

Prydain

*The Welsh Policy Centre
Canolfan Polisi Cymru*

University Industrial Complex: A sector beyond help?

Chris Harries



About the Author

Christopher Harries

Christopher works in compliance having previously worked in politics. Formerly a Conservative Party Association Chairman and county council candidate.



About the Prydain Centre

The Prydain Centre, also known as the Welsh Policy Centre is a new thinktank established to shape the centre-right agenda in Wales. With a new political landscape emerging as we head into the 2026 Senedd Election, and as we continue to understand what a UK Labour Government means for the country, Prydain strongly believes the centre-right needs to engage in the policy space, to have the well-defined and researched ideas to challenge the progressive left's hegemony in Welsh politics.

Prydain

***The Welsh Policy Centre
Canolfan Polisi Cymru***



Save
Our
Planet

We
Demand
ACTION

Executive Summary

The university sector in Wales, comprised of eight institutions and characterised by bloated participation rates, has become one of the most egregious parts of the UK's "University Industrial Complex", in which genuine learning has become a secondary concern to participation numbers and financial incentives.

This paper proposes a radical overhaul, inspired by the transformation of Harvard under Charles W. Eliot, by reducing the number of institutions and cutting student numbers to foster elite scholarship to drive academic excellence.

In place of degree factories, we advocate leveraging technology, open-access resources, and virtual learning communities (modern-day working men's colleges) to democratise the pursuit of knowledge for its own sake, unshackled from the burden of credentialism. The aim is to lay the foundations for a leaner, more prestigious higher education system while also enabling lifelong learning.

Introduction

The university sector in Wales is the embodiment of the "University Industrial Complex" - namely a sector that has extended beyond its means. For a significant number who work through its conveyor belt, the sector fails to deliver with emphasis on mass participation over genuine academic purpose.

Wales sustains a higher education system that is both a fiscal burden and a statistical anomaly, with **eight institutions** serving a population of just 3.1 million.

The numbers tell a troubling story: rising student debt, averaging over £37,000 per graduate¹, and stagnant outcomes.

It is clear this is not a system fostering either excellence or opportunity; it has become a credential factory, churning out qualifications at the expense of quality or economic relevance. On this basis, the system must be subject to wholesale reform.

The solution lies in a bold reimagining of higher education, which rejects the dogma of universal access as an unalloyed good. This paper proposes a leaner, more focused sector: characterised by fewer universities, fewer students, and a decisive shift away from degree factories toward elite scholarship and technology-driven learning for its own sake.

¹ [Average student loan debt on entry to repayment in the United Kingdom from 1999/00 to 2023/24, by country](#) - Statista, 9 December 2024

This reimagining is inspired by the transformation of Harvard under Charles W. Eliot, where elective study, rigorous standards and intellectual merit turned a provincial college into an educational powerhouse.

Wales must consolidate its resources to develop institutions of true distinction. At the same time, the paper advocates harnessing technology to break the link between university education and the pursuit of knowledge, to empowering individuals to pursue the latter as both a personal and societal good, not a transactional act.

This paper outlines a radical yet pragmatic plan for reform. We argue for reducing the number of universities, elevating their mission to prioritise academic excellence over mass participation. We will demonstrate why cutting student numbers is essential to align education with economic need and individual value, rather than perpetuating the debt-fueled credential conveyor belt. Finally, we will explore how to foster a culture of lifelong learning by using technology such as open-access platforms that can replace our failed system.

The University Industrial Complex has had its day; it is time for Wales to build a higher education system that delivers quality over quantity.

A brief history

Education's primary aim is the acquisition of knowledge and, as Immanuel Kant noted, a desire for knowledge is natural to man. In turn, our society, through the education system, seeks to reproduce our store of knowledge and, where possible, add to it.

For nearly a thousand years, one such vehicle for replenishing and developing the store of knowledge has been universities. But, while universities have been a repository and vehicle for this advancement of knowledge, participation has historically been limited to a particular strata of the population.²

The advent of university education within the British Isles came with the establishment of the University of Oxford in 1096.

