ill-afford.