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

Lessons for European Higher Education from the UK.

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If you think education is expensive, think of the cost of ignorance.
UK Background

- 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

- Staying On Rate
- Qualified Leaver Rate
- University Entrance Rate
OECD participation in education at 17 in 2002

Source: OECD, 2004
International evidence

Cross Country Evidence on the Returns to Schooling

<table>
<thead>
<tr>
<th>Country</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>75</td>
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<tr>
<td>IT</td>
<td>27</td>
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<tr>
<td>SWE</td>
<td>120</td>
</tr>
<tr>
<td>NO</td>
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<td>IRL</td>
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<td>OVERALL</td>
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</tbody>
</table>

Rates of return for Tertiary and Upper-Secondary Education

Source: Education at A Glance, 2003
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.
- Can’t 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

[Graph showing internal rate of return for different years and categories: Male, Female, and All.]
The Growing Pool of Qualified in the UK

Proportion of Graduates with First or Upper Second Degrees.