Over the centuries, new institutions came into being, with St David's College, Lampeter, a theological college, becoming the first Welsh higher education institution in 1822. And then, in 1872, Cardiganshire became home to a second institution with the foundation of the University College Wales, Aberystwyth.

Another followed in Cardiff in 1883, then Bangor in 1884 and the creation of the federal University of Wales in 1893. In the twentieth century, Swansea became home to an institution in 1920, with further change later in the century with mergers and the creation of new institutions in Wrexham (1975), Cardiff and Swansea (1976).

² The report of the Committee on Higher Education - Committee On Higher Education, 1963

As the century approached its close, polytechnics were transformed into universities, which in the Welsh context saw the establishment of the University of Glamorgan in 1992. In the same year, the Gwent College of Higher Education became affiliated with the University of Wales. Further changes to the sector came in 1996, with the abolition of the University of Wales college system and its restructuring to include additional institutions.

The new century saw further evolution with the effective abolition of the University of Wales and the merger of several institutions. Just over 200 years after the founding of St David's College, Lampeter, Wales is now home to eight university institutions.

Diagnosing the University Industrial Complex

Sprawling growth has morphed Wales's higher education sector into what can only be described as a "University Industrial Complex" as this self-sustaining leviathan has come to be characterised by over-expansion, credential inflation, and the misallocation of resources.

Once a pillar of opportunity, the system now risks becoming a burden on taxpayers and a millstone around the necks of young people in Wales. Mass participation has seen standards eroded to continue drawing in ever greater numbers of students to keep the sector alive³.

The exact financial impact of the sector is difficult to quantify, but studies indicate that it is substantial. Research by London Economics has indicated that Welsh universities contribute significantly to the Welsh and UK economy, generating over £13 of economic benefit for every £1 of public money invested.⁴ Across Wales, towns and cities have become dependent upon universities, with auxiliary industries that support and supply them and local economies reliant on the associated trade. University education has been advocated for driving economic growth.⁵ However, leaving aside whether such uneven dependence is desirable, we must ask ourselves whether the priority should be more low-quality institutions to artificially inflate local economies or if higher education has a greater purpose.

Meanwhile, there is gross inefficiency in the system both historic⁶ and ongoing⁷. With an estimated budget of between £500-600 million, funding is spread thinly across eight universities, diluting talent, resources, and research output. These same institutions quickly found themselves reliant on ever expanding numbers of students and, when that was not enough, gorged themselves on international students. Of course, whether those students were doing worthwhile courses is a matter for conjecture, but there is growing evidence that this supposed economic boom was, in fact, no more than a visa mill^{8,9}. A fact made more obvious by the

³ [Universities must not allow a 'decade of grade inflation to be baked into the system'](#) - Office for Students

⁴ [The economic impact of Welsh universities' teaching, research, and innovation](#) - London Economics

⁵ [Plan for huge rise in university numbers](#) - The Guardian, 8 March 1999

⁶ [Aberystwyth University's Mauritius campus set to close](#) - The BBC, 1 December 2017

⁷ [Strengthening bonds with Kazakhstan](#) - Cardiff University, 2 December 2017

⁸ [Numbers drop in overseas student applications](#) - The BBC, 24 March 2025

⁹ [Wales beyond borders](#) - Universities Wales, 7 March 2025

dawning reality that, reliant on tuition fees, Wales's universities are now in a prolonged period of crisis, with major departments closing, heavy jobs losses, and even campuses effectively shuttered¹⁰¹¹. Such a bleak backdrop has led to most revealing announcements from officials, the loss of potential students to institutions in English institutions lamented partially on the basis of a loss of revenue.¹²

The figures for individuals tell an even bleaker story. Last year, over 135,000 students were in a system which promises many of them degrees of dubious worth and a good chance of low-skill jobs. One-third of university graduates are not in graduate employment five to 10 years after graduating¹³. Saddled with unpayable debts, and likely relying on the taxpayer to shoulder a burden that even the state will struggle to pay, this is a betrayal of successive generations of young people. For those individuals, the experience can be chastening - years of study that leave them without a true calling or purpose. Locked into a cycle of diminishing returns, these young people are sold a lie and forced onto a path which may well end up with under-employment and disappointment.

