

# 11<sup>th</sup> Munich Economic Summit Education and Training.

Making the Grade: How Do the European HE  
Systems Score Internationally?

Lessons for European Higher  
Education from the UK.

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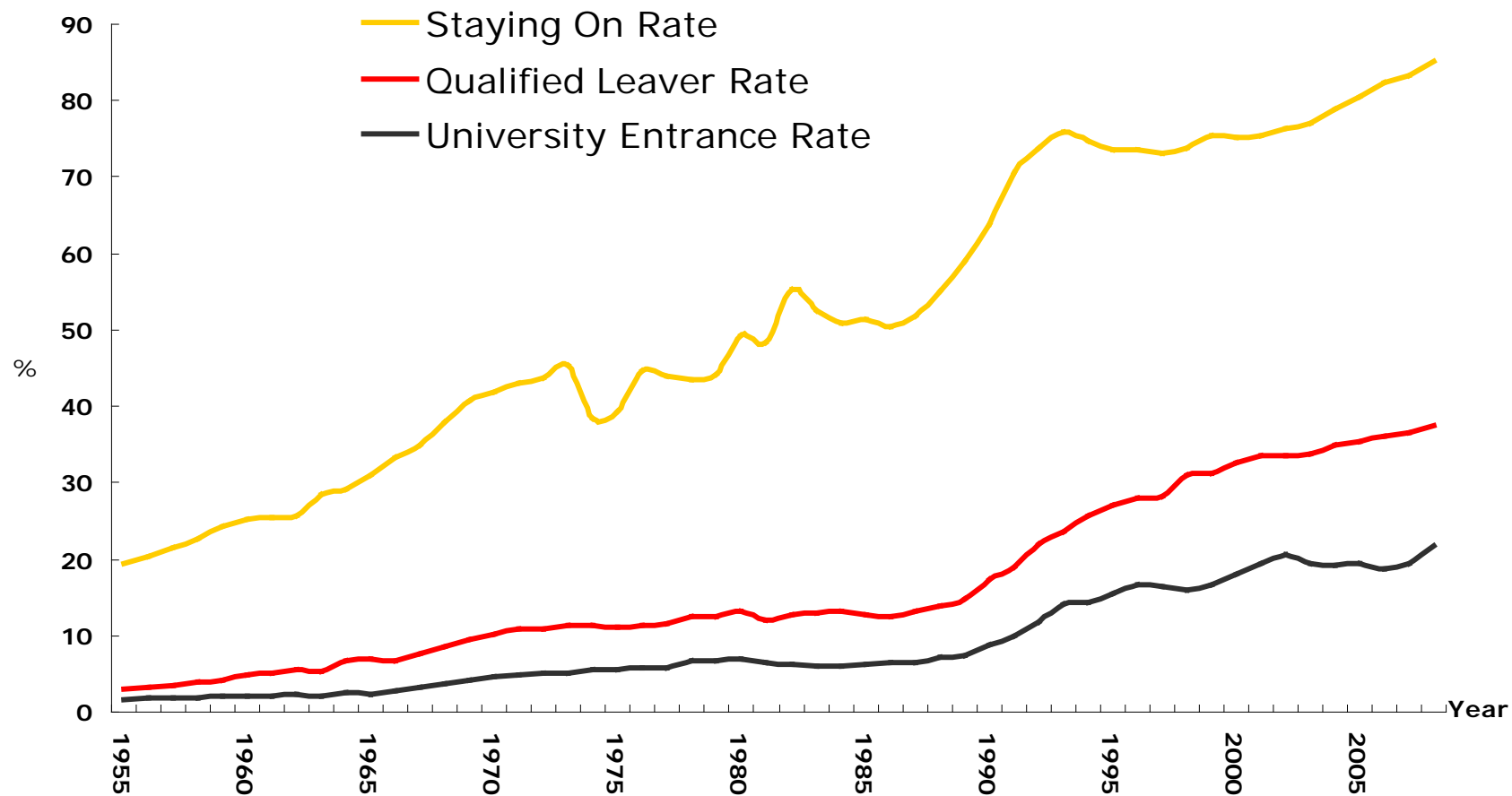


