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The Landscape of Higher Education Research 1965-2015

Equality of Opportunity: The first fifty years

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Colleagues it is a pleasure to speak with you today. Fifty years. Much happened in 1965. Lyndon Johnson proclaimed the Great Society in his State of the Union address in January. Martin Luther King marched in Selma, and then Montgomery. Malcolm X was assassinated. The first American ground troops arrived in Vietnam. The first Students for a Democratic Society demonstration against the war drew 25,000 people in Washington. Bob Dylan released *Bringing it All Back Home* in March and then *Highway 61 Revisited* in August. Cosmonaut Alexei Leonov was the first person to walk in space. Japan and South Korea signed an overdue treaty. Sony and Cher released *I Got You Babe*, which went to number one all over the world, but Singapore became independent from Malaysia. There was war between India and Pakistan. Suharto crushed the Communist Party in Indonesia with the loss of a million lives. The white government in Rhodesia declared unilateral independence, and the British oil platform Sea Gem collapsed into the North Sea, but Julie Andrews won the Academy Award for the lead in *Mary Poppins*.

In 1965 the Social Science Research Council, later the ESRC, was formed. And SRHE also began, five years after the Master Plan in California in the United States, and two years after the Robbins Report, amid a great expansion of higher education in Britain.

Fifty years. Today I will not attempt to cover the whole field of research into higher education in our time, but to reflect on the main idea that was shaping higher education when SRHE was founded, an idea that still determines expectations about higher education, and continues to provide the discursive framework for much of our research—the utopian idea of society ordered as an *educational meritocracy*. I will discuss the two faces of the 1960s meritocratic ideal: higher education as human capital, as economic progress, and higher education as equality of opportunity, as social justice. These are the founding myths of modern higher education systems. They have proven to be resilient myths, and have travelled all over the world. In their different ways, each

combines individual and society, and structure and agency. There are tensions between them, but each is essential to the meritocratic ideal; and it seems that each elevates higher education to a great role in making society. Though higher education has little control over the economic and social settings that constitute its possibilities and limits.

I will discuss the meritocratic tradition, and research in relation to it, with reference to the United States (US) as well as the United Kingdom (UK). We are all aware of the important differences between these two national cases, but the Anglo-American meritocratic tradition is a shared tradition, as the rest of the world sees it. It is also *our* tradition, as education researchers in the UK at this time: we interpret that tradition, we critique it, we draw sustenance from it. We bear some responsibility for it. However, to fully understand the meritocratic tradition, we need to step outside it, to historicize it.

The heyday of equality of opportunity

Our historical understanding of Anglo-American society, and of merit as the basis of social selection, was significantly advanced by the publication last year of Thomas Piketty's *Capital in the Twenty-first Century*.¹ Social competition is always partly zero-sum. But Piketty shows that there were special circumstances after 1945 that opened the way to greater social mobility and a larger role for higher education. In the semi-aristocratic societies of the period before World War I, inherited wealth and capital incomes at the top had retarded the potential for upward social mobility through work and education. This changed with the massive destruction and devaluation of the great fortunes in World War I, the Great Depression and World War II. Partial emptying out of the upper echelon of society provided more space for upward movement after 1945.

The politics also changed. The legacy of the Depression and the war years was a widespread determination to create a more democratic and sustaining society, along with faith in the efficacy of state intervention. For a while there was continued support for the wartime instruments of state planning; finance was nationalized in many countries, and there was continued support for progressive income tax and inheritance taxes (which had been used to mobilise resources for the war effort), reducing inter-generational transfer.² The top tax rate was high. Managers' salaries were restrained.

¹ Piketty (2014).

² *ibid*, p. 374.

Economic growth was relatively high and stable, and the expansion of both state and markets enabled the spread of home-ownership by what Piketty calls the 'patrimonial middle class', which for the first time included large numbers of teachers, academics and public servants. For a time, savings from work were the largest single source of wealth. In short, there was more room at the top and (partly because of that) more room in the middle. It was the closest that the UK and USA have come to a meritocratic society.