This is not education; it is exploitation of the cruelest sort.

At the same time, academic freedom has been quietly traded for a cosy network of vested interests, where universities and government feed off each other. Scholars, once seekers of truth, now double as political actors, their work used to prop up Welsh Government policies or launder ideological agendas as “evidence.” Scruton’s “fake scholarship industry”¹⁴ has taken root here —not in every field or faculty, but the roots are deep enough to taint the sector’s mission.

Hidden behind this mix of questionable credentials, dubious economic benefits, and public sector support, a once proud sector has been reduced to being a parasitic husk on the verge of collapse. Rather than accept that not all studies and endeavours in learning are of equal value and consequence, the sector has chosen a different path that promises its own destruction.

The diagnosis is clear: this is a market failure writ large. Resources are misallocated, local economies are misshapen, and the meritocratic promise of education is lost in a sea of mediocrity. **A distinction must be drawn between the pursuit of knowledge and university study.**

Wales does not need more graduates with paper qualifications—it needs a rethink. Strip back the bloat, renewed focus on quality over quantity, and demand universities prove their worth, not just their weight. The alternative is a generation betrayed by a system that has forgotten its purposes.

¹⁰ [University education at Wales' oldest campus ends](#) - The BBC, 23 January 2025

¹¹ [Cardiff University nursing courses face closure](#) - Nursing Times, 29 January 2025

¹² [Talent leaving for England due to scheme, unis say](#) - The BBC, 1 April 2025

¹³ [Tony Blair is still wrong on his 50% university target](#), Unherd, 8 June 2021

¹⁴ [Liberty & Democracy in Western Civilisation](#) - Youtube, Institute of Public Affairs

Reducing Universities and Elevating Excellence

Consideration of the consequences of the university-industrial complex is not to act like this is a system without redeeming features or positives. Rather it is an acknowledgement that the good of the sector is diminished by this wasteful, inefficient, crisis-riddled model, to the detriment of its *raison d'être* - the pursuit of knowledge.

For the sake of future generations, this broken system must come to an end. To achieve this, we propose a consolidation to reduce the number of universities from eight to three, reimagining them as beacons of excellence modelled on the transformation of Harvard under Charles W. Eliot.

From 1869 to 1909, Eliot oversaw the transformation of a provincial Massachusetts college into a global leader through a programme of rigorous scholarship, intellectual leadership, and an emphasis on quality over quantity.

Wales can replicate this transformation as part of the reforms by adopting a radical, new structure of higher education centred on three world-leading institutions, each with a distinct mission:

- The first, based in Cardiff, would focus on becoming a research powerhouse by blending STEM innovation with humanities depth.
- The second, based in Swansea, would pivot to applied sciences, innovation, and forging links with industry
- The third, with campuses in both Aberystwyth and Bangor, would focus on leading on cultural and environmental studies

This is not about diminishing our ambition, but rather concentrating it.

For Wales, this translates to smaller student cohorts, rather than mass participation, led by leading academics in world-class facilities. Turning from a model which churns out graduates for low-skill jobs¹⁵, these universities would produce leaders, innovators, and thinkers. The bloat plaguing the current eight would be replaced by a lean, meritocratic system that delivers excellence, not inertia. Such a system would restore Welsh higher education to its primary purpose: the pursuit of knowledge.

Consolidation will channel existing, thinly-stretched resources into three genuine hubs of quality, producing a sharper global reputation and the capacity to draw top talent and private investment. We should not shy away from the fact that this will require tough choices, but with

¹⁵ [What do graduates do? 2024/25](#) - Prospects Luminate, November 2024

this considerable long-term gain and an orderly transition, it will be possible to carry out a genuinely revolutionary change to the benefit of Wales.