# UK Background

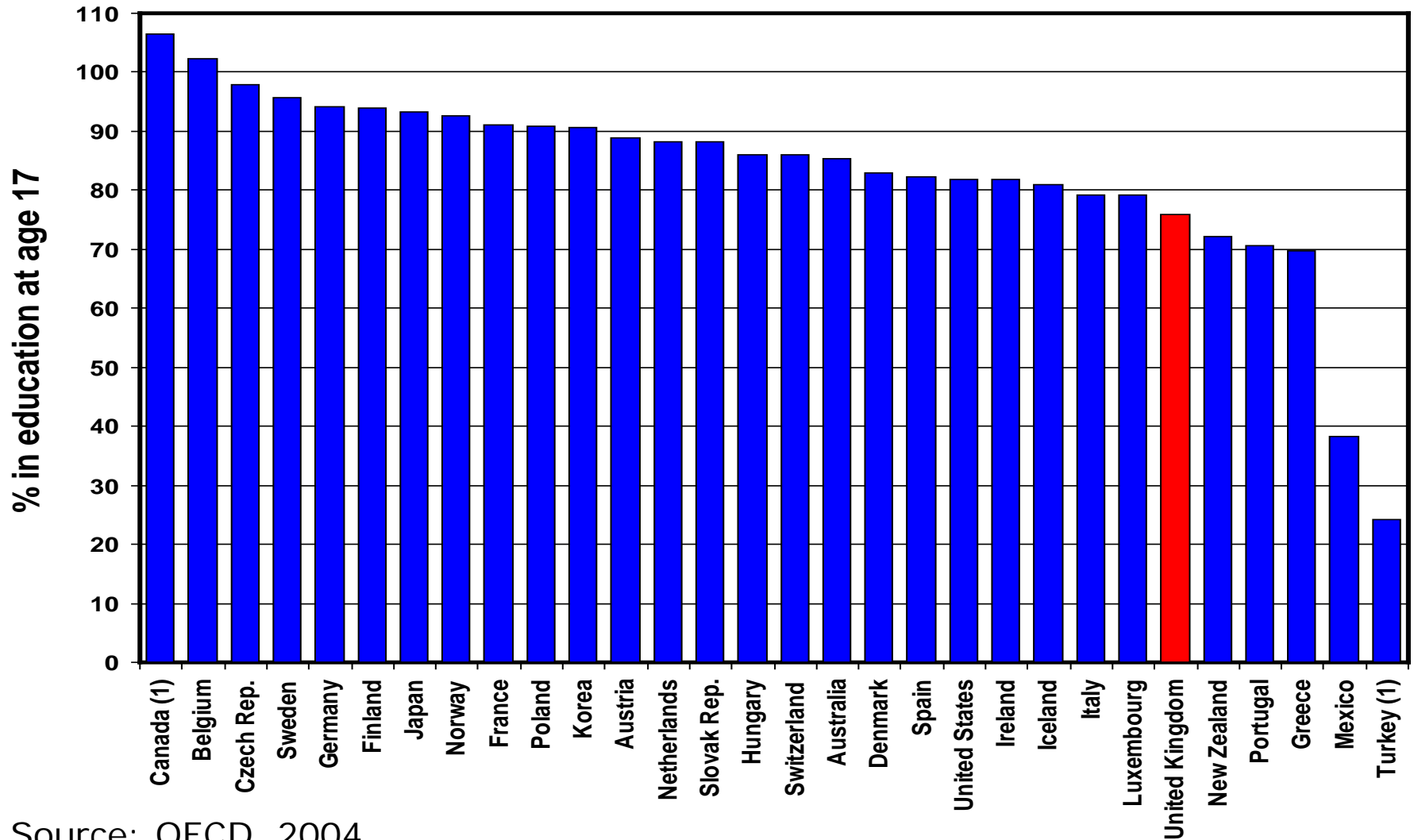
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- Rising participation rates in post-16 education and HE
- Large increase in demand for HE.
- Relatively low participation rates in post-16 education and training in Great Britain
  - Lagged behind other OECD countries
- Policies to widen participation
- Raising University fees to £9k per annum from 2012.

