

Optimizing Talent:

Closing Educational and Social Mobility Gaps Worldwide

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EQUAL OPPORTUNITIES IN HIGHER EDUCATION: POLICY AND PRACTICE IN THE EU BEFORE THE DEBT CRISIS.

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Abstract

Has the massification of higher education of the past four to five decades promoted equality of opportunity to access to higher education? And what is the effect of this massification on economic development? Did opportunity-enhancing policies strengthen social betterment as well as economic growth? And which policies have, in Europe, been the most effective at promoting equality of opportunity in access to higher education?

These are the major conclusions to these questions:

- A cross-section of EU countries in an evaluation by Empower European Universities of national higher education policies shows that higher per capita income goes hand in hand with higher participation rates in higher education and with more equality of opportunity. In other words: the massification of higher education has paid off both in terms of economic growth and in greater equality of opportunity, refuting the Kuznets hypothesis which suggests that more equality of opportunity will always have a cost in terms of less economic growth.
- However: it seems that in the past decades the massification of higher education in some of the richer EU-member states has benefitted mostly the students from wealthier backgrounds, so that equality of opportunity has hardly improved over the past decades, while in others this massification contributed greatly to equality of opportunity. This has not impacted their level of innovation or competitiveness, suggesting that –while equality of opportunity does not harm economic growth- it is also not a prerequisite.
- Overall our results show that policies to strengthen equity in higher education are not necessarily in contrast to policies to promote (sustainable) economic growth.

Furthermore we find that:

- Financial aid policies relying on grants and loans are generally effective. The countries with more equality of opportunity simply pay more attention to equality of opportunity through grant and loan schemes for students.

Our data present the EU experience before the debt crisis. This is the Europe for which the Lisbon declaration of 2000 urged countries to expand higher education to some 60-80% of the age cohort. However, the debt crisis has driven quite a few European governments to limit the number of Government funded places in higher education and to reduce public research funding as part of their overall austerity packages. We conclude that an EU growth pact, as an elaboration to the one signed on the 19th of June 2012, should include measures to advance equal opportunities in access to higher education, as well as increased expenditures for quality higher education and research, in order to fulfill its role as a driver of economic growth in combination with more equality of opportunity, in line with the Lisbon declaration.

1. Introduction.

In the past decades, all around the world, access to higher education has been a major source of hope for broad segments of the population for social mobility. Higher education was no longer the province of the social elite, but accessible to everyone in society with brains. In Europe higher education expanded spectacular to accommodate the newly opened pool of talent. Trow (2005) speaks of the massification of higher education.

The massification of higher education has greatly improved chances from children from less wealthier background to participate in higher education. This was not only the result of expanding the system, but also by policies aimed at lowering the financial barriers for children from less wealthier families to participate: Government loans and grants as benefits and tuition fees on the cost side.

The expansion of the system (the massification) was initially not recognized as an economic benefit to society: it would lead to overeducation, so that university graduates would take the jobs, previously held by non-graduates, with the same marginal productivity and the same wages. Those were the discussions in the 1990s in many EU countries (which sometimes are coming back these days), while the evidence is that the labor market has evolved in such a way that the increase in the supply of graduates could not keep pace with the increase in demand (Acemoglu, 2002). The social benefits of satisfying the demand for higher education places as a means to satisfy the ambitions for social mobility were clearly seen and the major drivers for the massification of higher education.

Here we discuss the evidence on the massification of higher education by showing that greater participation in higher education goes hand in hand with higher per capita incomes as well as greater equality of opportunity. Also we analyse the relation between the magnitude of policies dedicated to equality of opportunity and its impact. Overall we can conclude that massification contributed both to economic growth as to equality of opportunity, but that the impact on equality of opportunity was greater the more intense the policies dedicated to equality of opportunity were.

There is a new higher education wind in Europe, whose drive comes from the austerity pressures. Some European governments have cut per student funding as well as research funding. Other Governments have recently decided to limit the number of places funded by Government in higher education. These policies are a striking antipode to earlier policies aimed at increasing enrollment which started in the mid-1960s. They are also a striking contrast with the large-scale investments in higher education in other parts of the world such as Korea, China and the Oil Rich Arab Countries, as well as Russia.