Some affected staff could shift to the newly formed institutions, while phased closure protects existing students ensuring degrees are completed or transferred seamlessly. The estimated £500 million-plus budget, no longer split between eight institutions, offers the means to help cover the consequential redundancies, relocation, and student support over a defined time frame; any cost is dwarfed by the annual overheads shed as a result of consolidation. This proposal is made with acknowledgement that such change will undoubtedly impact towns and cities dependent upon the existing universities, and auxiliary industries that are linked to them.

This is not nostalgia for an elitist past; it's a pragmatic leap toward a meritocratic future. The obsession with participation has resulted in Wales overproducing students, a quarter of whom land in low-skill jobs despite the incurred debt, and leaving the workforce incapable of meeting our national economic needs. Consolidation flips the script: fewer graduates, higher quality, better outcomes. Employers do not need more baristas with degrees, they need engineers, researchers, and entrepreneurs. The proposed system can prioritise STEM, innovation, and cultural leadership.

Wales can forge new universities' that punch above their weight, rather than meekly sinking under it. The proposed institutions focused on echoing Eliot's uncompromising standards, can deliver the necessary excellence that eight cannot. Anything less promises further stagnation and underachievement.

Cutting student numbers

Wales must confront an uncomfortable truth: the university sector is producing a significant number of graduates who experience little to no benefit from their degree either fiscally¹⁶ or career wise. Wales produces a surplus of graduates often in arts and humanities while employers report shortages in technical roles and skilled trades.

With roughly 135,000 students enrolled in Wales¹⁷, we propose halving this to tackle credential saturation, mitigate economic mismatch and avoid the millstone of debt burden that some students and graduates experience and many cannot repay.

The failure to produce graduates to meet labour market realities means that taxpayers are left to shoulder the increasingly unpayable loan burden. This essentially means that the public purse is forced to finance a further three years of de facto unemployment every year for little discernible benefit to the nation. **This is neither fair or sustainable.**

Our mechanism is straightforward: cap university admissions and at the same time raise entry requirements. This ensures only truly academic students attend university, while redirecting

¹⁶ [Graduate outcomes: August 2021 to July 2022 - Welsh Government, 11 July 2024](#)

¹⁷ [Universities and education Wales - Wales.com](#)

others towards apprenticeships or technology-based learning. It is worth stressing that our aim is to foster a culture of lifelong learning, so the system should have sufficient capacity to enable later transition from apprenticeship or Digital Knowledge Hubs into academic study via university.

These alternatives offer practical skills, strategic entry into the workforce and the ability to engage in education, without the millstone of significant student debt.

Young people would then have a more honest choice when weighing the potential value of study against costs, rather than relying on the assurance of funding by meeting the existing system's low bar for entry.

Critics will argue that this limits access, particularly for disadvantaged groups. However, a reduction in university places does not mean abandoning opportunity, it simply means redefining it and placing greater onus on our education system at all levels to more rigorously nurture talent of different kinds, to provide the most appropriate pathways to the individual.

The next section will detail alternatives to academic education, providing opportunities for mass participation and embedding a culture of lifelong learning. In cutting student admission numbers, the university sector can transform into a more purposeful system, delivering graduates who benefit from their degree rather than languish in underemployment.

This is not about exclusion; it is pragmatism. Mass participation should not be mistaken for mass education, a false assumption exists that because an individual is attending a university that they are in fact being educated.

Technology as the Future of Learning

Reducing university enrollment whilst simultaneously encouraging the pursuit of knowledge is dependent on ensuring a viable alternative: instant access learning platforms that prioritise knowledge over credentials. In place of the university conveyor belt fueled by debt, Wales should use technology to create an accessible learning ecosystem. This vision replaces degree factories with digital platforms offering instant access education in an environment which relies on the individual to have the drive and impetus to learn. Such an attitude was common amongst previous generations, when one considers the labour colleges and worker libraries, but now with a serious provision to aid them.

The vision is ambitious, but practical. There are already existing platforms providing free or low-cost access to educational courses, with some even operating in partnership with top universities. Wales can build on this concept by launching a Digital Knowledge Hub, hosted by its three remaining universities, offering low cost and free instant access lectures, forums, and online resources. This re-imagines education as a lifelong pursuit, not a multi-year credential conveyor belt.

