

encumbered by a peerage. But then Sir Ronald Mason will be leaving his post as scientific adviser to the Ministry of Defence later in the year, while Mr Geoffrey Caston, who has administered the vice-chancellors' own lobby (the Committee of Vice-Chancellors and Principals) for the past five years, probably knows as intimately as anybody how the British university system functions. Any one of these, and no doubt a host of others, could embark on a stint as chairman of the grants committee without having first to win the confidence of British universities. The government would even find that most of them accept its own view that even when direct support for the universities has levelled off in 1984-85, continuing reorganization will be necessary within the British system. But none of them would take Parkes's job without certain assurances, the most important of which is that there should be an understanding between the government and the universities on what the grants committee is for.

What should they ask for? The natural temptation is to ask for more independence, but that will not be as simple as it seems. Although the grants committee was established to be an independent buffer between the universities and the government, it has never been autonomous. In principle, in the old days, the government would say what subsidy it could afford, the committee would recommend how that should be divided and the government would send out cheques to individual universities accordingly. In practice, of course, the grants committee was very much a spokesman for the university system, arguing the case for new developments in some field or other (more medicine, more science perhaps), whose credibility with the government stemmed from its periodic invigilation of how universities individually conducted their affairs. So even in the halcyon days when the committee dealt with the Treasury rather than with the Department of Education and Science, and when the scale of spending on the universities was settled five years ahead, the government was inevitably drawn into decisions about the character as well as the scale of British higher education. Most of the changes that have come about in the past few years are changes only of degree. After the government decreed at the end of 1980 that its subsidies for the universities should be reduced by 8.5 per cent in real terms, it seems genuinely to have been left to the grants committee to decide how the misery should be distributed. The declaration a few weeks ago by the Secretary of State for Education and Science that ministers might in future shoulder more responsibility for issues of university policy is therefore not an innovation of principle. The danger is merely that they will choose to intervene too often and too trivially.

Candidates for Parkes's job will therefore ask for an assurance that they will have a job to do, and not be mere office-boys (or girls?) for ministers. More important, they should also ask for a restoration of the old civilities by which the grants committee was consulted in advance on important issues of public policy on higher education. Parkes appears to have been told in advance of the two decisions that have most affected British universities in the past few years, the increase of fees for students from overseas and the reduction of the general subsidy (coupled with limits on student numbers). The government may now regret that on either occasion was the grants committee given a chance to suggest how its objectives might be more sensibly, and more equitably, attained. Yet even these examples of the present government's disrespect for the grants committee (to some extent made good by Sir Keith Joseph's offer of a "dialogue") are not unprecedented. The creation in the 1960s of what is called the "binary" system of higher education, with parallel systems of universities and polytechnics, was presented to the universities by the late Mr Anthony Crosland as a bolt from the blue. Yet that has become the most serious unsolved problem in British higher education. In the government's interest as well as his own, Parkes's successor should make it clear in advance that if he first learns of radical changes in his working environment from the morning newspapers, he will be up and off before the day is out.

Given suitable assurances, Parkes's successor could have a rewarding job. In the promised period of stability after the present contraction is over, it should be possible to make a start on

the restoration of the spirits of academics and of their universities. The new grants committee chairman will have the advantage of dealing with universities that, by definition, will have survived, sometimes to their own surprise. Many of them will by then be enlivened by innovations forced out of them in these hard times, from science parks and essays in continuing education to the discovery that research of high quality does not necessarily require an entail on the output of a gold mine. Administratively, so far as the universities are concerned, the trick must be to find a way of giving all universities a sense that they are more fully than at present in control of their own destinies, from which would follow the beneficent consequence that they have an incentive to be different from each other, not an incentive to ape each other — or Oxbridge. (The criteria of academic standards and the conventions of "peer review" might have to be subordinated to others, the interests of students perhaps.) Politically, the objective would be to provide the government with a solution to the problem of the binary system, showing how it might be made unitary. Philosophically the need is for a chairman who could help to redefine the functions of higher education in countries such as Britain now that the participation rate is high enough to falsify the traditional academic assumption that the purpose of being a student is to become an academic. Such a chairman might even be able to find a way of creating some tangible linkage between higher education and national prosperity — everybody's ambition and nobody's boast. Then, so the daydream goes, British universities might have friends again in the House of Commons . . . Is that too much to hope for?

## Jumpiness of bankers

*Science and technology, usually respectful of banking, will suffer if bankers lose their nerve.*

Why are the world's bankers so much on edge? In the past few weeks, these ordinarily imperturbable figures have taken to whispering behind their hands as if they were selling not credit (a respected commodity) but something disreputable. The change of demeanour is in the short term easily explicable. The bankers worry that they may not be permitted by their governments to roll over their credits to Poland when that question has to be decided next month, or that some unsophisticated member of their community may not agree to forgo payment on its Polish loan even if the governments concerned suggest that bankers should be compliant. But that is very much a short-term calculation. The sum of what the Polish government owes the Western banks, estimated at \$15,000 million or thereabouts, is perhaps only 5 per cent of what the commercial banks of the industrialized West have lent overseas in the past few years. Obviously, a default by Poland would be an inconvenience, but arithmetically it should not spell the end of the Western way of life. Western bankers will not be readily forgiven if they let the Polish credits jeopardize their survival — and that of their depositors.

So what really makes them jumpy? A sense of guilt, the certain knowledge that they are no longer as much in charge of their own affairs as they pretend they are. Once upon a time, when bankers earned their reputation for probity, banks undertook to look after the money entrusted to them by depositors, lent that to borrowers who had a need of it, and made their living on the turn. For at least half a century, however, the banks have been partly the prisoners of their governments — or suckers for their governments' propaganda. In the 1960s, the banks helped pay for the Vietnam war by exporting the US government's excess expenditure through the Eurodollar market, exporting inflation at the same time. More recently, in countries such as Britain and the United States, the banks have helped their governments both fiscally (with high interest rates that cause deflation) and politically (by lending to unknown clients overseas). Their profit margins have been assured, but their assets have been just as much at risk as are other people's. Discrimination, the banker's stock in trade, has gone by the board. Who, except the rest of us, will cry if they go bust?