# UK Participation Rates



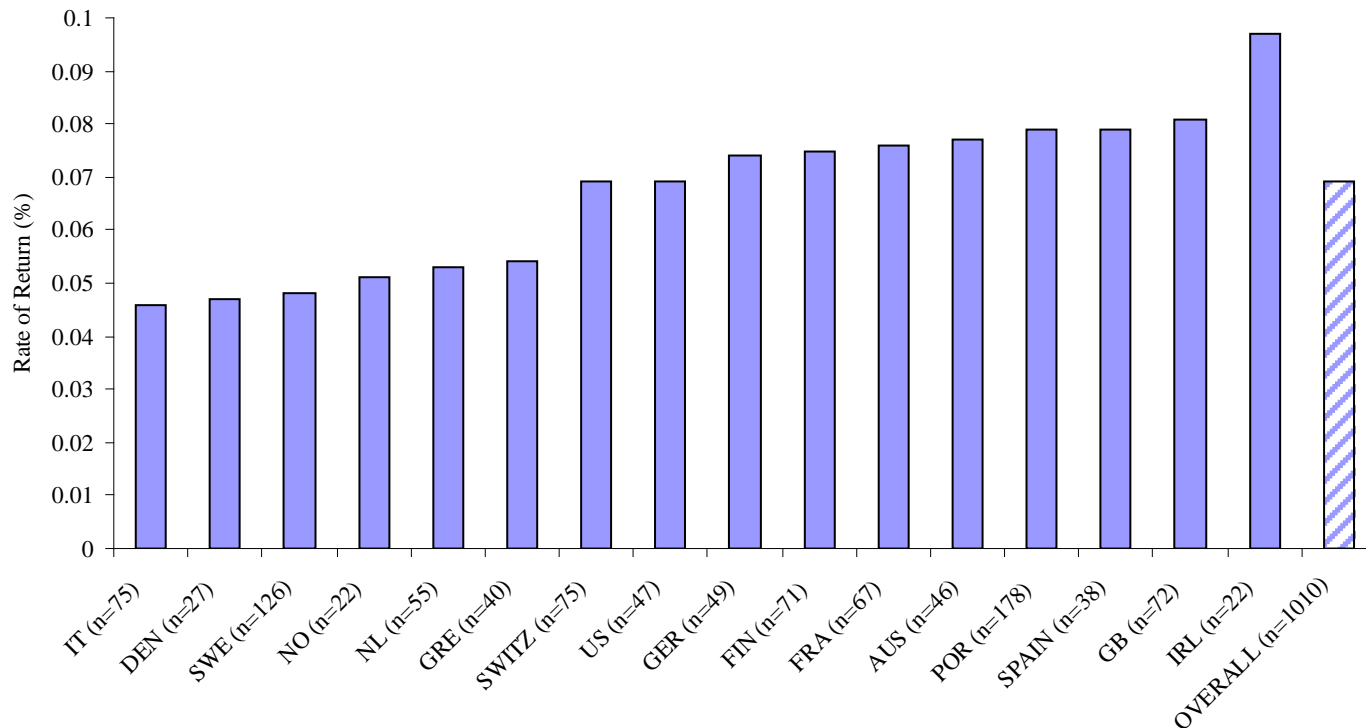
# OECD participation in education at 17 in 2002