How is this going to affect equality of opportunity, that is, the chance of bright youngsters from a poor background to go to university? Increasing equality of opportunity paired with an increase in enrolment in quality higher education would be important for furthering Europe as a continent of innovation and good social conditions.

1.1. Equity: a brief history.

The notion of equality of opportunity in the sense of the chance for intergenerational mobility, as expressed by the OECD (2008, p. 213), has essentially gotten hold of Europe as a result of the deep rooted changes in society which we call “enlightenment” (Israeli, 2010). Before that time, the societal assumption was that your destiny in life was determined by where your cradle stood. The children of the nobility would be nobility. The children of the serfs and lowly laborers would end up in the same social strata as their parents.

However, even as early as the 10th century the notion that the best use of talents would benefit societal development, was prevalent as well. In Europe there were forms of scholarships for obviously bright kids (mostly male) for university. Erasmus was one of such children. The Courts and the Churches also recruited the best of talents from all social strata. But the selected ones were a happy very few.

The recruitment of top talents from all social strata was by no means restricted to Europe. Also the Ottoman Empire or the Chinese Dynasties recruited youngsters from all over the empire and from all social strata for top functions. Once again: on a very small scale.

Von Humboldt and Cardinal Newman gave in the 19th century a tremendous boost to see the role of universities as centers of independent thinking, needed for the development of the nation state. This was in many respects a very utilitarian view of universities, with the paradox that independent thinking is a sine qua non for social and economic development. Their writings do not refer explicitly to equality of opportunity and even implicit references are not easily found. But the tradition of the European Universities gradually changed in that century to include more students from those backgrounds which were previously not accustomed to higher education. But still, only on a limited basis.

In the early parts of the 20th century teacher training became a major social mobility avenue for students from lower income parents in Europe. Yet the big step towards equality of opportunity was made in the period of the transition from the elite university towards the mass university, situated for most of Europe in the 1960s (Trow, 2005). Higher education became associated with upward social mobility, and equality of opportunity (or equity in access) a widely accepted objective of education policies in Europe and beyond during this period (D'Addio, 2007).

The debt crisis (sometimes preceded by early measures to reduce Government spending) has in Europe led to very different reactions in public spending for higher education. For example, the Hungarian government reduced state subsidized enrollments without alternative compensation mechanisms by some 20% in 2012. The Slovak Government is considering limiting drastically the number of places of non-science students. The English proposal on the cap on student numbers (from before the debt crisis) led to an intense debate¹, and the Spanish government cancelled part of its financial aid scheme to students

¹ <http://www.guardian.co.uk/education/2012/apr/27/cap-students-universities>

this year (the subsidized loan scheme). These developments lead roughly speaking half of the participating correspondents to the Empower European Universities' evaluation, who are independent experts in their countries, to express concern regarding the future of equitable access in their countries.

1.2. Equity: principles and practice

Principles of equity are well described by UNESCO and the UN: giving every child an equal opportunity to the best educational career. It is closely related to notions on social cohesion (see further: Ritzen, 2010, p.79). In order to be able to pursue the best possible educational career, an applicant needs to have equal chances to be considered for a participation in higher education (equity in access), which lie in many countries in access to the right type of secondary education.

In the 1960 and 1970 the pool of untapped talent resided with the children of the working class, which did not have access to the right schools. In the 21st century it seems that children of first and second generation migrants are forming that pool of untapped talent (Ritzen, 2010, p. 80)².

Not only access is important. Those who can get into higher education also need to have a chance to successfully complete their courses of education solely based on their performance and abilities, rather than material or social conditions (equity in outcome, OECD, 2008, p.14).

