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Sustainable **Growth** in the European Union

The role of education
and training

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Sustainable Growth in the European Union – the role of education and training

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I am going to talk about the 'American nightmare': why America is not a model for Europe in the area of education. We all know that there are problems in European universities, in some Member States more so than others. We have lots of students, but the quality is not very good. In general the teaching is ineffective. In many countries students spend a long time at university, but many of them never finish. There are low returns to education in the sense that higher education may put you a bit higher in the labour market queue, but not much. European universities, in general, are rather low on research and they also have very little regional involvement and are not very connected to the region in which they are located. This has been commented on for almost a decade, by Anthony Giddens, for example.



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But let us notice some successes; let us be proud of certain things. First of all notice the Bologna Process, which has created a common European higher education area. The Bologna Process is extraordinary because it is actually a rather surprising success for soft law and for benchmarking. There are many areas of European policy, social policy being the most obvious example, where soft law can be translated as 'do not change anything'. However, in fact in this area things have changed. Several speakers have already mentioned the Erasmus programme, which has made student mobility the norm for young Europeans. Notice one of things which the Erasmus programme does: it generates benchmarking from below. Students from Germany go to Sweden, come back and say 'why can we not have universities like they have?' This is benchmarking by ordinary people.

There are two common features of these successes. First of all they are both essentially about coordinating national, public systems. Secondly, and this is connected to the point that the president and the commissioner were making, their origins have got nothing to do

with the fashionable concern for competitiveness; rather they lie in the search for European identity.

Nonetheless, we often take the US as the model and the widespread assumption is that the US is the model to be emulated; that we need to reform and internationalise through various forms of marketisation. However, this ignores some key problems with the US system. First of all, as a recent blog in *The Economist* magazine said, academic inflation makes medical inflation look modest. American education is getting more and more expensive; students and their parents are having to pay more and more. It is not just that they are having to pay more, but inequality is growing and there are a series of different dimensions to this.

First of all, access to university as a whole is getting more uneven; let us be very clear about that. Everybody would normally think that if you expanded education, educational inequality would diminish — this is the basic consensus amongst policymakers and politicians. But as researchers have increasingly come to realise, it does not necessarily hold. In 1979 students from the richest 25 % of American homes were four times as likely to attend college as those from the poorest 25 %. Now they are more than 10 times more likely to. Today it seems that if you increase the amount of education, you increase the inequality of access to education.

Looking at college education, as the Americans call it, we are asked to look at the top end of the system and emulate universities such as Harvard, Yale and Stanford. Let us be very clear, what is happening here is that it is increasingly the preserve of the elite to get into such elite institutions. This is despite all sorts of things that these institutions have done to try and stop that. For example, various forms of affirmative action, some of which now have been phased out. Why? One reason is the reliance of American universities on private donations and endowments. Colleges will always deny this, but journalists document that children of donors increasingly get favoured access. But there is something more fundamental than this, which is that charitable endowments and donations are now concentrated on elite universities. Look at the endowment of Harvard and look at the endowment of the average American college; there are zeroes of difference; it is an order of magnitude.

The next thing is that inequality is increasing at the other end. There is growing evidence that elite colleges' alumni are increasingly monopolising elite jobs. It is not just that their children are getting in disproportionately, but that they are increasingly monopolising the top jobs. One almost amusing aspect of this is that, as women's education has increased, the chances of a woman graduate from an elite American college marrying a male graduate from an elite American university has dramatically increased. This is a little example of the way in which the top of American society has got more and more closed.

But what exactly has been going on? Essentially, until the 1970s, America was a success story in these terms. There was enormous economic growth. There was narrowing economic inequality. There was the expansion of white collar employment and an overall increase in living standards. This meant that education was contributing to less inequality; education was reducing inequality.

I think most people will be aware that in the last couple of decades, the United States has become more unequal. Notice, incidentally, that this is a very different experience to Europe. Our societies have fluctuated; some have got more unequal, but nowhere has inequality increased and with the same degree of regularity as in the USA. For the last 40 years, the rich have got richer, and the poor, if they were lucky, have stayed the same. Since the 1970s, the United States has seen growing economic inequality; growth at the top and at the bottom of the occupational structure, and within that situation education has exacerbated social inequality.

In Europe there is a similar situation, but not quite as bad. Recent studies of social mobility, using the European social survey for example, show that educational expansion has increased inequalities. One thing that is very clear is that all over Europe, in countries like France and Germany, there are clear signs of what I call 'elite exit'. In other words, the children of the privileged are leaving national systems and are entering international elite institutions: Oxford or Harvard. These places are now recruiting globally, providing you can pay.

Educational expansion does not necessarily generate social equality. Sociologists refer to this as the maximum maintained inequality

thesis. In the United States, I think it is very clear that third-level education contributes to social inequality and redistributes resources upwards in the society. US education, like US healthcare, involves excellence for the few, inadequacy for the many, and all at an astonishingly high cost.

What does that leave for us here in Europe in terms of policy? Actually, I think that if you want to do something about educational inequality, and I suspect if you want to do something about growth and innovation, where you really put the effort is in the upper secondary sector and in vocational education and training. Finally, whereas we all agree that reform of universities in Europe is needed, I think one thing we should not do is emulate the United States.