Source: OECD, 2004

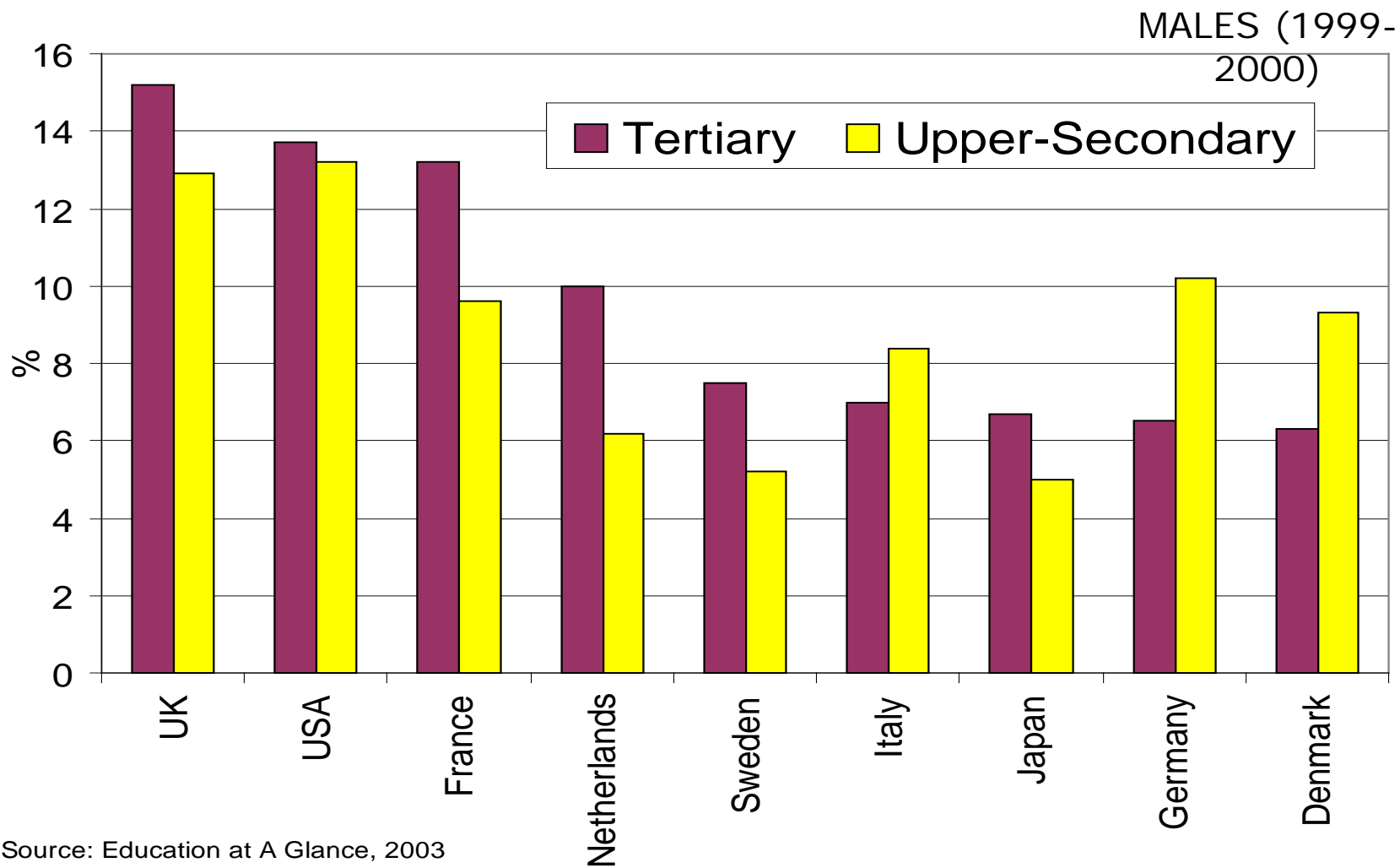
# International evidence

## *Cross Country Evidence on the Returns to Schooling*



Source: Harmon, Westergard-Nielsen and Walker, **Education and earnings in Europe: A cross country analysis of the returns to education**, 2001