Both of these types of equality of opportunity (equity in access to the preconditions for participation in higher education and access to successful completion) are contingent on the availability of various forms of capital (social, cultural, economic), which are not only acquired in education (Bourdieu, 1986). Parental income – which is generally related to parental education – contributes statistically strongly to the availability of these other forms

² These students may have spent a larger effort acquiring the language of instruction which is more likely to differ from the language spoken at home with students from first or second generation immigrants.

of capital and possibly as well as the material conditions necessary for a successful degree completion. Several European countries have therefore designed policies targeted toward correcting the impact of parental income on equity in higher education, through Government grants or loans and through tax credit measures (for example in France and Germany).

Targeting parental income was possibly not the best way to address inequities, given that not all students may be supported by their parents (Colin, 2008).

2. Models of equality of opportunity and economic development

Human capital has acknowledged as a prominent explanation of technological advancement, production and growth from the 1950s. The key role of higher education was not recognized as playing a key role in national production until the beginning of the 21st century (Acemoglu, 2002; Aghion and Howitt, 2006). At that time it became clear that the massification of higher education (with the substantial private and public costs involved in expanding the capacity of higher education) had had a substantial economic pay off in the form of future growth.

This came in many respects as a surprise. The rationale for the massification had not been to promote economic growth, but to satisfy the social demand for higher education. This was the social demand from children of poorer backgrounds whose parents had not had a previous experience in higher education and for whom higher education of their children was the ultimate ambition of acquiring social mobility. It is important to realize that higher education is not just about quantity, but that the quality is equally fundamental (Ritzen, 2012).

Governments made room for the social demand for higher education not only by expanding the number of places in higher education, but also by lowering the financial thresholds for children from lower income backgrounds. These costs in the form of loans, grants and tax expenditures were required to increase equity. In the short-run the expansion of places in higher education and the availability of loans and grants presents a trade-off between disposable income per capita and equity in access. Over the long-run the impact of equity in access (or equality of opportunity) on growth depends on the economic return to these

additional costs. The notion that societies will delay investments in equality of opportunity until the moment when the returns to economic growth are visible is nicely captured in the theory of Maximally Maintained Inequality. This theory explains that family background only decreases in significance once the needs of the most favored social groups have been satisfied (Raftery and Hout, 2007). However, this theory ignores the fact that some countries (in similar economic situations) are far more inclined to support equality of opportunity than others.

3. European facts on equality of opportunity

3.1 Data on inequality

The report on the State of University Policy for Progress in the EU of Empower European Universities relies on data from Koucky et al. (2011) on (in)equality of opportunity in access to higher education. Koucky et al. computed the ratio of the number of students and all persons by age cohort and by parental education and occupation to arrive at an inequality index. This computation is based on a logistic regression and a linear transformation, using the population data of the European Social Survey . Table 1 reports Koucky et al.'s inequality index.

Table 1: Inequality Index in Access to Tertiary Education (score and ranks). 2007³

Countries	Inequality Index
Hungary	64,00
Slovakia	62,00
Cyprus	60,00
Romania	59,00
Poland	57,00
Portugal	57,00
Lithuania	55,00
Spain	53,00
Estonia	52,00
Belgium	51,00
France	51,00
Malta	50,00
Greece	49,00
Germany	48,00
Netherlands	45,00
Czech Republic	44,00
United Kingdom	44,00
Norway	43,00
Slovenia	43,00
Sweden	41,00
Denmark	40,00
Austria	38,00

³ Source: in black: Koucky et al (2011); in red: data provided by EEU correspondents from official national sources.