'During the decades that followed World War II, inherited wealth lost much of its importance, and for the first time in history, perhaps, work and study became the surest routes to the top', summarises Piketty.³ It was widely though not universally agreed that the optimal means of sorting the competition for positions within society was higher education and the education/work nexus. Social demand for upper secondary schooling and higher education boomed. Credentials multiplied. States financed the growing social demand for education, even in the US, providing infrastructure and tuition costs.

Equality of opportunity and human capital theory

The 1960 Californian Master Plan and the 1963 Robbins Report in the UK codified the meritocratic role of higher education. Robbins and the Master Plan sought to combine excellence and equality, consistent with the existing social and institutional hierarchies, while providing broader pathways for movement into those hierarchies. Here Robbins and the Master Plan did not create social mobility, they facilitated it. Arguably, the 1960s and 1970s saw the peak of higher education's role in social allocation in English-speaking countries, the time when secondary schooling and higher education were both more open in themselves, and more able to facilitate social mobility (much as the allocation role is peaking in China today, with its fast growing middle class). When mobility is maximized, at the peak of the allocation function, states and taxpaying populations are more readily moved to finance equality of opportunity. It is no coincidence that the most progressive education policy combines with maximum openness in the social structure. The mistake we often make is to assume education policy alone can drive social openness to upward mobility, which has a larger spread of roots. It is difficult for us to give up the idea of the omnipotence of higher education.

³ *ibid*, p. 241

The Robbins report, issued two years before the founding of SRHE, declared it axiomatic that 'higher education should be open to all those who are qualified by ability and attainment' and 'who wish to' enrol.⁴ The pool of ability was much larger than often thought, it stated. It was impossible to identify a limit.⁵ Robbins argued that the number of places should be regulated by social demand for them,⁶ a policy that is only now finally being implemented. Robbins also emphasised that academic quality remained a cornerstone of the higher education system. 'Equality of opportunity for all need not mean imposing limitations on some', said the Report,⁷ though at the same time it also hoped to flatten upwards, lifting other universities closer to Oxford and Cambridge.

Arguably, though, it was the Californian Master Plan that more fully captured the hierarchical democratic idealism of the 1960s. By the same token, our one general theory of higher education is the Californian idea, embodied in Master Planner Clark Kerr's idea of the 'multiversity', Martin Trow's farsighted essay on elite, mass and universal systems, and Bob Clark's sociology of institutions with his triangle of coordination.⁸ All of this has become very well travelled territory for us. It is easy to forget the original compelling attraction, the heady promise of an ever-expanding social freedom for one and all, which the Californian model represented. It embodied universal access, rising continually with demand, while crowned at the peak by the multi-site University of California, the world's strongest system of science universities.

The democratic promise of the Master Plan rested on its promise of broad pathways for upward transfer between the lower and upper tiers. Likewise the Robbins Report stated: 'We attach great importance' to the upward transfer function.⁹ In a hierarchical system, transfer was crucial to equality of opportunity¹⁰ but in the outcome it was to be largely forgotten. Transfer between Further Education and Higher Education was blocked in the UK, and upward transfer was captured by the middle class in America.

⁴ Robbins (1963), p. 8.

⁵ *ibid*, p. 49.

⁶ *ibid*, p. 48.

⁷ *ibid*, p. 10. Similarly two years later Robbins argued that 'I can think of few things more disastrous for our intellectual future than that the quest for equality of opportunity should in any way impede the quest for intellectual excellence' (Robbins 1966, p. 107). On this point he was not to be disappointed.

⁸ Kerr (2001/1963); Trow (1973); Clark (1983).

⁹ Robbins (1963), p. 9.

¹⁰ Parry (2011).

Meanwhile, human capital theory was also being born, though not in California but in Chicago.¹¹ Human capital theory is pure 1960s. While it conflicts with liberal self-determined learning, it is as meritocratic and optimistic as equality of opportunity. Piketty remarks that Gary Becker's definitive mathematisation of human capital theory is permeated by the belief that capital other than human capital had lost its determining importance.¹² In the human capital universe, when students acquired the right set of educated attributes—meaning the embodied productivity that was required by graduate employers—then salary and success would automatically follow. Therefore there was no end to the social wealth that an employability creating higher education system could generate, until a saturation level of participation was reached. This notion of open potential for growth and enrichment is a long way removed from the Bourdieu-ian zero-sum competition for social position, where the prospects of each person are limited by the positions and trajectories of others.¹³ Human capital theory created impossible expectations. Higher education was now responsible not just for social justice but economic growth and potentially, universal career success and enrichment.