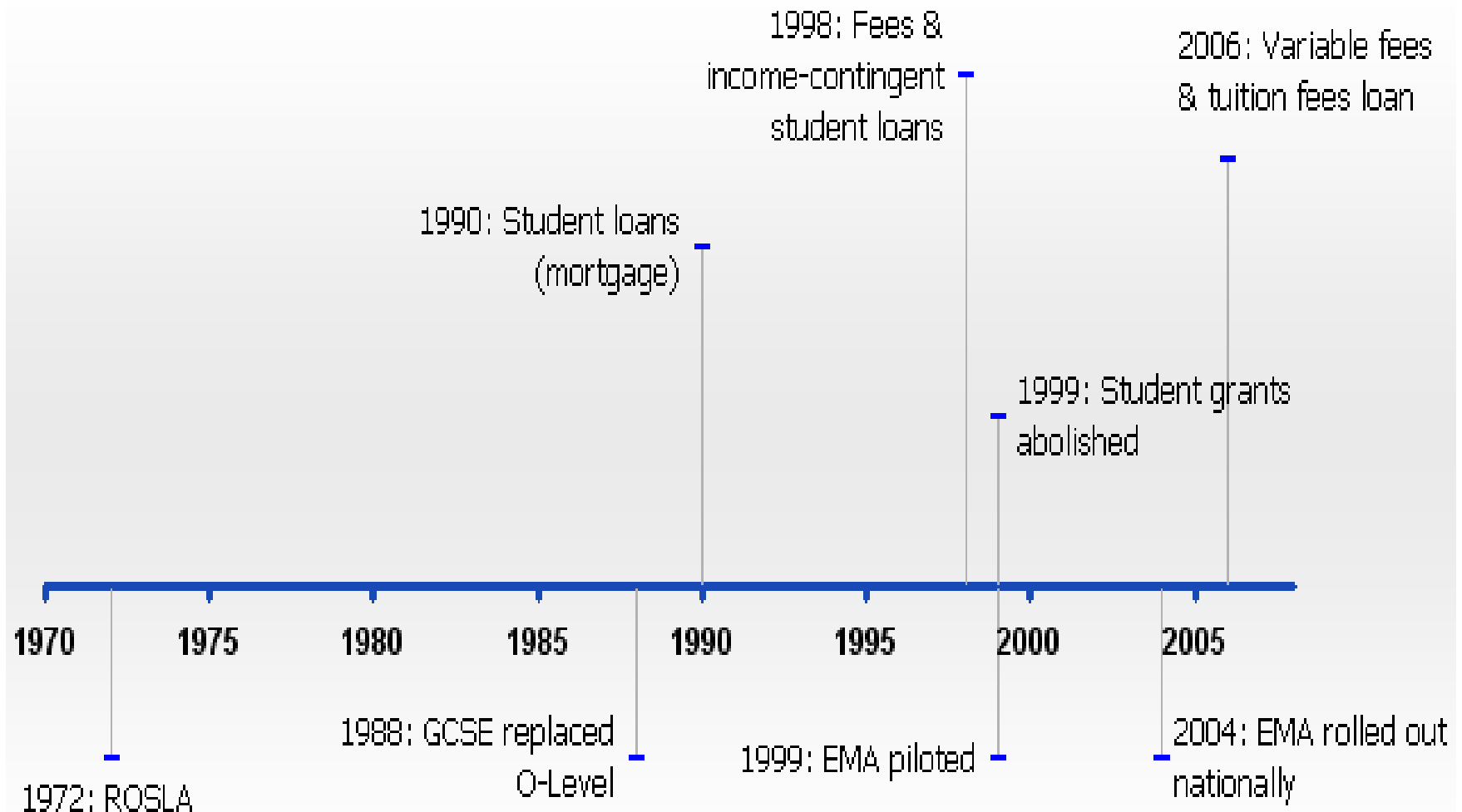
# Rates of return for Tertiary and Upper-Secondary Education



