

# Higher education, economic fluctuations and the question of inequality: an historical perspective

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Project 2.1 Higher education participation and macro-  
economic fluctuations: a historical and comparative study

Programme 2: Social and economic impact of higher  
education

# Plan

- Presentation of the project: its objectives, approach and first findings
- Key historical trends and patterns in the development of higher education systems focusing on access, participation and the key lens of institutional differentiation.
- New historical series on the flux of qualifications since the 1920s. An indicator measuring the stock of BA qualification in the active population.
- Exploring whether and how the historical evolutions in the level and structure of higher education funding and qualification might be articulated to broader questions of income and wealth distribution.

# Project 2.1 Higher education participation and macro-economic fluctuations: a historical and comparative study

## The research questions

- What factors structure the historical relationship between economic fluctuations, inequality/equality, and higher education participation and qualification?
- Under what socioeconomic conditions does growth or contraction in higher education take place? Can we identify similar and different relationships across countries?
- Do socioeconomic fluctuations affect the relationship between the dynamic of expansion and the process of stratification of higher education systems, and vice-versa?

## The project seeks to:

- compare and contrast trends and patterns in funding, participation and qualifications in higher education and key socio-economic aggregates related to the creation and distribution of wealth since the 1920s;
- provide a comparative dimension with a focus on the UK, France and the USA – which have all reached mass HE (Trow, 1974) through different financial models;
- integrate local and institutional dimensions to examine what this tells us about the processes of institutional diversification or inequality that might be associated with the historical development of HE systems.

# Project 2.1 Higher education participation and macro-economic fluctuations: a historical and comparative study

## Design, methodology and methods

- The empirical side of the project complements a previous ESRC research related historical dataset on the funding and enrolment in HE (Carpentier, 2004). The project consists of 2 distinct and complementary strands.

### ***Strand 1: The studies and qualification dataset***

- Creation of a new dataset gathering historical statistics on the type of studies and on the numbers of degrees and diplomas awarded and distributed according to gender, levels, grades and disciplines....
- Comparison with key data on funding and enrolment in HE and existing historical socioeconomic datasets including GDP, productivity, labour market, inequality, taxation and public spending (Piketty 2014, Lindert 2004).

The collect of data of strand 1 is nearly complete and I will present some of the first findings below

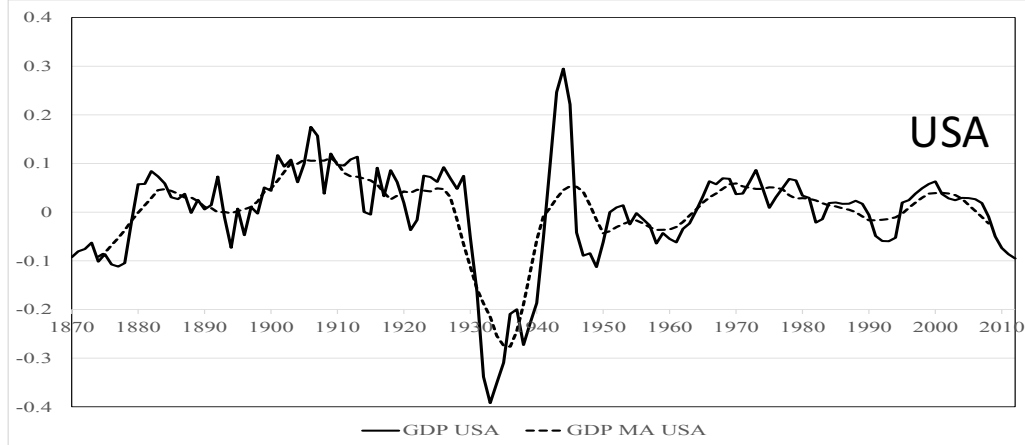
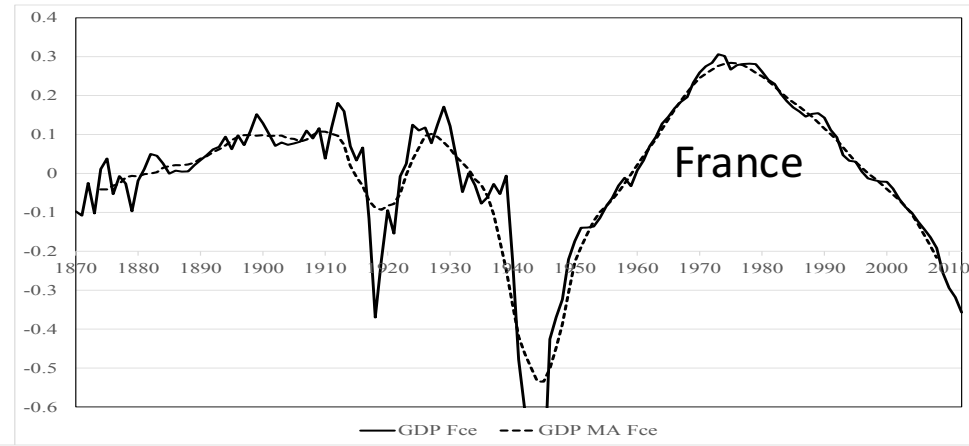
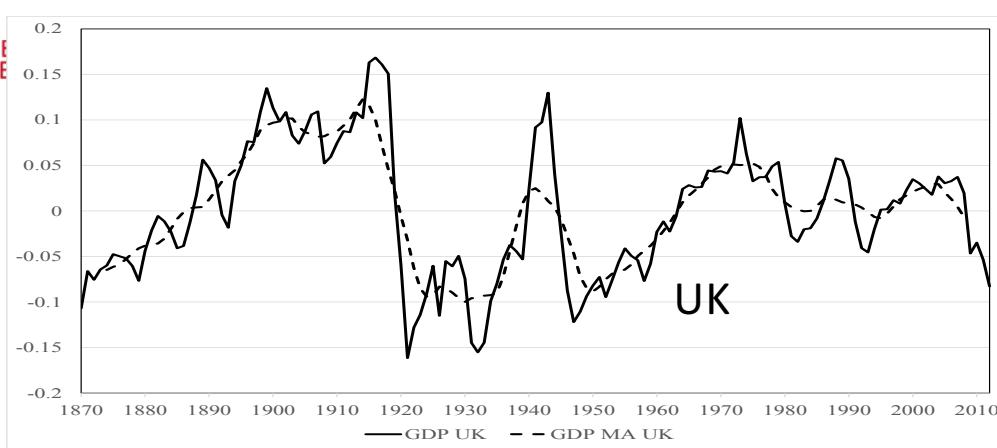
### ***Strand 2: The institutional dataset***

- A new dataset with original historical series on funding, enrolment and qualification of several representative HEIs or groups of institutions (for instance, Old, Civic and new universities in the UK; Grandes Ecoles and Universités in France; public, private and community colleges in the USA ....).
- Exploring specific or common evolutions of long-term funding and development of single institutions and evaluate the factors behind differences to make comparisons and contrasts with earlier results on the whole HE system.

This strand has started with the collect of key data on stratification at the system level which will be presented below

## Crises and long waves across history

- First depression (1830-1848)
- Long Depression (1873-1897)
- Great Depression (1921-1939)
- Long Stagnation (1973-?)
- Great Recession (2008-?).



## Approach

- Many studies on HE and economic growth but few on the links between HE & economic crisis
- Can we learn from the historical relationship between HE and economic crises to inform contemporary debates?

## Assumptions that crises

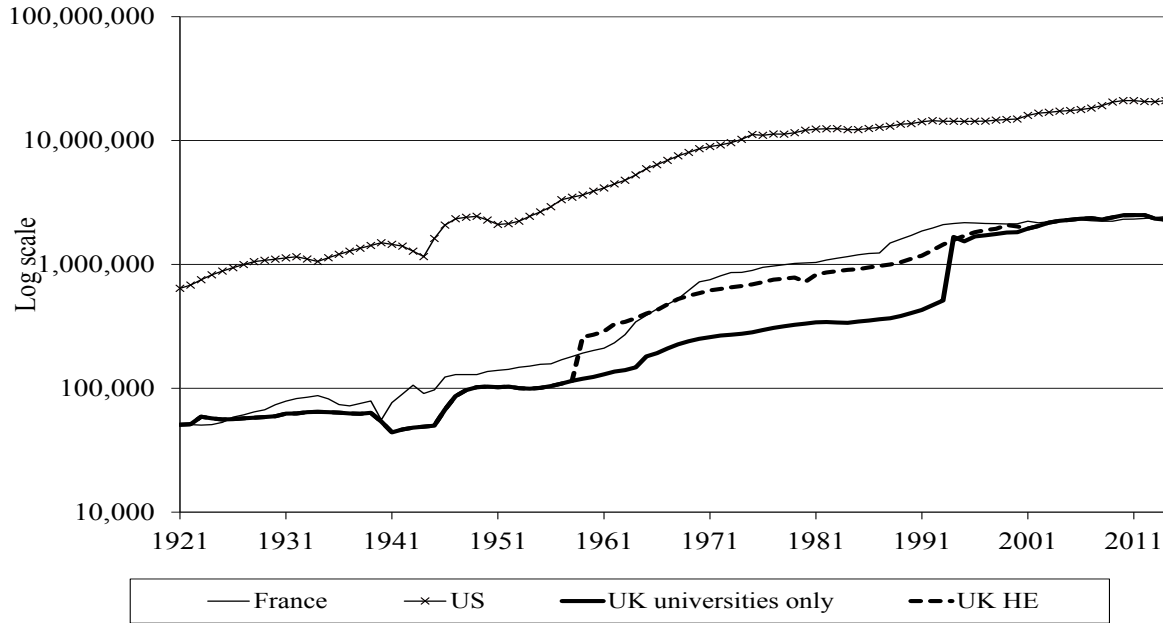
- ask tough questions about the connections or tensions between wealth and welfare
- are times of social, economic & technological transformation
- are turning points during which political, cultural, economic and social dimensions of HE are tested and confronted to issues about finance and provision. More is asked of HE for less.