The benefits are compelling. First, it democratises education by enabling those who wish to learn for learning's sake to do so, without the unnecessary graduate debt burden. This option enables anyone with an internet connection to access high-quality education, leveling the playing field without the need for taxpayer-funded subsidy.

Second, it empowers individuals to take responsibility for their learning, leveraging innovation to enable learning at a time most convenient to them. This is crucial to lifelong learning, a system that adapts to the modern world and leverages the opportunities presented by the internet, but relying on proactive interest from those who wish to learn. Not a debt-laden, suboptimal education because it is the 'done thing' and to meet obscure government targets.

This proposal does not require proof of concept. Massive Open Online Courses (MOOCs) already boast millions of users, delivering courses on subjects ranging from coding to theology at minimal cost.

Implementation does require seed investment but offers the potential for long-term savings. We propose seed funding, redirected from higher education budget cuts, to develop such a platform. The aim should be to partner with firms with a track record in the sphere. Universities would pivot from mass participation to curating content and offering micro-credentials where applicable, not credentialism. This model amplifies reach and enables lifelong learning while reducing the burden for the taxpayer.

Such a change in emphasis will result in the loss of the 'university experience' however, the system is outdated. Technology can truly democratise the education sector, reducing the risk of individuals incurring significant debt and enabling lifelong learning.

Proposed Admission Framework

Proposal aims to deliver an admission framework that marries merit with specific needs while.

The proposed framework seeks to reduce university enrollment to approximately 65,000 students with admissions subject to a competitive admission process as outlined below:

1. Capped admission with weighted criteria for Merit
 - a. Academic merit - entry requirements raised to ensure only those with demonstrated aptitude for academic rigour obtain a place
 - b. Sector Specificity weighting - additional weighting for applicants seeking to study courses aligned with specific labour markets demands
 - i. E.g STEM or healthcare
 1. Linked to annualised economic forecasting and annual employment reporting

- c. Lifelong learning capacity - defined quota reserved for mature students transitioning into academic education from workplace, apprenticeship or digital knowledge hub

For those individuals not attending university, we propose funnelling individuals into a pathway focused on skills comprised of:

- Apprenticeships
- Vocational courses
- Digital Knowledge Hubs

Such a mechanism enables the empowerment of the individual while ending the university complex as a conveyor belt of credentialism - restoring focus to the sector.

Conclusion

As it stands, the university sector in Wales is failing. Institutions are plagued by the consequences of over expansion, incidental side-effects of education are routinely mistaken for its true purpose. This is to the detriment of both individuals and wider society as we live with the consequence of well intentioned policy that is incontrovertibly failing.

This paper has outlined a pragmatic yet radical agenda for reform: one of consolidation, a reduction in student numbers, and breaking the perceived link that university education is the only path for learning and knowledge. These measures seek to dismantle the status quo, replacing it with an ecosystem of education that prioritises quality, relevance, and individual empowerment.

Imagine a higher education sector that commands the prestige of Harvard, producing graduates who fuel economic growth rather than becoming mere statistics in oversaturated job markets. By capping admissions and raising entry standards, we can ensure universities nurture excellence, not mediocrity, aligning output with Wales' needs, not surplus graduates condemned with low-value degrees. Meanwhile, the Digital Knowledge Hub, allows the wider population to pursue knowledge without the financial shackles and debt concerns of university study. This should enable the pursuit of knowledge, liberated from the three-year credential mill.

Above all such reforms, empowers individuals, placing the onus on students to justify their educational choices and offering the wider populace the means to learn independently. Candidly this is the end of state-enabled mediocrity; it's a bold reassertion of personal responsibility and economic realism.

The Welsh Government must act decisively. We urge them to adopt this vision, starting with a pilot of the Digital Knowledge Hub. This trial can test proof of concept and scalability, refining it ultimately for national rollout. The alternative the status quo condemns Wales to stagnation.

Wales can craft a university sector that rivals the world's best, provided it has the courage to undertake radical change.