Source: Education at A Glance, 2003

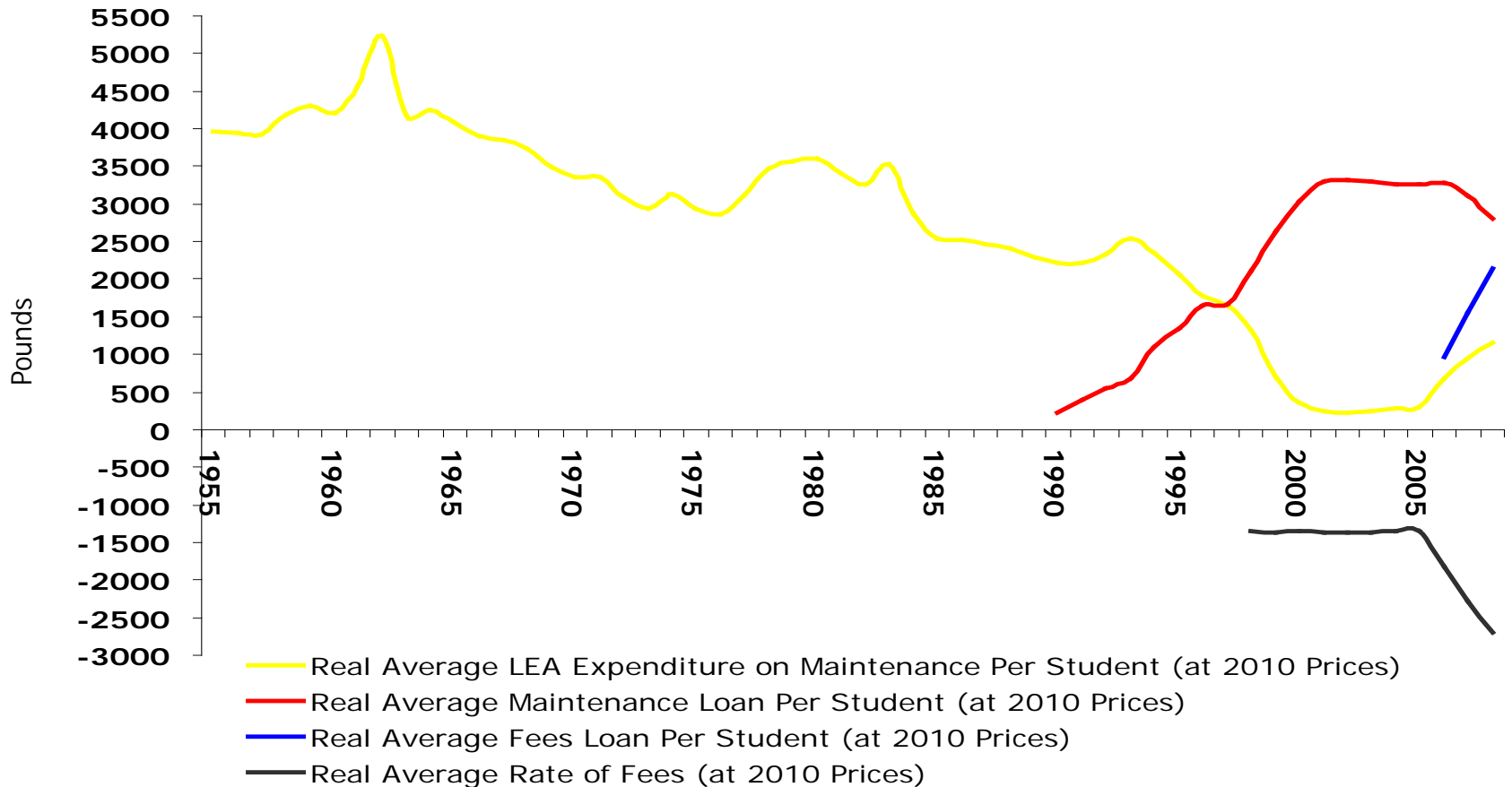
# Key UK Education Reform Dates

## Main Policy Changes





# Student Grants, Loans and Fees



Loans positive:

- A loan facilitates HE participation through provision of short run financial funds
- Loan recipients benefit from a liquidity effect and a subsidy effect

# Advantages of Raising Fees

- More income to universities
- Potential autonomy of universities.
- Induce innovation and change in universities.
- Make universities more responsive to customer.
- Could facilitate targeted bursaries.

# Problems with Raising Fees

- Will reduce demand. £9k per annum will reduce demand by 7%.
- May reduce participation from lower social classes.
- Causes intergenerational redistribution.
- Cant have a uniform fee.
- If it opens up the market with differential fees then this will cause 10-15% of UK universities to go bankrupt.