## Objectives

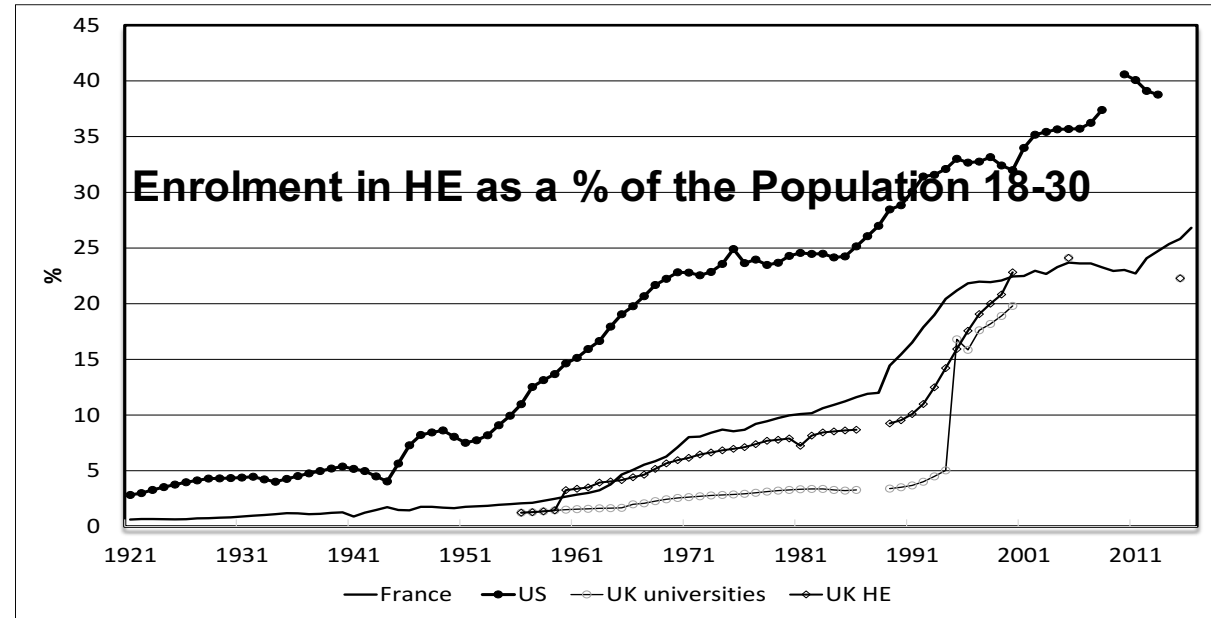
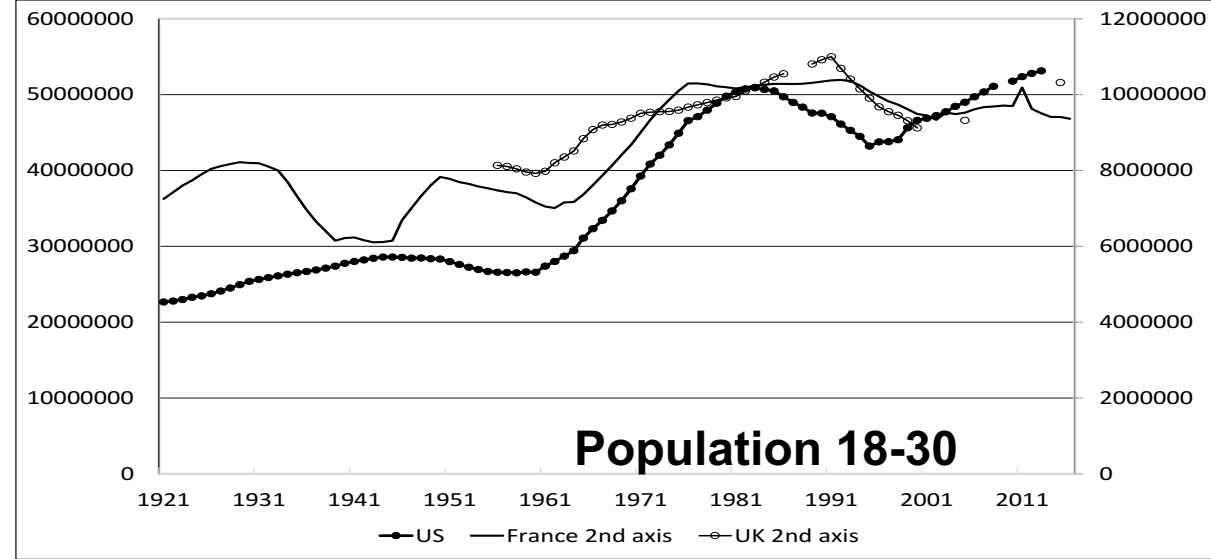
- To offer a historical lens on those multiple dilemmas which are back at the top of the policy agenda since the 2008 crisis.
- To explore how questions of wealth creation & distribution raised during past and present socioeconomic crises (1930s, 1970s & post 2008) are articulated to questions of expansion, inequalities and institutional differentiation in HE with a focus on qualification.