But the vision was politically saleable; rates of return analysis promised to measure the efficiency of higher education and enable targeted investment; and the idea of merit as learned and portable ability also had a legitimating power. Utopian human capital theory, floating free of other forms of capital, implied that those with social advantages had succeeded not because of birth and social connections, but because of their abilities and powers of application.¹⁴ In this curious backhand way, human capital theory modernised (meritified) privilege, and made social scientists complicit in the agendas of privilege, though their own normative commitment was to equality of opportunity.

Since the 1960s these two meritocratic paradigms have dominated social research into higher education. Researchers have focused their inquiries and policy proposals on widening equality opportunity to more of the population, and on the barriers to equality, and on the issues affecting sub-populations. Other researchers, sometimes the same researchers, have focused on the fragmented and disjointed passages between the heterogeneous zones of higher education and work, or contributed to the tens of thousands of studies of private rates of return. Yet despite the massive growth in

¹¹ Mincer (1958), Schultz (1959, 1960, 1961); Becker (1964).

¹² Piketty (2014), p. 385.

¹³ Bourdieu (1984, 1993).

¹⁴ Hennessy (2014), p. 1 and p. 34. I thank Glyn Davis for drawing attention to this essay.

participation and graduate labour, distributional equality of opportunity seems further off than ever, the transition to work continues to harbour mysteries, and we have yet to achieve closure on the returns to education, which often derive from somewhere else.

There are two overlapping reasons for the failure of research to nail these problems and to guide a more informed and enlightened policy. One, intrinsic weaknesses in the founding utopian notions, the legacy of the 1960s. Second, the conditions governing society, policy and higher education since the 1980s, which have been especially detrimental to the equality of opportunity, with the partial exception of gender equality.

Problems of human capital theory

I will start with human capital theory. Human capital theory assumes that education determines marginal productivity, and marginal productivity determines earnings. With some caveats, the value of investment in education is a function of lifetime earnings. They are heroic assumptions. First, and fundamentally, as the OECD puts it in *Education at a Glance*, 'a host of education-related and context-related factors ... affect the returns to education'.¹⁵ Analysis tries to remove all factors other than the education itself, but this means separating elements that in reality are not wholly separated.¹⁶ After all of the other factors have been taken out, the residual is often a weak rather than strong relationship, which is unsurprising because as Richard Arum and Josipa Roksa note, 'colleges have little control over wage outcomes.'¹⁷ Earnings are affected by social background, by family income,¹⁸ by type of secondary school attended, by social and family networks at the point of entry to higher education, by networks in the transition to work¹⁹ and networks through the career,²⁰ by field of study, by the status and resources of the higher education institution; and by the level of the qualification. Earnings are also affected by custom and hierarchy in professions and workplaces, by

¹⁵ OECD (2014a), p. 151.

¹⁶ Keynes (1973), pp. 276–7. Keynes' *Treatise on Probability* (1921), which was the methodological foundation of *The General Theory* (1937), raises questions about statistical inference in social science, especially in the analysis of complex social relations. The argument suggests that multi-variate analysis as currently used is sometimes but not always appropriate. The *Treatise*, which was out of print for many years, deserves more attention.

¹⁷ Arum and Roksa (2014), p. 125.

¹⁸ Wolniak et al 2008, p. 131.

¹⁹ Borgen (2015).

²⁰ Arum and Roksa (2014), p. 14.

the system of wage determination, by the industrial balance of power, and by the configurations and fluctuations of national and regional economies.