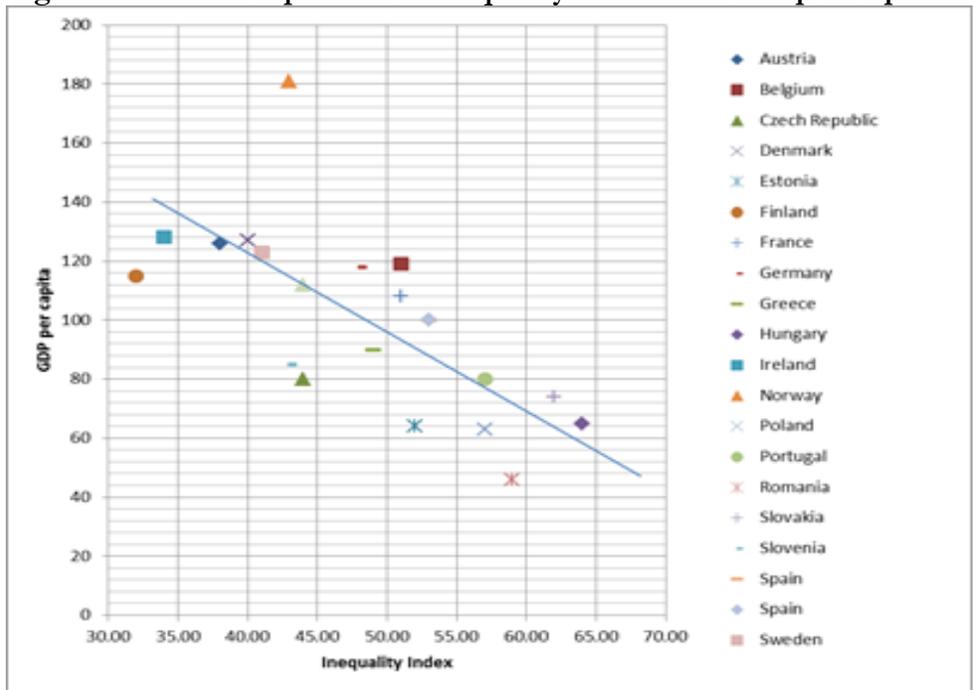
Ireland	34,00
Finland	32,00
Bulgaria	10,00
EU mean	47,28

Note: the higher the score, the most unequal the country

According to the table above, Hungary, Slovakia and Romania rank as the most unequal countries in terms of access, while Northern European countries, Finland and Denmark are to be counted among the least unequal.

These differences in inequity are strongly related to countries' economic development (approximated by GDP per capita). Figure 1 illustrates the relation between Koucky et al's inequality index and GDP per capita.

Figure 1: Relationship between Inequality Index and GDP per Capita



Source of GDP per capita: Eurostat (2010).

This figure shows for a cross section of countries the positive relationship between equality of opportunity and GDP per capita ($r = -0.67$): the richer countries are able to reach higher

levels of equality of opportunity than the poorer ones. The richer countries are also the countries with the higher enrolment rates in higher education: Koucky et al. find that there has been a negative relationship between the university graduation rate and the inequality index over the past sixty years in Europe. Usher and Medow (2010) provide another measure of how equitable higher education is through their affordability index. They measure equality of opportunity using an Educational Equity Index (EEI) for the year 2005. This index looks at the degree to which students from parents with a higher education degree are overrepresented in higher education by dividing the percentage of students from such parents by the percentage of graduates in the labor force.

Table 2 shows their figures for the few EU countries in their study.

Table 2 Over-Representation of Students with Parents with a Higher Education Degree in Higher Education (a higher number implying less overrepresentation)

Country	Score
Estonia	.41
Finland	.70
France	.44
Germany	.49
Netherlands	.74
Norway	.58
Portugal	.32
Sweden	.59
United Kingdom	.53

Source: Usher and Medow (2010, p. 46)

These data confirm more or less those of Table 1, in terms of the relative position of countries in terms of equality of opportunity. However, the findings from longitudinal studies tend to go in a slightly different direction. In a recent study Lindley and Machin (2012) find for England a worsening of equality of opportunity over the past 40 years. Koucky et al (2011) also shows that equality of opportunity has decreased in 6 out of 22 European countries in the period of the massification of higher education between 1950 and

2007, namely in the Czech Republic, England⁴, Romania, Estonia, Slovakia and Hungary, as presented in Table 3 below. Germany's evolution in inequity index is so small (1 point) that we do not consider it as a significant decline in equality of opportunity.

⁴ We use England as opposed to the UK, as is the case in many international comparisons, because of the devolution principle between England, Scotland, Northern Ireland and Wales in education matters.