# The historical expansion of HE systems

## Enrolment in higher education: 1921-2014

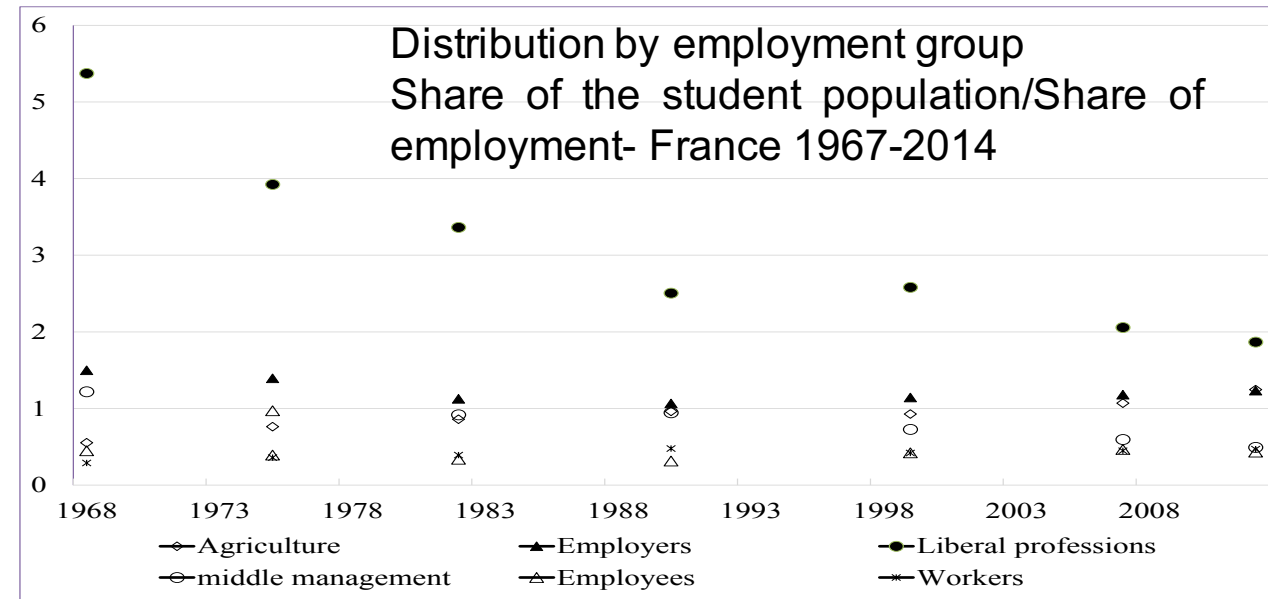
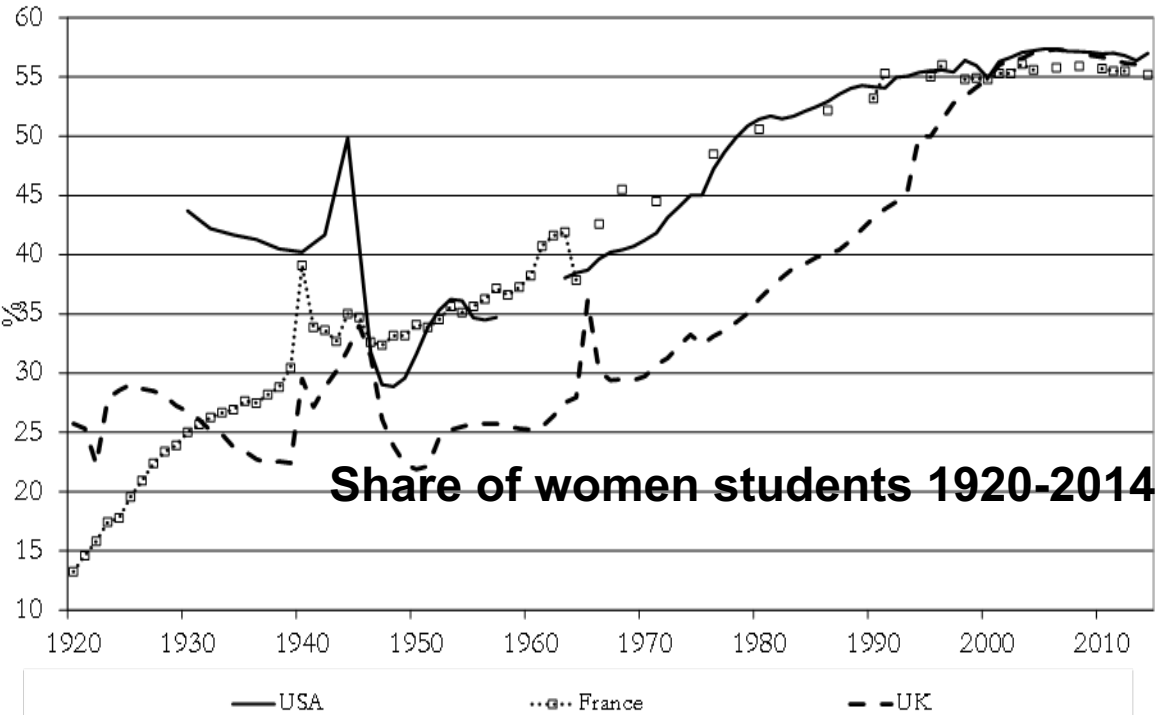
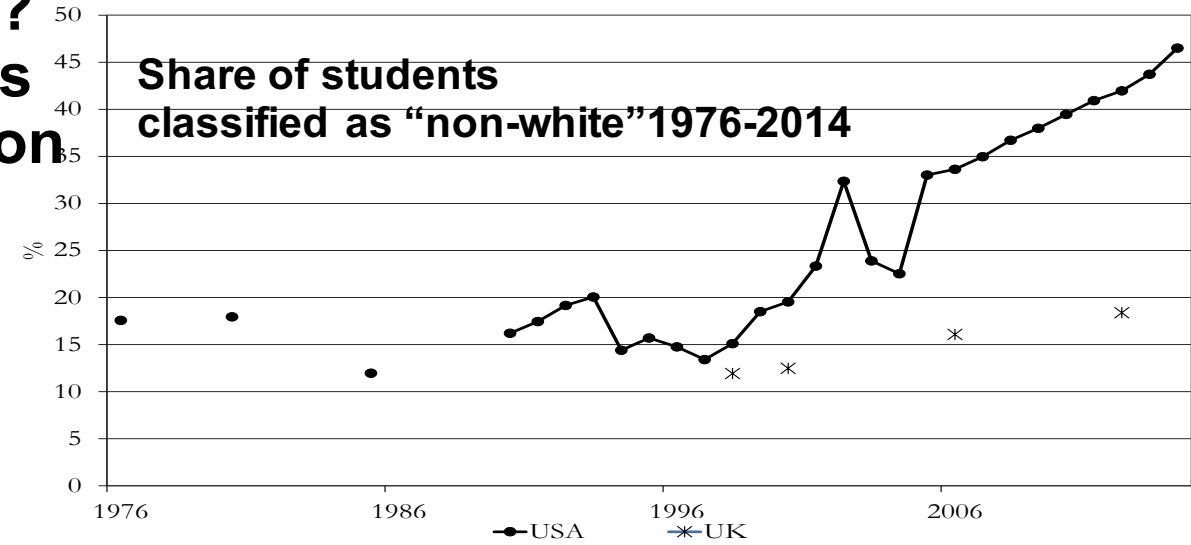


- The US as frontrunner (includes community colleges)
- Overall growth- Beyond the demographic effect
- 2 key phases of expansion- 1960s and mid 1980s to mid 1990s
- The first phase of expansion took place in 1960s in a context of demographic boom of the age group (unlike the 2<sup>nd</sup> phase)
- A pause during the downturn of the 1980s and since 2008.



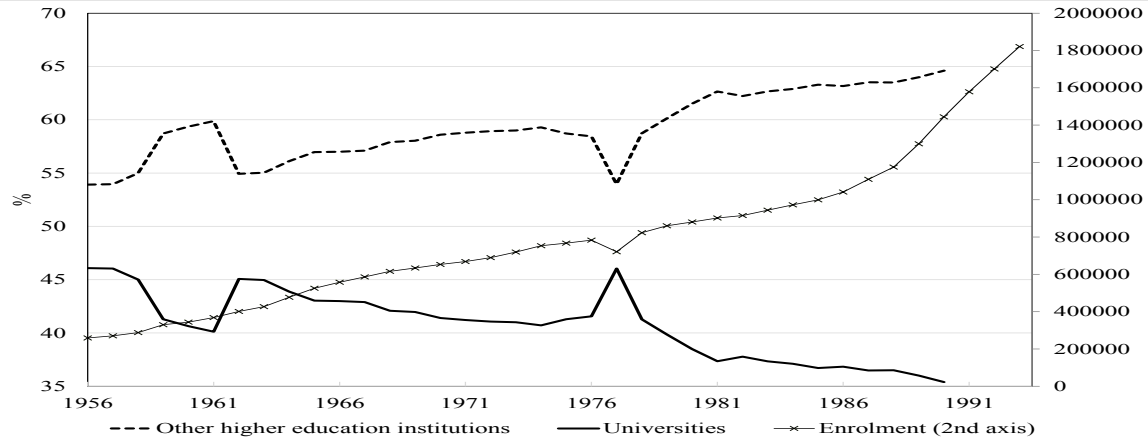
# Enrolment structure: Whose access? Variety of rationales and the tensions between expansion & democratisation

- A mixed picture with expansion driving democratisation and persistent inequalities (access, experience, success...)-
- Inclusion and exclusion of various groups and their intersection across history points to diverse rationales
- Socio-economic categories (the example of France)
- Gender parity as a key driver (Dyhouse, 2006)- different paces according to countries and subjects, HEIs...



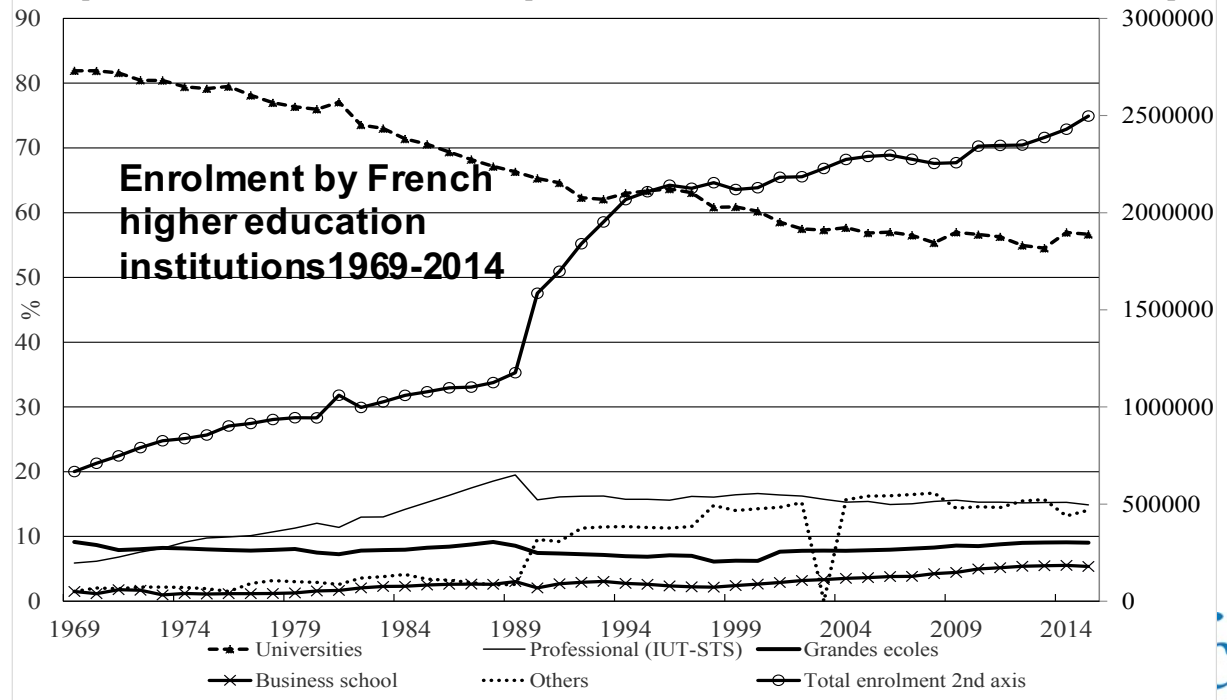
# Expansion and Stratification: inequalities or division of labour?