Second, some quantitative studies find that the relationship between graduation and earnings is non linear. The apparent income effects of higher education are magnified at the top end of incomes—though here also the effects of family background on job and income are also magnified;²¹ the income effects of attending an elite institution tend to inflate;²² and field of study differences in earnings fade away.²³ In combination, these findings suggest that other factors such as family connections and super-manager salaries are likely to be driving returns at the top end. This not only underlines the point that factors other than the education itself are at play, it also suggests that the ratio between the different causal elements is itself variable: higher education has less effect on high-income earners than on people in the middle.

Third, it is often difficult to accurately attribute enhanced value to individual employees who work in a combined workplace, as do most employees.²⁴

Fourth, students often fail to follow a human capital logic in real life. The private benefits associated with education include social status as well as incomes, as Trow noted early.²⁵ Many though not all studies find that status effects, status signals, and variations in status by field of study or type of institution, appear to be stronger than income effects.²⁶ Prospects of assuming a managerial role seem especially important, relative to earnings, for graduates from prestige higher education institutions, and those with generic degrees working in the public and nongovernment organisation sectors, which includes many women.²⁷ Moreover, students rarely take forgone earnings into account when making enrolment decisions,²⁸ and when doing so they mostly know only about earnings in their chosen occupation, not in related and other fields.²⁹

Finally, the fit between higher education and labour market occupations is only partly coherent—especially in relation to graduates holding generic degrees,³⁰ and also

²¹ Bingley et al (2011).

²² Hussain et al (2009), p. 12.

²³ Kelly et al (2010).

²⁴ Dorling (2014), p. 57.

²⁵ Trow (1973). See also Hennessy (2014), p. 47.

²⁶ For example of many: Arum and Roksa (2014), pp. 80-81 in relation to business studies; Triventi (2013), p. 55 and p. 57; Zhao (2012); Hu and Vargas (2015).

²⁷ Roksa (2005), p. 207.

²⁸ Thomsen et al (2013), p. 471.

²⁹ Robst (2007), p. 399.

³⁰ Roksa and Levey (2010), p. 391.

in the case of the many graduates who work outside fields of specific training, a trajectory which often but not always generates income penalties.³¹

Problems of equality of opportunity

I will turn now to equality of opportunity. Here the principal intrinsic limit governing the 1960s meritocracy is the persistence of irreducible differences between families in economic, social and cultural resources. Policy can partly compensate for economic differences, but can scarcely eliminate the potency of the family in cultural capital and social networks.³² Many egalitarians would want to limit state intervention in relation to cultural and social capital, yet as competition intensifies these effects are heightened. They could be weakened only by shifting social selection away from education, thereby lowering the stakes, channeling family efforts into the new domain of competition.

A second intrinsic limit is the socially differentiated capacity to realise student aspirations. In mid secondary school, aspirations to enter higher education are very broadly spread, but on average students from low socio-economic status (SES) backgrounds, and in remote locations, tend to underestimate their own academic potential, are less willing to take risks, and are less familiar with performance and application strategies.³³ These difficulties could only be overcome by extensive schemes of identification and tailored assistance. However, what is especially striking is the extent to which actual systems work so as to magnify the intrinsic inequality. This is apparent in two large-scale research studies published in 2013.

In the US Caroline Hoxby and Christopher Avery provide a census-level study of all applicants to higher education in the United States.³⁴ Not a sample, all applicants. This is the kind of study that has the potential to change people's views because it provides important new data and insight. It is highly recommended. The researchers found that the *vast majority* of low-income high achievers do not apply to any selective American college, despite the lower prices of tuition in selective colleges due to generous financial aid. These low-income high achievers have different application behaviours to their high income counterparts. They tend to opt for safe choices. Typically they are from districts

³¹ Melguizo and Wolniak (2012), p. 383.

³² Corak (2006); Mountford-Zimdars and Sabbagh (2013).

³³ e.g. Thomsen et al (2013), p. 457, 471 and 474.

³⁴ Hoxby and Avery (2013).

too small to support selective high schools, they lack a mass of fellow high achievers, they are unlikely to encounter a teacher who attended a selective college, and they make application decisions without fully knowing their own capabilities.