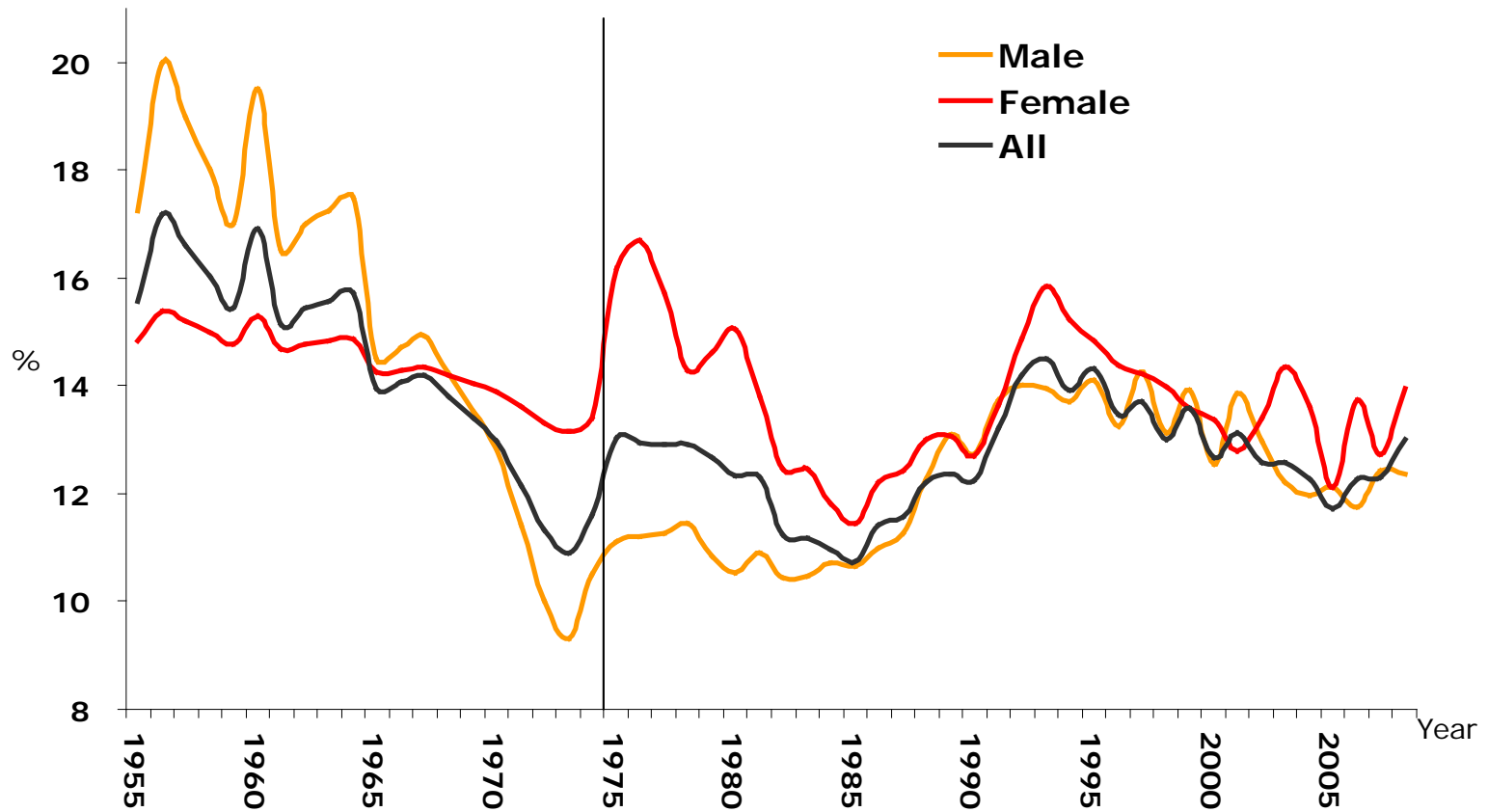
# Problems with Raising Fees

- May lose students to other countries
- Raising fees is not Gender neutral.
- What might happen to rate of return to HE?
- Falling standards??