Share of enrolment by types of HE institutions UK-1956-1994

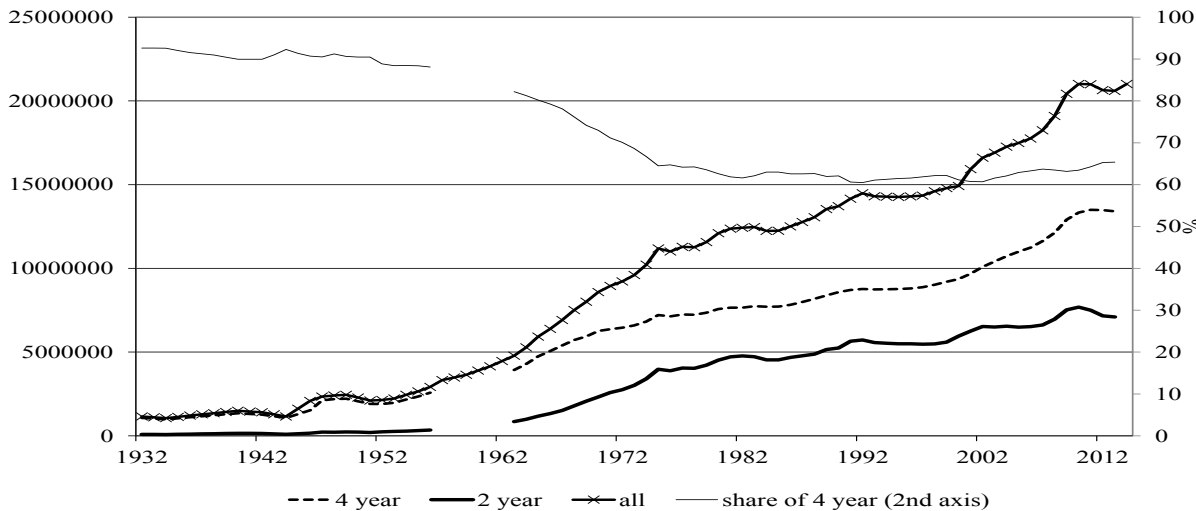


- Stratification & economic fluctuations: the post war prosperity and the 1970s downturn.
- Post 1970s development and retreat of the non-selective HEIS (France) Musselin, C. (2004)
- UK: development & end of binary divide (maintained division?) Scott 2014)
- USA: the first phase of expansion and the model of the California master plan (Marginson 2016) until the 1970s.

**Differentiation: division of labour or a way to channel inequalities? The development of dataset 2 will be key.**



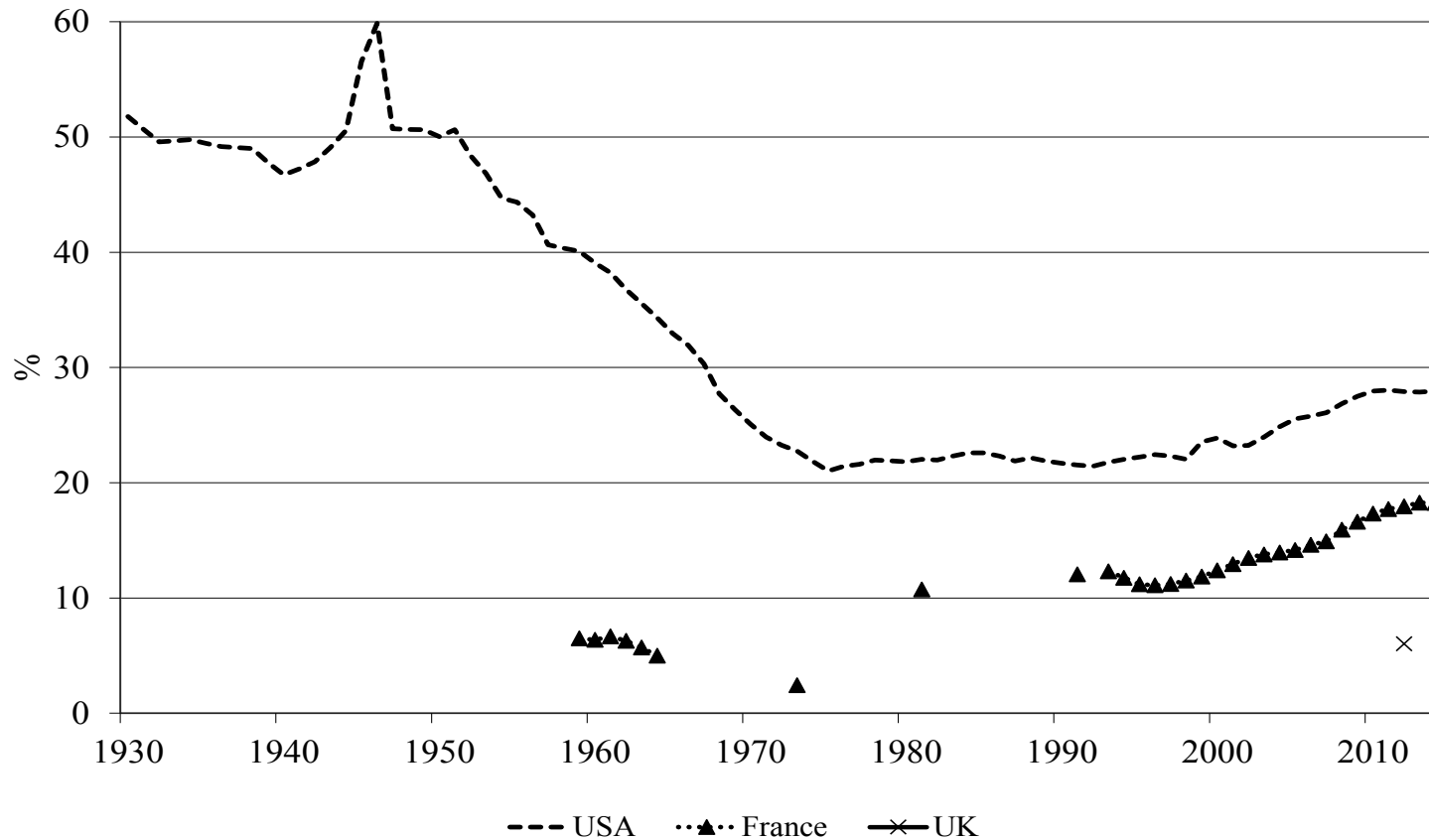
4 year and 2 year degree granting institutions in the US 1932-2013