In another insightful large-scale study, which changes our understanding of equality of opportunity in the UK, Vikki Boliver finds that there are continued and dramatic class differences in access to the elite universities.³⁵ She summarises her data as follows: ‘UCAS applicants from lower class backgrounds and from state schools remained much less likely to apply to Russell Group universities than their comparably qualified counterparts from higher class backgrounds and private schools, while Russell Group applicants from state schools and from Black and Asian ethnic backgrounds remained much less likely to receive offers of admission from Russell Group universities, in comparison with their equivalently qualified peers from private schools and the White ethnic group.’³⁶ In relation to applications, much as Hoxby and Avery, Boliver finds that:

Comparing prospective students with the same levels of previous educational achievement, those from manual class backgrounds are still only two-thirds as likely as those from higher professional/managerial class backgrounds to apply to Russell Group universities (0.69 to 1), and those schooled in the state sector remain just half as likely to apply to a Russell Group university as those from private schools (0.48 to 1).³⁷

A key factor reducing social equality in access to elite institutions is that students must file applications before their final school results are known. This increases what some studies are now calling ‘undermatching’.³⁸ Despite repeated attempts, the universities have refused to reverse the sequencing of applications and final school results. Worse, however, Boliver shows that inequality of opportunity is also built into the university admissions process. In the case of students with equivalent qualifications,

³⁵ Boliver (2013); see also Boliver (2011).

³⁶ Boliver (2013), p. 344.

³⁷ *ibid*, pp. 344-345.

³⁸ Hoxby and Avery (2013), p. 4; Borgan (2015), p. 34. In a study of rural disadvantage of university admissions in Georgia, Chankseliani (2013) makes the same finding about the effects of a requirement to apply for university before final school examination results are known. ‘As it emerged from interviews, early decision-making puts marginal applicants at a disadvantage. Rural families talked about the difficulty of making the right prediction of achievement at the UNEs, calling the decision of naming low-caliber institutions more “realistic” (p. 440). This is a model mixed-methods study (p. 444).

‘applying to a Russell Group university from a private school rather than a state school, or from a White ethnic background rather than a Black Caribbean/African or Pakistani/Bangladeshi one, increases the odds of admission to a Russell Group university by at least as much as having an additional B-grade A-level’.³⁹

A third intrinsic limit to equality of opportunity is systemic and structural—the tendency of expanding higher education systems to differentiate⁴⁰ between or within sub-sectors, on the basis of unequal value. When there is structured differentiation of value, for example between state and private schools, or different tiers or types of institutions, families with prior social advantages are best placed to compete for the places that confer high positional advantages.⁴¹ Financial barriers such as tuition fees accentuate prior social differences, unless tuition charges take the form of income contingent tuition loans (though even there we can expect an upper limit to socio-economic neutrality). The social hierarchy becomes matched to the hierarchy of educational sectors, institutions and programmes, varied on the basis of selectivity.

Research by Scott Davies and David Zarifa,⁴² using Gini coefficients and other measures of the stratification of higher education in the US and Canada, and focused primarily on institutional resources, shows that the vertical ‘stretch’ is increasing in both countries in more competitive environments, that the US system is considerably ‘steeper’ than Canada, and that the Ivy League is peeling away from the rest of the American system. It would be interesting to see the results of a parallel study in the UK. Nevertheless, these trends are not inevitable. Nordic education shows that taken together, policy, regulation and funding arrangements can limit resource and status differences between schools and higher education institutions to modest levels, so that education is more egalitarian than the society around it, and formal education tends to reduce rather than reproduce or increase overall social and economic inequality. But a certain threshold level of trust and equality of respect is needed to establish and maintain such educational systems.⁴³

Inequality of opportunity takes its most concentrated form where these factors intersect, for example in the role of cultural capital and social networking into and

³⁹ Bolliver (2013), p. 358.

⁴⁰ See the country cases and synthesis in Shavit et al (2007).

⁴¹ See for example the widely utilised work of Lucas (2001, 2009).

⁴² Davies and Zarifa (2012).