Table 3: Inequality Index in Europe between 1950-1960 and 2000-2009

Country	Inequality index		
	1950–1960	2000–2009	Difference 1950-2009
Austria	54	38	16
Belgium	56	51	5
Czech Rep	42	44	-2
Denmark	44	40	4
Estonia	41	52	-11
Europe	54	49	5
Finland	59	32	27
France	62	51	11
Germany	47	48	-1
Greece	62	49	13
Hungary	54	64	-10
Ireland	57	34	23
Netherlands	51	44	7
Norway	45	43	2
Poland	59	57	2
Portugal	81	57	24
Romania	49	51	-2
Romania	46	59	-13
Slovakia	55	63	-8
Slovenia	54	43	11
Spain	79	53	26
Sweden	45	41	4
UK	38	44	-6
EU	54	48	6

What do these countries have in common and how to explain this variation in inequity levels over time? It is clear that the expansion of [higher education](#) over the last 40 years has increased [social mobility](#) in most countries. Yet equality of opportunity decreased in some other countries. An analysis shows that there is no statistical relation between the increase or decrease and the initial level of inequality or the initial level of participation in higher education, nor is there a relation with GDP per capita, or with the size of the expansion in enrolment.

As Lindley and Machin (2012) put it for England: “children from wealthy families have taken a disproportionately larger share of the extra higher education places available than children from poorer families and that, because the boost to earnings from having a degree has increased, it has led to falling social mobility”. At the same time, many other countries did better and have used the expansion of higher education to increase equality of opportunity. There can be no other conclusion that an increase or decrease in equality of opportunity was implicitly or explicitly the result of policy decisions.

3.2 Policy.

It is well recognized that the underrepresentation of children from more simple backgrounds often lies in their educational career before they turn into the age where others go to higher education. Governments are concerned about these differences and apply policy instruments to bring all children to the highest possible achievement level, the Early Childhood Programmes constituting such an example, but there also policy instruments to affect equality of opportunity through in the structure of the primary and secondary education system. This is important as there is already a substantial difference between countries in the inequality in the distribution of graduates from secondary education by parental background who qualify for higher education. While this inequality is sometimes looked at as “inevitable” because of the distribution of talent at early ages, it is also clear that some countries –on the same level of development do better than others in achieving a more equitable distribution, as is clearly brought out from the Project International Student Achievement (PISA) of OECD. In particular countries with “tracked” systems of higher education (with one track which prepares for higher education and another which aims at a completion of vocational education) seem to do worse (all other points kept constant) in generating “pre-university” equality of opportunity than countries with comprehensive systems of secondary education. Ritzen (2011) also finds that the role of education versus parental background in determining the achievement of 15 year olds seems to be declining in Western Europe for the generations born after 1980 in contrast to the increase in for the generations born after 1945.

We only concentrate (in Table 4) on a comparison of the financial aid policies for the promotion of equality of opportunities, assuming that the distribution of potential students

by parental background is to be accepted as a given fact. This approximation of financial policies to promote equality of opportunity is full of complexities, the three major ones being

- They do not include tax expenditures or social security expenditures. Some countries give parents extra child allowances or tax deductions for having children in higher education. Child allowances benefit (relative to income) parents with lower income families more than parents with higher family incomes. Tax expenditures tend to be “regressive” benefiting higher incomes more than lower incomes.
- They do not correct for the real costs of higher education as a result of variations in tuition fees. Usher and Medow (2010, page 49) compute an accessibility index per country, taking tax expenditures and tuition fees into account. Their outcomes are for the few EU countries, selected not very different from the Table 4 below. The high tuition fees explain in part why the UK/England are compensated by a high financial aid system. There are in contrast for example no tuition fees in French universities beyond the administrative costs of registration and in Greece, even the books are free.
- The same amount of expenditures can be allocated very differently across students from different backgrounds. We shall use the term: focus to indicate the extent to which student aid is allocated towards those who could not study without the financial aid. In many countries loans, grants, tax expenditures and child allowances do not have the same financial impact for parents of students with different income levels. For example in Germany, tax expenditures favor the rich, child allowances the lower and middle income groups and the loan and grant system (“Bafög”) is fully focused on lower income groups.). In France this traditional policy design has been the object of much criticism when the Ciotat and Wauquiez reports (2006) showed that these incentives favored the rich and disadvantaged the middle and lower middle classes the most (forming a U-curve)⁵. It is interesting to note that these discussions take place in individual countries without taking note of what happens outside. For