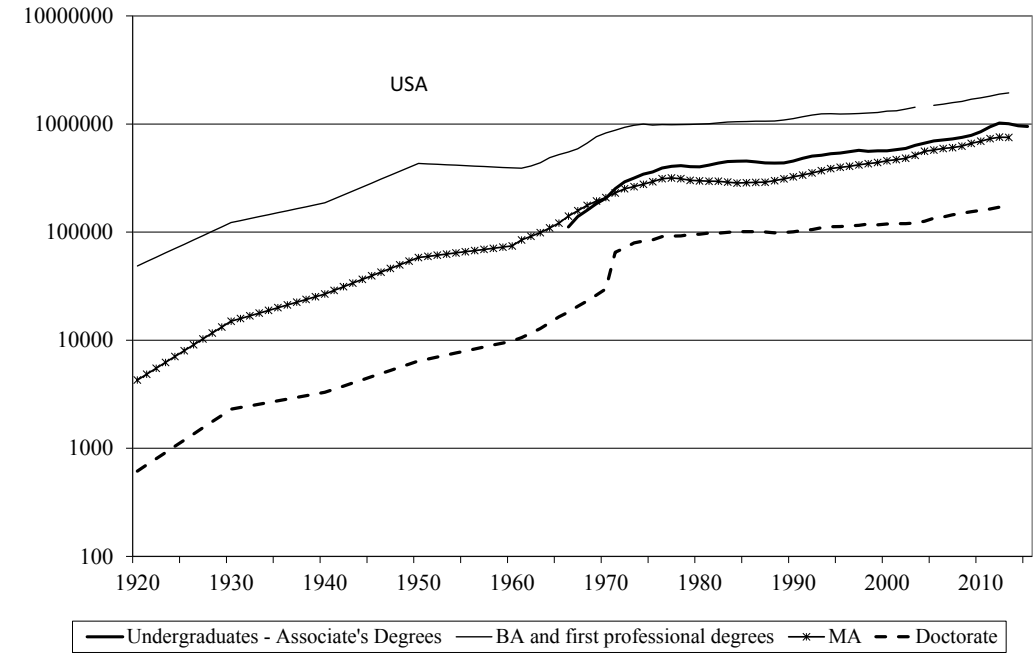
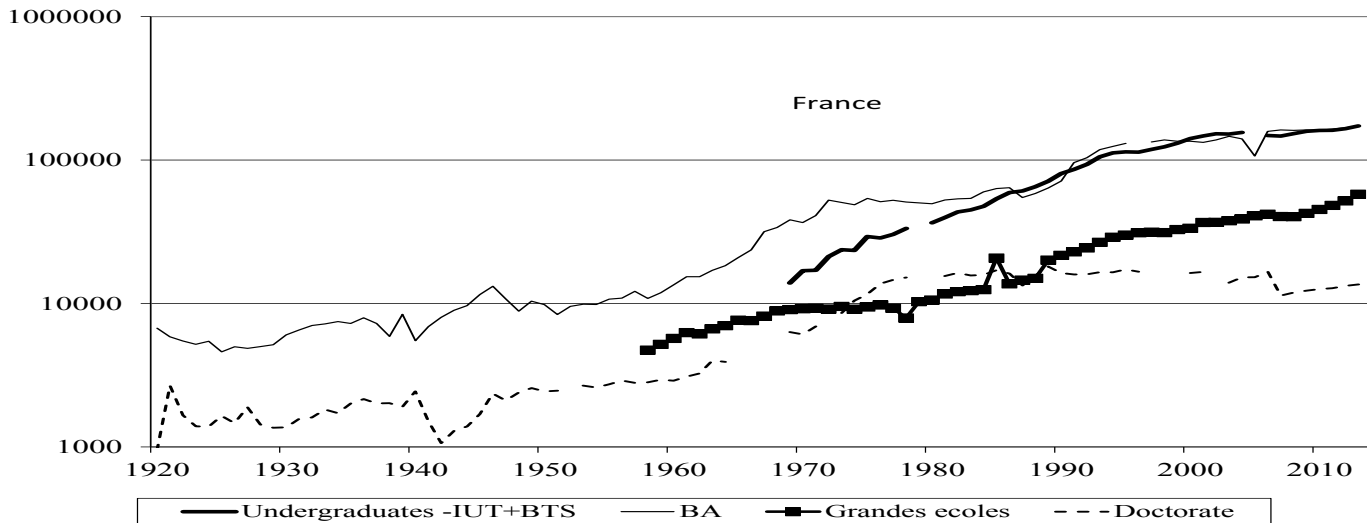
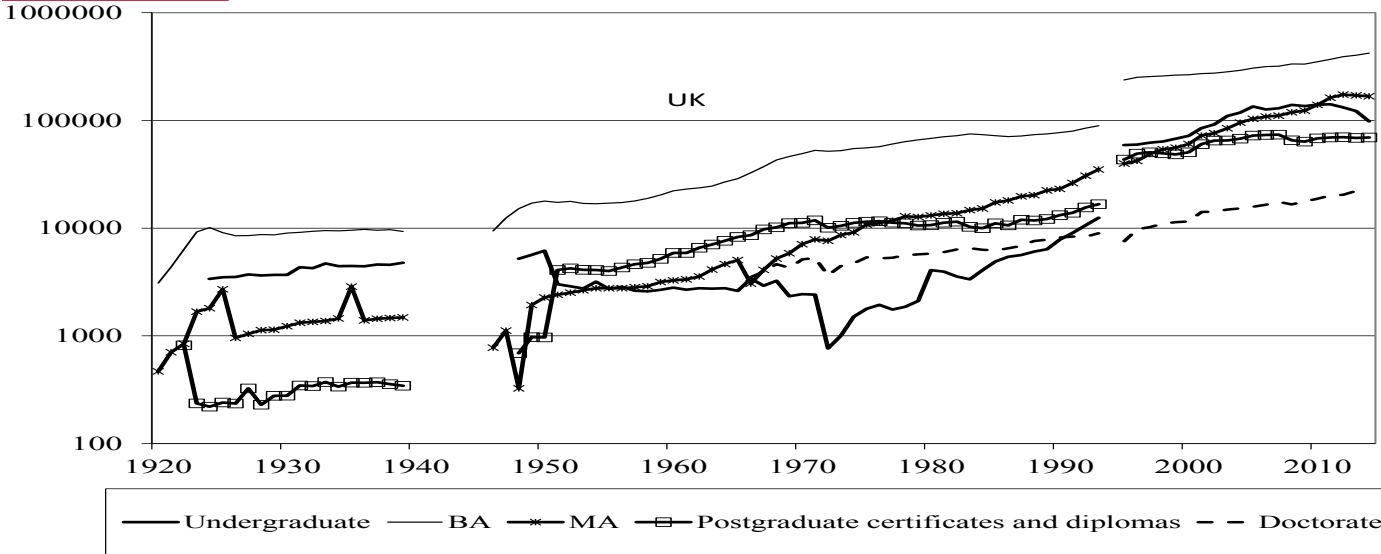
# Private provision

Private provision as a share of all enrolment 1930-2014



- The influence of economic fluctuations: the turning point of the 1970s
- US: First phase of expansion based on the public sector until the 1970s
- France, a strong increase in private provision since the 1970s and especially since the mid 1990s.
- Key debates on private provision in the UK

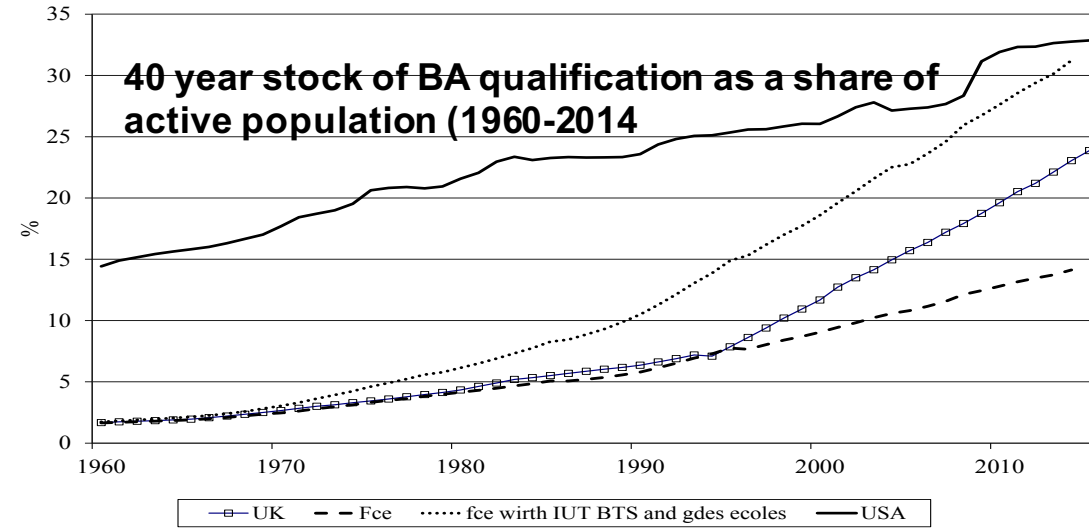
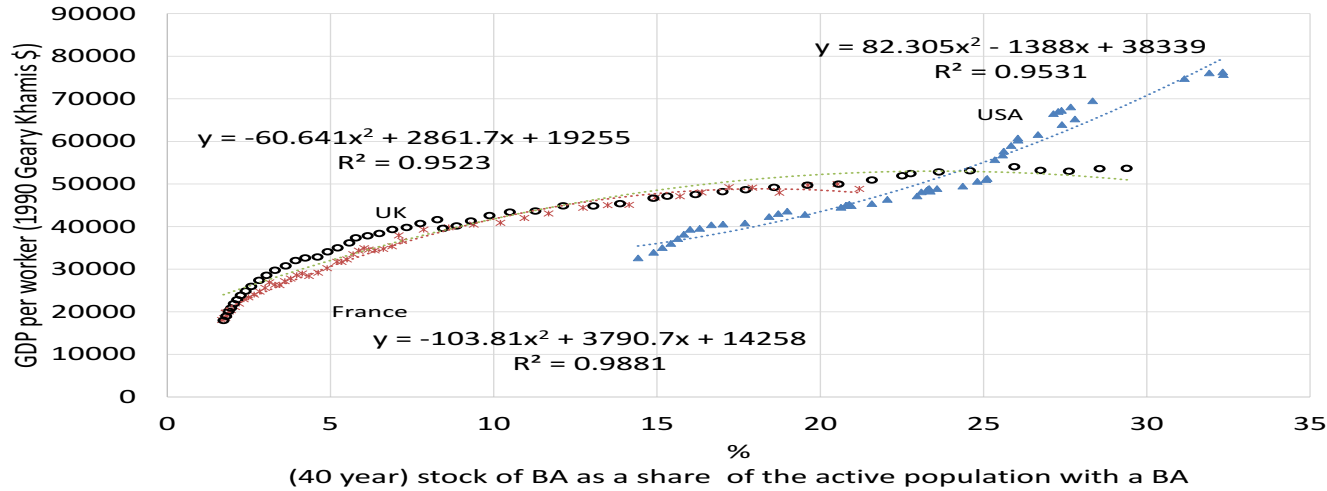
# Flux of Qualifications by level of study: 1921-2016



