

Submissions Abstract Book - All Papers (All Submissions)

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Social rights of students from a perspective of comparative political economy

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Research Domain: Higher education policy (HEP)

Abstract: The study develops a new, comparative approach for analysing student finance systems. What types of arrangements exist in the affluent countries, how did they change after the crisis, and how can we explain their different generosity in ensuring social rights of students? Based on the political economy of income redistribution, we hypothesise that students from poorer families are financially better-off in systems that grant generous support also to students from middle-income families. We use new data on student finance systems in 25 OECD countries for the years 2005, 2010 and 2015 that has been collected using model-family analysis techniques. The results show diverse and rather cautious responses to the crisis. We also demonstrate that the degree of low-income targeting in student support is negatively related to its generosity. Thus, student support is less generous in countries that more exclusively concentrate benefits on students from financially poorer families.

Paper: *Background and objectives*

The paper applies the comparative political economy approach to study the causes of cross-country differences in student finance systems, and their consequences for inequality and student poverty risk. This will be one of the first attempts to compare jointly the level of student support (including loans, grants, and family support arrangements) and tuition fees and to explain how politics determine student finance arrangements in different advanced democracies (see, e.g., Garrtismann [2016]).

Mapping the political determinants of the development of student finance systems is important, because changes can lead to forcing students to rely more on paid work in order to maintain a standard of living, or into poverty if finding employment or family support is not possible. This in turn can influence study outcomes, like performance or graduation on time [Baert et al., 2017; Dynarski & Scott-Clayton, 2013; Heller, 1999].

It is claimed that in the recent two decades many developed countries have moved from a system

where the costs of higher education are covered primarily by taxpayers to a system where students or their families pay increasingly larger share of the costs [Heller & Callender, 2013]. However, this is not obvious because of lack of adequate data. Moreover, the most elaborate comparative study to date [Garrizmann, 2016] suggests that there has been little change in these policies, whereas their diversity across the countries is lasting and can be explained by path dependency and party politics. On the other hand, the “higher education as a private good” discourse is strongly present in the OECD countries [Marginson, 2016], while low priority is given to public higher education expenditures - especially in times of crisis and austerity [Kwiek, 2016]. Hence we can expect that a vast majority of the countries have restricted the generosity of student finance systems in the studied period (2005-2015) - but to a varying extent depending on previously existing arrangements [Garrizmann 2016]. The first objective of this study is to examine whether this was really the case. Secondly, using political economy framework, we try to explain the diversity of systems and policy responses to the crisis.

Data and method

To address this puzzle of recent development of student finance systems, we use newly collected, institutional-level data on student finance systems in 25 OECD countries (years 2005, 2010, 2015), which are available at the Swedish Institute for Social Research (SOFI) as a part of the Social Policy Indicators (SPIN) dataset. The data allow to compare entitlements of hypothetical students from three, model-typical families representing different income groups to state-guaranteed benefits, as well as their obligation to pay fees. The total amount of available financial aid (net of fees) shows the generosity of support for each of the students, while the difference between them in this respect shows the level of targeting – the extent to which entitlements are skewed towards the low-income students. Then we link these observations to the data on political parties ruling over the studied period (Comparative Political Data Set). We analyse the data using, *inter alia*, a time-series cross-sectional regression, which allows us to control for a set of macro-level variables.

Theoretical framework

Conceptually, we adapt the social rights approach to studying welfare states [Marshall 1950; Ferrarini et al., 2013] and operationalize two typical social policy concepts to the context of student finance policy [Esping-Andersen, 1990]. The first one is decommodification, referring to the amount of non-repayable financial support (net of fees) provided by the state to make a student less dependent on labour market participation and his family while enrolled in higher education and after graduation. The second concept is familialization, referring to the relative amount of the support dedicated to the families of students (e.g. tax benefits). It reflects the willingness of state to support families in covering the study costs, which facilitates delaying transition of students into independent adulthood [Chevalier, 2016].

To explain cross-country differences, we adapt the power-resource theory [Korpi & Palme, 1998] to the context of student finance. We posit that universal entitlement to student grants and loans and high decommodification are favoured by left parties. Such arrangement makes the interests of middle class (who dominate universities) aligned with the poor’s interests in favour of high redistribution. We test the following hypotheses: H1. left-dominated partisan politics are (a) positively associated with the decommodifying potential of student finance, (b) achieve higher levels of generosity of student support towards the poor students.

Next, we posit that H2. familization is favoured by Christian-democratic parties, because they tend to promote family-based social provision [Birnbaum et al., 2017]. After such arrangements are put in place, the middle class has less interest in supporting higher decommodification, as higher grants can decrease their relative advantage in competition for study places. Thus, we hypothesize that H3. redistribution levels are lower in more familizing systems.

Results

Overall, the generosity of student support tends to slightly decrease. In most of the analysed countries, students from different income groups are entitled to less aid than before the crisis. This should not be seen as a consequence of fully-fledged reforms, but rather as a policy drift – a failure (deliberate or not) of governments to adapt the levels of support to the increasing living costs. Furthermore, the countries which have implemented policy reforms do not exhibit any systematic pattern of responses to the crisis that could be linked to partisan politics. This suggests the irrelevance of party politics for the contemporary developments of student finance.

We also find that poorer students in the more targeting (means-testing) and more familized student finance systems are consistently entitled to less net aid than similar students in other countries. In other words: students from poorer families are financially better off in systems that grant generous support also to students from middle-income families. This finding demonstrates that the theory of so-called “paradox of redistribution” [Korpi & Palme, 1998] can explain the lasting diversity of student finance systems.

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