⁵ Conversely in Germany for example, the federal loan and grant scheme BaFög favour lower income groups (even if tax reliefs also favor the rich).

example, in the Netherlands this discussion ended already by 1988 when the existing system of tax relief and social security expenditures was abandoned in favor of a more equitable one. Yet the French national reports do not refer to any experience or analysis outside France. Also Usher and Medow (2010) seem to be unaware of this discussion and assume that every system has exactly the same focus.

The importance of loans and grants for participation of children from lower (and middle) income groups has been well established as a hedge against “capital market imperfections” (commercial banks will not give you a loan on a reasonable interest rate if you want to invest in yourself), while the grant element (either direct or indirect through reduced or zero interest rates) reduces the consequences of the risks of failure involved in participating in higher education (Hoareau, 2010, Johnstone and Marcucci, 2010).

Loans, grants and scholarships, if well designed, may then compensate for inequities to a higher extent than tax relief and a zero-fee admission system. Such financial aid schemes clearly positively contribute to reducing inequities in outcome by lowering differences due to material conditions between students from various economic backgrounds.

Table 4: Percentage of Tertiary Education Expenditure Spent on Loans, Grants and Scholarships⁶

Countries alphabetical order	in %	Rank	Countries ranked	%
Austria	0,29	1	Cyprus	1,00
Belgium	0,26	2	Norway	0,74
Bulgaria	0,19	3	Denmark	0,53
Croatia	0,07	4	Netherlands	0,48
Cyprus	1,00	5	Sweden	0,48
Czech Republic	0,10	6	United Kingdom	0,45
Denmark	0,53	7	Slovenia	0,41
Estonia	0,14	8	Germany	0,33
Finland	0,29	9	Lithuania	0,30
France	0,14	10	Austria	0,29
Germany	0,33	10	Italy	0,29
Greece	0,03	12	Finland	0,29
Hungary	0,27	13	Hungary	0,27
Ireland	0,26	14	Belgium	0,26
Italy	0,29	15	Ireland	0,26
Latvia	0,16	16	Slovakia	0,24
Lithuania	0,30	17	Luxembourg	0,22
Luxembourg	0,22	18	Bulgaria	0,19
Malta	0,13	19	Latvia	0,16
Netherlands	0,48	20	Portugal	0,15
Norway	0,74	21	Estonia	0,14

⁶ In black: OECD (2011); in red: data derived by our EEU correspondents from official national information sources.

Poland	0,02	21	Spain	0,14
Portugal	0,15	23	France	0,14
Romania	0,10	24	Malta	0,13
Slovakia	0,24	25	Czech Republic	0,10
Slovenia	0,41	26	Romania	0,10
Spain	0,14	27	Croatia	0,07
Sweden	0,48	28	Greece	0,03
United Kingdom	0,45	29	Poland	0,02
EU mean	0,28		EU mean	0,28