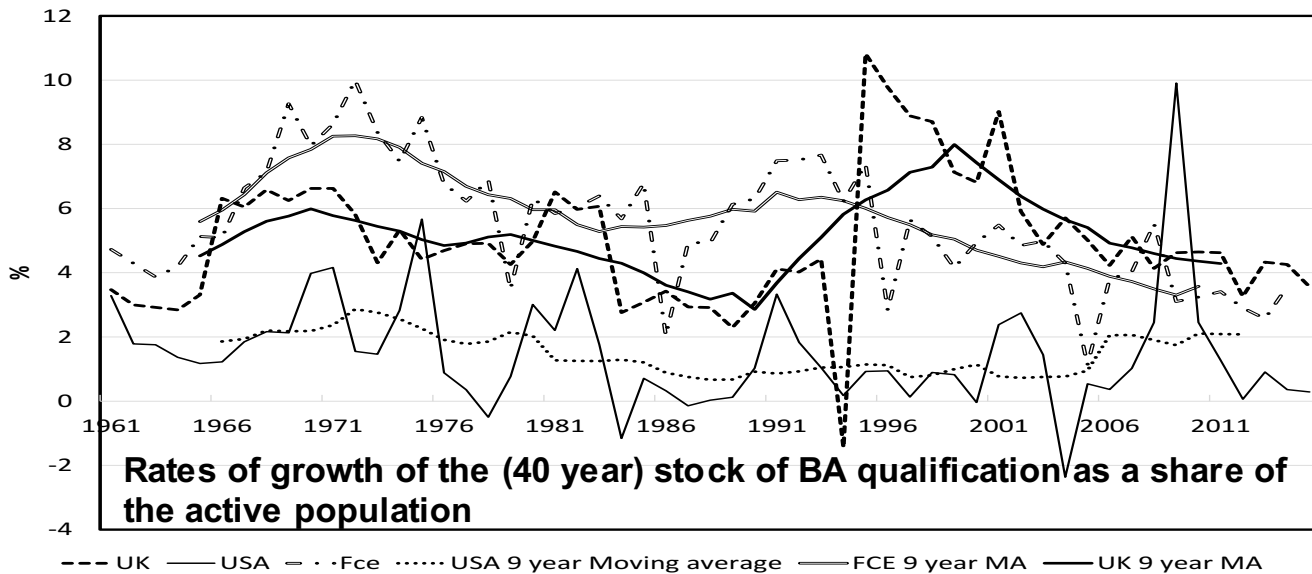
- An overall growth but at different paces
- The BA as a key driver of the first phase with a slowdown at the end of the 1970s
- The development of undergraduate studies after the 1970s downturn

# Historical evolution of the stock of qualification – the supply of HE and the question of inequality

Stock of BA qualification in the active population and GDP per worker

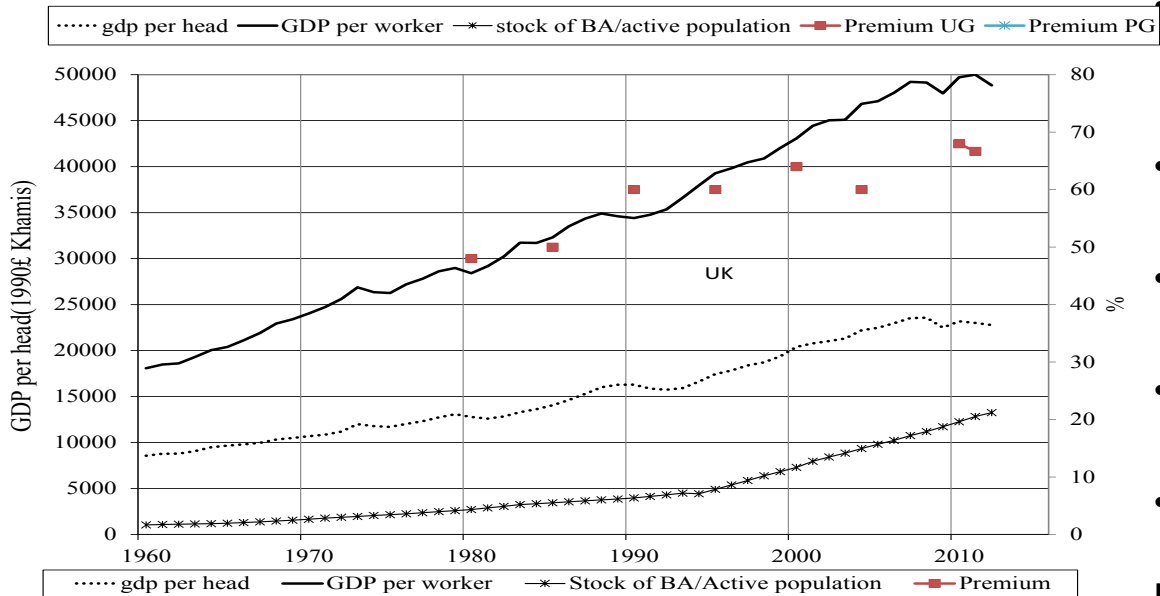
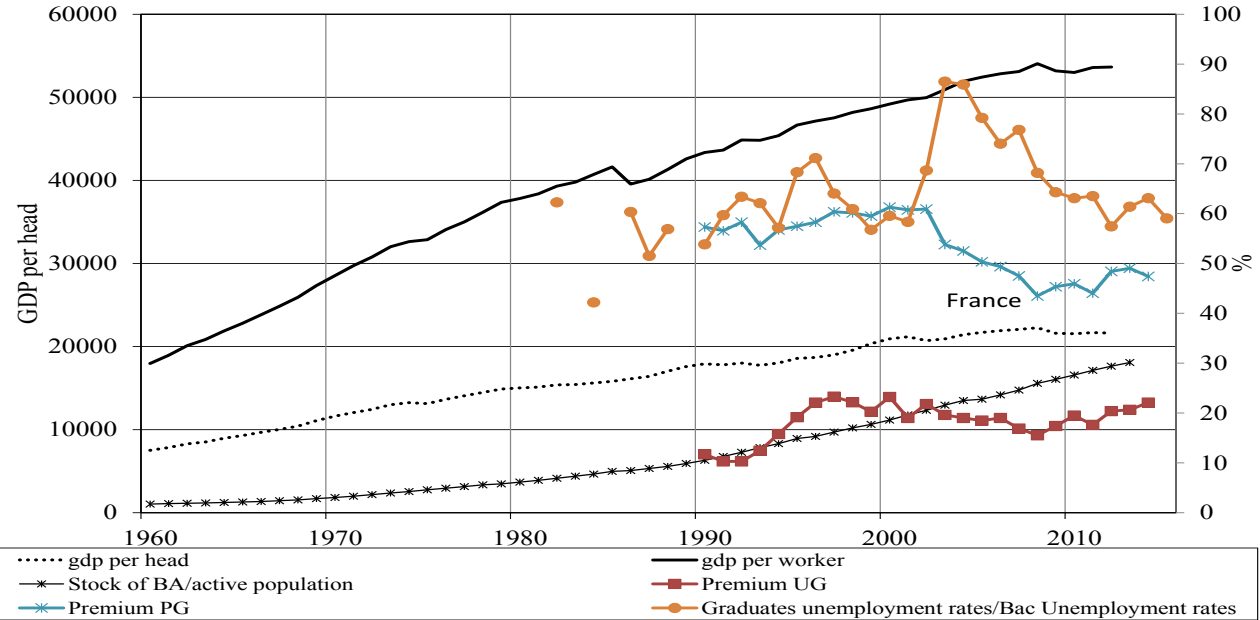
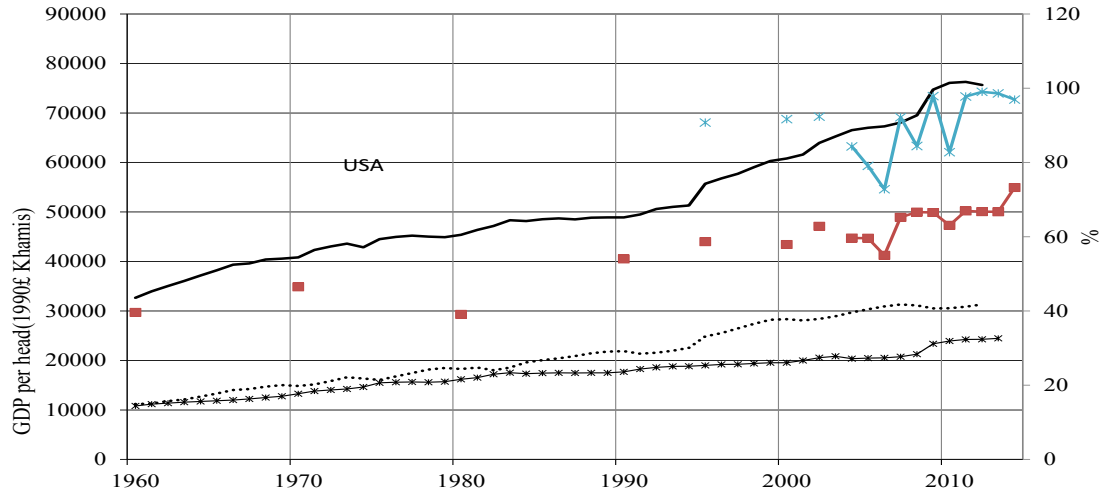