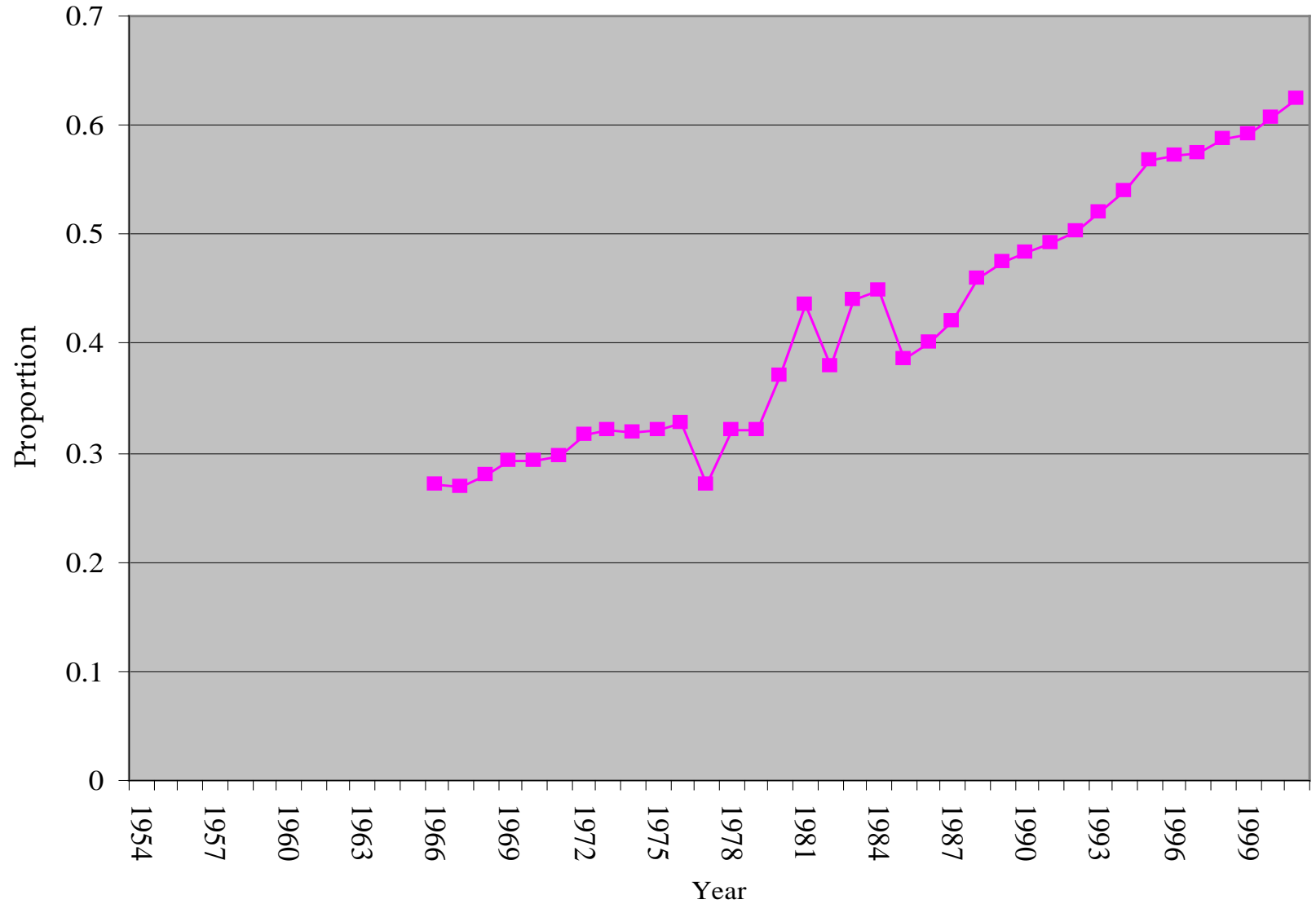
**IMPLICATION:**

**Cannot have uniform fee!!!!!!!!!!!!!!!!!!!!!!**

# Internal Rate of Return



# The Growing Pool of Qualified in the UK



■ % of Graduates with First or Upper Second Degrees.