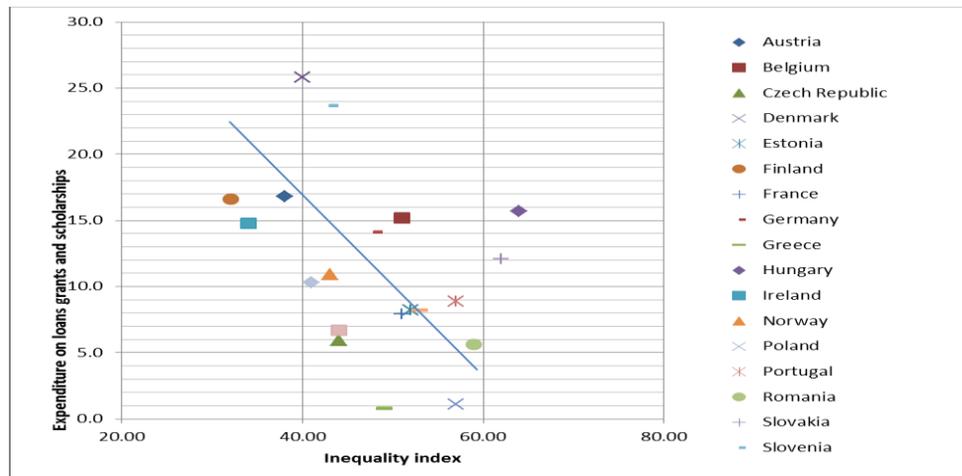
Source: OECD, 2011

In Table 3 we saw that inequity has increased in 6 out of 22 European countries between 1950 and 2007, namely in the Czech Republic, England, Romania, Estonia, Slovakia and Hungary. All of these countries have indeed lower than EU average levels of spending on scholarships, loans and grants as indicated in Table 4. England's high level of expenditure on financial aid comes mainly from the high tuition fees which demand for compensation in form of student loans. The combination of high student aid and inequality must be mainly attributed to inequities accumulated prior to access to higher education. Babb et al. (2004) have shown that for England the socio-economic gradient related to access in higher education disappears when controlling for A-level⁷ education. More generically, PISA results show the substantial difference in the distribution of the performance of 15 year olds from different social groups across EU countries. The main explanation lies in either the degree of tracking in secondary education (more tracking is to the disadvantage of lower and middle income groups) or –as in the case of the UK- in the segregation in schools for the children of the well-to do (the so-called public schools) and schools for other children.

Hence we realize how important the pre-university system of education in generating equality of opportunity. Still we find that expenditure on financial aid (grants and loans) significantly corrects for inequities, as indicated by the figure below.

⁷ A-levels are examinations passed at the end of secondary education.

Figure 2: Relationship between Grants, Loans and Scholarships and Inequality of Opportunity.



This figure shows a substantial negative correlation between expenditure on grants, loans and scholarships and the inequality index ($r = -0.40$). The deviations from what possibly could be a straight line between student aid on the one hand and inequality of opportunity on the other can be explained by afore mentioned factors:

- Pre-higher education inequality.
- The degree of targeting of student aid.
- The imperfection of the measurements of student aid.

Countries like Finland, Austria and Ireland with relatively little inequality lie below the line, presumably because their pre-higher education inequality is less and while their student aid is more targeted. The case of Denmark, with low inequality but far above the line is well known, as student aid is fully untargeted. The case of Hungary (high inequality) can also be well explained by the combination of untargeted aid and high pre-higher education inequality.

It is interesting to note in Figure 2 that countries with a similar GDP per capita still have such different expenditures on loans, grants and scholarships. Compare for example Finland

and France, have roughly the same GDP per capita. But their equality index is very different, as is also their spending on instruments which contribute to equality of opportunity.

We may at the same time conjecture from our cross-sectional evidence (section 3) that countries, like France or Poland, could actually have a higher GDP per capita if they were to achieve lower inequities, given the established relationship between GDP per capita and inequality index. France's spending on loans, grants and scholarships is 0.14 percentage points lower than the EU average. This reflects an overall underinvestment in higher education in the period 2008-2010. This was broadly observed as it led to universities receiving less funding per student than secondary education institutions. Not only does France spend much less on student aid. Its system is also far less focused as it originates from the traditional concentration of financial aid efforts on tax relief for the parents of students (combined with means-tested aid in kind, as is also the case in Germany). It is clear that most financial aid schemes are not for 100% focused on students whose parents have low incomes or/and a low education. In France, there is a growing awareness of the need to tackle inequalities. Some colleges (like Sciences-Po) have conducted pro-active policies to recruit first generation French nationals, who may not have the same prerequisites in terms of their grade point average at secondary school, but who have had to overcome greater obstacles to achieve similar results.