- Strong correlation (not proving causality) between GDP per worker and stock of BA qualification (next step will be to widen to other qualifications)
- USA constantly ahead but the gap has diminished during the 2nd phase of expansion of the 1990s
- Could this explain the increasingly unequal income distribution? And an actual or potential loss of the US competitive advantage?
- Is there as Goldin and Katz (2008) suggest a race between education and technology- (supply and demand) impacting wealth creation and its distribution?



# Qualification, HE supply and premium.

Stock of BA in the active population and GDP per head (1990£ Khamis) US

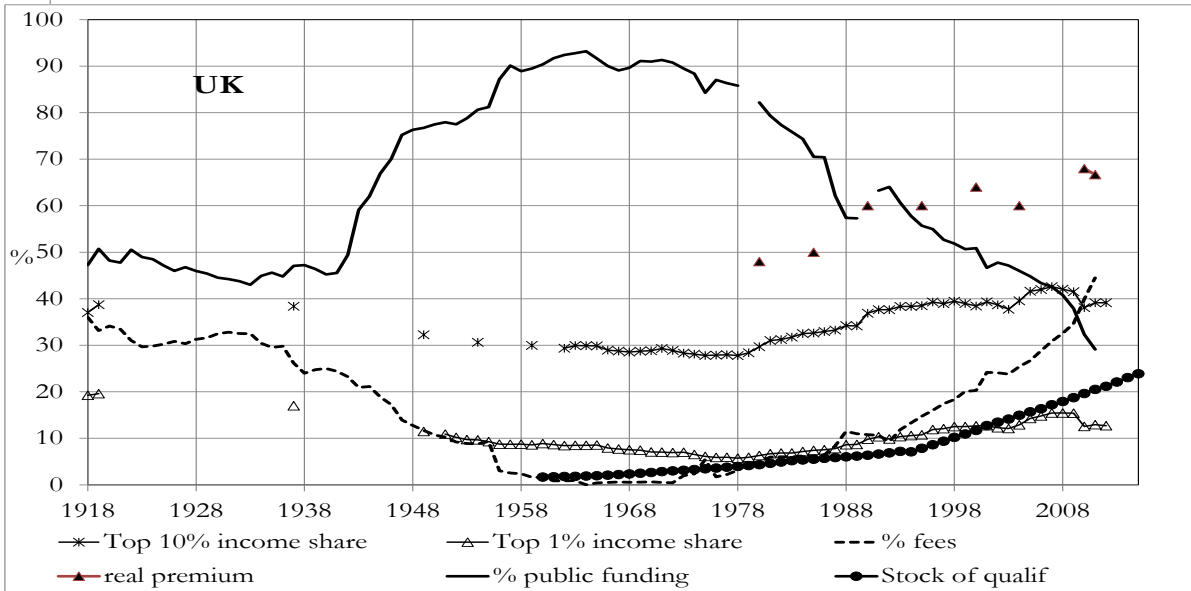
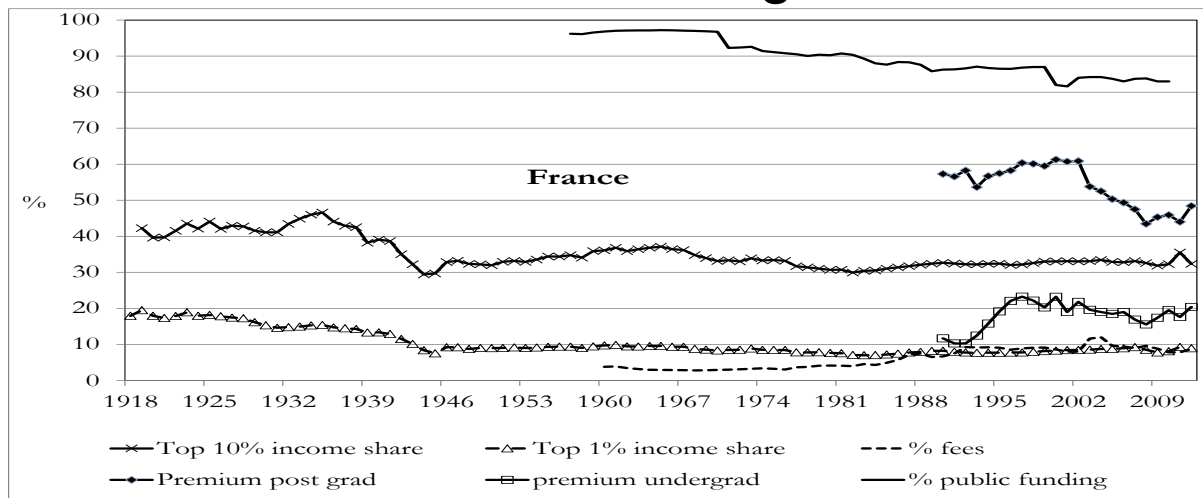
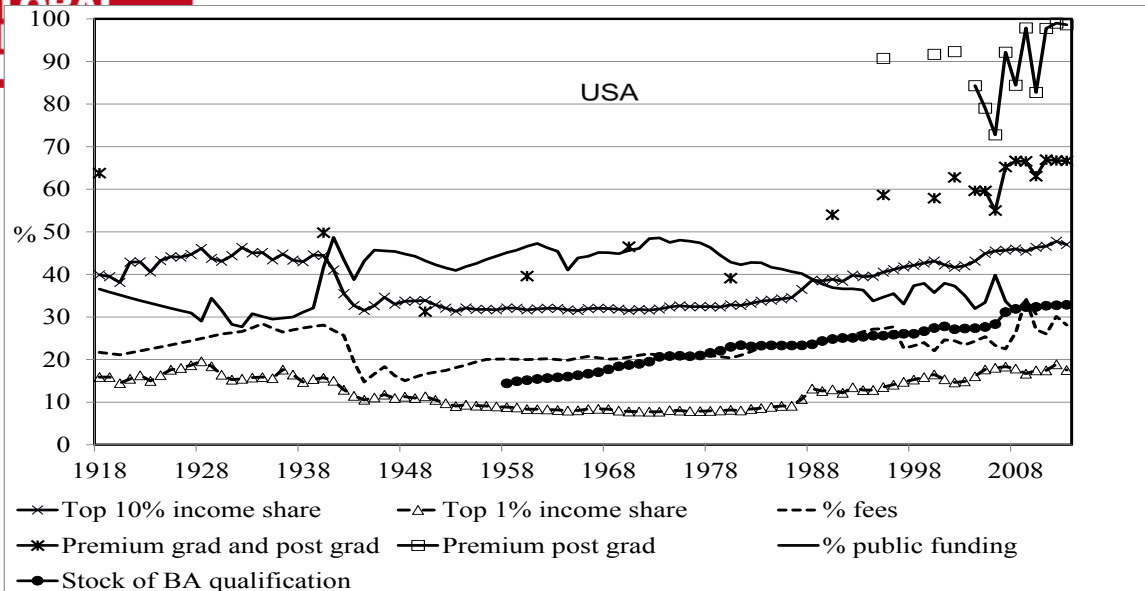


US: the rise in the stock of BA qualification has slowed down since the 1980s. This might explain the high premium- the loss of the race between education and technology (Goldin and Katz 2008)