⁴³ This argument is made by Gärtner and Prado (2012).

within elite structures. In a qualitative study of the networking behavior of students at the University of Oxford and Sciences Po, using sharply realised interview data, Gerbrand Tholen and colleagues show how these students use connections to secure entry to the upper echelons of the graduate labour market.⁴⁴ Interestingly one student distinguishes between ‘good’ and ‘bad’ networks: good networks are grounded in smarts and academic merit; bad networks are solely in family and ambition.⁴⁵ We see that the merit principle is still normative but here it plays out within restricted circles, legitimating elite trajectories, rather than underpinning whole-of-system organisation.

This is more obvious in Laura Rivera’s American research on the hiring practices of leading Northeastern banks, consulting and law firms.⁴⁶ These firms recruit not just from selective schools but solely from Harvard, Yale, Princeton and perhaps Stanford, and Wharton at MBA level. It is not the content of Ivy League education they value but its prestige. They attribute superior qualities to these graduates simply because they had been selected into top universities, regardless of their academic performance once there. Further, following a process also used in Ivy League admissions, at point of hire the elite firms perform a strong secondary screen on candidates’ extracurricular accomplishments in order to further sort the field. The firms favour high status, resource-intensive activities that resonate with white upper-middle class culture, in order to achieve cultural fit between graduates and the other employees of the firm.

Rivera’s doctoral papers, which are highly recommended, demonstrate the potential for depth in qualitative studies of the education/work relationship. This virtue contrasts with the comprehensive authority achieved in the large population research by Boliver, and Hoxby and Avery. Between them the various studies show the extent to which higher education has fallen short of the meritocratic future imagined in the 1960s. The research I have discussed here was not directly focused on the social drivers of that failure, but the class-based and location-based patterning of outcomes is unmistakable.

The larger patterning of social inequality

So far I have explained the failings of the 1960s meritocracy in terms of flaws in the idea, flaws that have been accentuated in practice, being articulated as they have been

⁴⁴ Tholen et al (2013).

⁴⁵ *ibid*, p. 148.

⁴⁶ Rivera (2011, 2012).

through the weak and partial implementation of the idea. Government, and higher education itself, have lacked sufficient commitment. Marketisation and austerity have further eroded that commitment. We are on the brink of blaming our old friend neo-liberalism for everything, again, as if we in higher education are governed by policy in isolation from the larger social world. But the social world is where we need to look.

The question of merit in higher education has played out in a setting in which Anglo-American societies (though not all societies) have become significantly more unequal. Piketty explains that income inequality is the aggregation of inequality of income from labor and inequality of income from capital, in form of financial holdings, property, and so on. Most people earn majority of their income from labour. Only the top 0.1 per cent earns the majority of its income from capital. Wealth is always much more concentrated than labor incomes. The top income decile (the top 10 per cent) typically receives 25-30 per cent of all of the national income from labour, but 50 to 90 per cent of all the income from capital. Both labour and capital incomes are affected by taxation policy, which has the potential to both decrease and increase inequality.

Piketty also shows that those societies that are relatively equal in their distribution of income and wealth are also societies in which social mobility is maximised, which in turn provides the greatest scope for the allocative role of higher education. In this regard the Anglo-American countries are now very different to the situation that prevailed between the 1950s and the 1970s. In those countries the concentration of wealth and income in hands of the top 10 per cent, top 1 per cent, and especially the top 0.01 per cent (one person in every ten thousand) are all increasing.⁴⁷ There is no debate about the empirical trend to greater inequality in the US and UK. It is clear and dramatic.

In 1970s Scandinavia, the most equal of the modern societies, the top 1 per cent received 7 per cent of all income. In Europe in 2010, the top 1 per cent received 10 per cent of income. In the US in 2010 the top 1 per cent received 20 per cent, the same level as in the aristocrat-led societies of late nineteenth century Europe. However in 2010, the top 1 per cent in the USA achieved this 20 per cent level more through labour income, and less through inherited capital, than was the case in old Europe. Again we find that modernised inequality is legitimated by an element of merit, though as elite graduate recruitment shows, competition for top labour incomes is scarcely a level playing field.

⁴⁷ Piketty (2014), Stiglitz (2013), Dorling (2014), OECD (2014b) and others.