The impact of the design of financial aid (and in particular public loans) on equity of access is more broadly debated beyond the focus issue. Public loans in several European countries include a remission period before which repayments have to start after graduation. Also loan repayments are often set at a maximum percentage of income earned and lastly the repayment period is often fixed (after which the loans are no longer applicable). These design issues tend to be accepted to take cultural attitudes regarding debt-aversion as well as imperfect information (which tends to be higher the lower the economic background) into account. Debt aversion could impinge on the likelihood of the applicants who need it the most to take up a public loan. A student survey report conducted in England showed that students from lower income background were 14% less likely to take out public loans and

are more likely to rely on credit card debt and expensive commercial loans than students from higher economic backgrounds (Unite, 2007).

All in all we can substantiate that loans, grants and scholarships in EU countries are an important policy instrument to tackle inequality of opportunity, even as it is clear that much of the inequality is due to factors which lie in the education system preceding higher education. To chart pre-higher education inequality, large-scale assessments, like PISA, can serve as change agents (Ritzen, 2012), as they show that countries in the same position (in terms of GDP per capita) can reach such different results in terms of pre-higher education inequality, implying that some countries do (much) better than others in utilizing their pool of talent. The utilization of all talents is – besides being an important social objective- good for economic growth.

Our data present the EU before the debt crisis. This is the Europe for which the Lisbon declaration of 2000 urged countries to expand higher education to some 60-80% of the age cohort. However, the debt crisis has driven quite a few European governments to limit the number of Government funded places in higher education and to reduce public research funding as part of their overall austerity packages. We conclude that an EU growth pact, as an elaboration to the one signed on the 19th of June 2012, should include measures to advance equal opportunities in access to higher education, as well as increased expenditures for quality higher education and research, in order to fulfill its role as a driver of economic growth in combination with more equality of opportunity, in line with the Lisbon declaration.

4. Conclusion

This paper is an elaboration of Empower European Universities 2012's evaluation of Government university policy in the EU, by stressing the value of diversity in participation and attainment in higher education for economic development. Some countries do much better than others in utilizing their pool of talent in the pre-university stage, as was already known from the PISA results. But also in the access to higher education some countries do much better than others in achieving equality of opportunity. Student support through loans and grants provides a way to encourage such participation from children of families who do

not have any previous higher education experience. This broadens the labour force and increases economic growth.

The massification of higher education of the past four to five decades has promoted equality of opportunity to access to higher education: analysis of a cross-section of EU countries in an evaluation by Empower European Universities of national higher education policies shows that higher per capita income goes hand in hand with higher participation rates in higher education and with more equality of opportunity. At the same time it is clear that over time –during the process of massification- some countries were far better in reducing inequality than others, to the point that in some countries (Czech Republic, England, Romania, Estonia, Slovakia and Hungary) even inequality increased. Opportunity-enhancing policies did strengthen social betterment as well as economic growth.

Policies to engender equality of opportunity are generally effective. The countries with more equality of opportunity simply pay more attention (and more funding) to equality of opportunity through grant and loan schemes for students, making sure that the focus is right and that other conditions.

In other words: the massification of higher education has paid off both in terms of economic growth and in greater equality of opportunity, refuting the Kuznets hypothesis which suggests that more equality of opportunity will always have a cost in terms of less economic growth.

Yet the experience has been very uneven and countries could learn more from each other, so that the chances of children to participate in higher education from backgrounds in which higher education is not “in the genes” or in the experience improve, so that all talents are utilized as a social objective in provided the hope for social mobility, but also as an economic objective of utilizing talents best for national prosperity.

The debt crisis has made the analysis even more pertinent. New public investments in equality of opportunity for (quality) higher education would be urgently required to restart long-run (sustainable) economic growth. This policy thrust should not be compromised by efforts to reduce Government expenditures: investments in equality of opportunity are part

of a growth strategy. At the same time, Governments should be aware of the tremendous potential in many of the EU countries to refocus their student support so as to be more effective for equality of opportunity with the same funds. But our main lesson is: EU Governments could learn so much from the experiences in other countries. In our knowledge economies, Governments should be the ones to lead in learning!

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