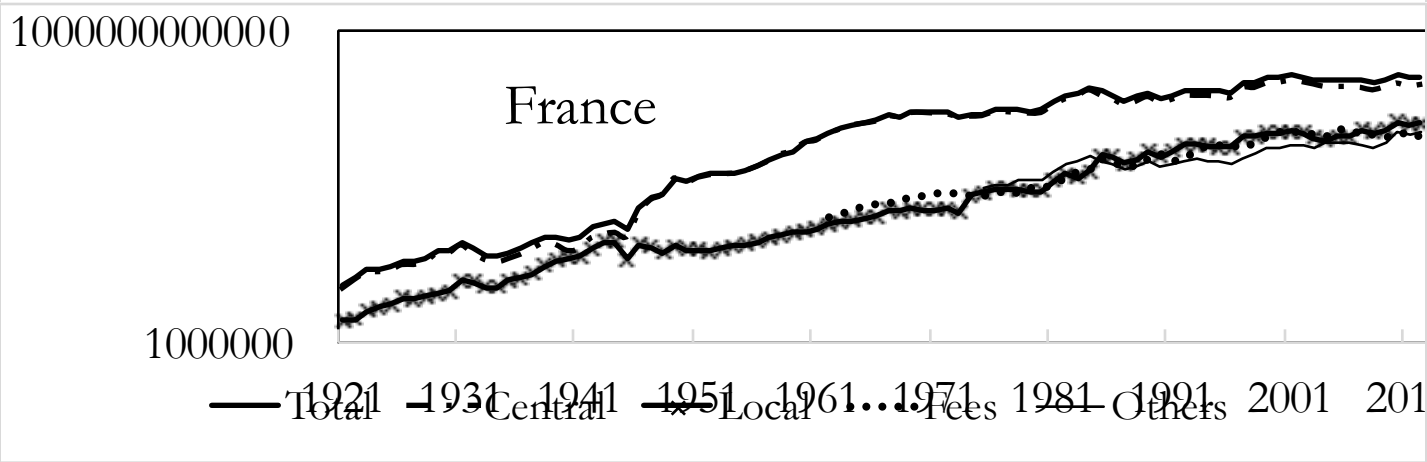
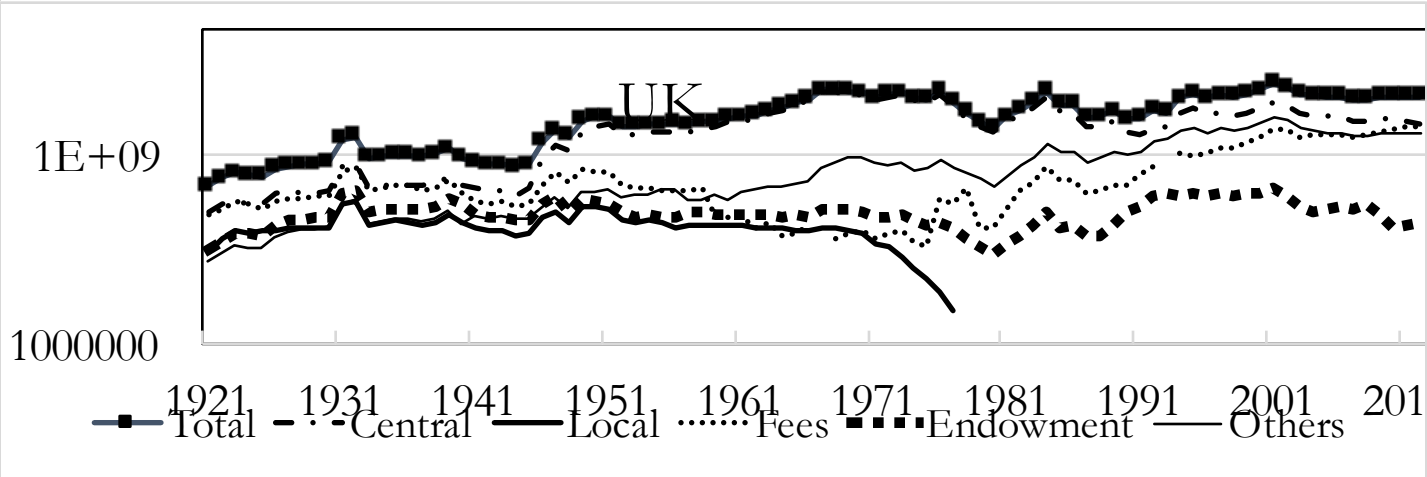
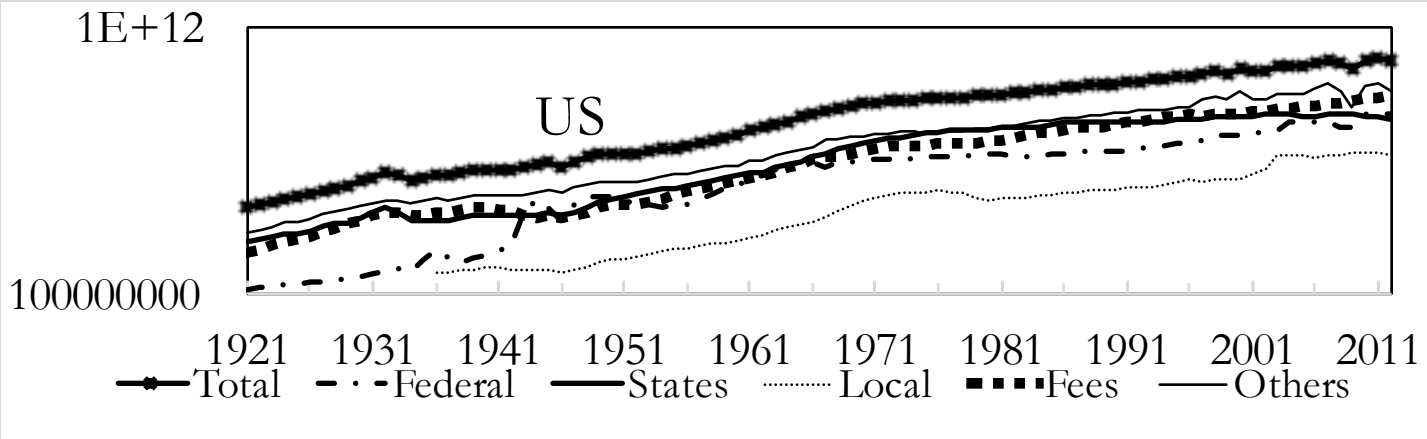
- France: a trade off between the odds of being unemployed and premium?
- UK: A rise in the stock but the demand for graduates is still higher and explains high premium in the UK (Blundell et al 2016)
- The increasing role of post graduate premium (Lindley & Machin 2016) and underemployment (Green and Henseke project 2.3)
- the unequal premium related to subjects, regions, gender and students' social capital (Crawford et al, 2016)

HE funding and income inequalities?

# Some connections and tensions between the HE funding structure and the income distribution?



- The key impact of the 1970s downturn (& 2008?): the slowdown in public funding and the rise in fees coincides (not necessarily causality) with a rise in the share of top income groups
- The evolution of the share of fees matches the one of the top income group and premium. What drives what?
- Key issue: unequal premium rather than HE overall supply may explain the rise in the share of top income groups. Can the reverse be true? Can income distribution explain change in HE funding structure (fees & donations) & premium (Piketty, 2014)?
- The links between the HE funding structure and income inequalities since the 1970s raises questions about the public and private costs and the public and private returns (unequal premium leading to student debt and deferred public funding).



## Crises and the dynamics of public and private resources: addition or substitution?

1929: private income is additional  
 1973: cost sharing is becoming increasingly driven by private resources

Until Public private substitution happened in the 2000s

2008; acceleration of the movement of PPS (both public and private resources are deactivated- perfect storm)-

In a context of unequal premium, the deactivation of public funding raises question of sustainability and equity

(grants/loans/debt) (Dearden and Chapman, Project 2.4) (Callender and Desjardin project 2.5)

# Concluding remarks

- **Various rationales explaining the expansion and the advances and setbacks in democratisation**
  - The inclusion of various groups should be noted including the key driver of gender equality.
  - Institutional differentiation should also be kept in mind
- **The importance of economic fluctuations**
  - **1929-** The inter war years coincide with high and growing inequalities and a relative stability in the income structure of the HE system which is still elitist. This corresponds to a period of high premium in the USA. The combined effect of the 1930s crisis, and the wars (Piketty, 2014) produced a new consensus based on Keynesian policy to adjust mass production with mass consumption. A virtuous circle between productivity linked to wage policies and public spending will drive the first phase of massification of HE combining a reduction in income inequalities, the rise in public funding in HE and the stock of qualification and a stabilisation of premium
  - **1970s-** This downturn coincides with a simultaneous decline in the share of HE public funding and increase in the share of income owned by the top income groups. The rise in the premium might be located at the interface of those two developments.
  - **2008-** Is 2008 a new crisis or the culmination of 1970s? Things remains unclear on whether the post 2008 dynamics will be driven by the trends developed since the 1970s regarding both income distribution and HE income structure. Acceleration of current policies or change in direction? Full marketization (private funding and provision) or countercyclical public spending to scale back inequalities and rebalance cost-sharing and escape public-private substitution.

## Next steps

- To explore further the historical relationships between the stock of qualification, the funding structure and the distribution of wealth (Strand 1) by looking at the structure of the stock of qualification (beyond the BA).
- Looking in depth at the question of differentiation by comparing key representative institutions (strand 2)

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