Table 1: Income shares of top 1 per cent and bottom 50 per cent

	Europe 1910 High inequality	Scandinavia 1970s/1980s Low inequality	Europe 2010 Medium-high inequality	USA 2010 High Inequality
TOP 1%				
share of labour income	6%	5%	7%	12%
share of capital income	50%	20%	25%	35%
share of total income	20%	7%	10%	20%
BOTTOM 50%				
share of labour income	n.a.	35%	30%	20%
share of capital income	5%	10%	5%	5%
share of total income	20%	30%	25%	20%

Source: Piketty 2104, pp. 247-249

There has been an explosive growth of managerial salaries in the US and UK, much of it taking place in the finance sector, though it shows not only in that sector. Highly paid managers often set their own remuneration, including bonuses, or negotiate their remuneration with boards of like-minded folk on which they themselves sit. This is the more modern quasi-meritocratic kind of inequality, centered not on inherited property but on control over work, and normatively grounded in the 'shareholder value conception of the firm'.⁴⁸ Income in the US is now 'about as unequally distributed as has ever been observed anywhere', according to Piketty⁴⁹ (though we lack good data on incomes in pre-modern societies). It will become more unequal. Piketty notes that between 1980 and 2010 the share held by the top 0.1 per cent rose from 2 per cent to nearly 10 per cent.⁵⁰ He expects that by 2030, the top 1 per cent in the US will receive 25 per cent of all income, compared to 20 per cent in 2010, and the bottom 50 per cent's share will have fallen from 20 per cent to 15 per cent.⁵¹ In the UK between 1980 and

⁴⁸ Hanley (2011) p. 904: 'Under the shareholder value conception of the firm managers orient their decisions toward increasing returns on the assets of the firm to increase their value to shareholders, rather than pursuing profits via growth or market share'. This legitimizes 'redistributing company profits from workers to managers, executives and stockholders. The theory implies that contribution to the value of company stock (or other measures of profit) should be the basis for compensation, rather than measures of output such as value added to products. This redefinition of valued contributions meriting reward by the firm valorizes managerial and professional roles in the division of labour over production.' Again we see the heroic assumption that one person's contribution can be abstracted from the economic outcomes of collective work; but in the case of super-salaries, the link back to educated attributes ('human capital') is more tenuous than ever. This is the outcome of not individual productivity, but control.

⁴⁹ Piketty (2014), p. 256

⁵⁰ *ibid*, p. 319.

⁵¹ *ibid*, p. 249.

2010, the income share of the top 1 per cent moved from 6 to 15 per cent, reaching the highest level since the 1930s.⁵²

Compared to the distribution of income before World War I, today's salary inequality is partly balanced by the property of the patrimonial middle class, though in the US there is already evidence—in the decline in the market value of many family homes, and the slippage in overall middle class share of wages—that the position of the 'middle middle' and lower middle class is in decline.⁵³ In the next generation, when today's super manager salary is tomorrow's inheritance, society will become more closed at the top, reducing meritocratic mobility into and within the elite, while at the same time income shares will continue to decline at the middle and bottom of the pyramid.

The trend to the concentration of incomes at the top was broken only briefly by the 2008-2010 recession. In the US the top 1 per cent recovered quickly, securing 93 per cent of all additional income in 2009-2010 while the average homeowner lost more than a third in property value.⁵⁴ In both the US and UK the shares of the top 1 per cent, 0.1 per cent and the top 0.01 per cent are now climbing above pre-recession levels. Finance, the leading corporate sector with more than 40 per cent of all US profits prior to the recession,⁵⁵ and with double the representation in the group of very high salaries that its share of the economy would suggest,⁵⁶ secured a noteworthy recovery from the recession. After triggering the crisis, the finance sector has been able to use the crisis to further expand its share of wealth. The flow of bonuses has been successfully resumed.

Piketty's argument is that the trend to inequality is endogenous to the capitalist economy.⁵⁷ Capital accumulates, and over time the growth of income shares at the top tends to narrow or block the pathways to upward social mobility—unless there is a prolonged period of high economic growth, or a vigorous policy and an egalitarian social consensus about keeping mobility pathways open, as is the case in parts of Europe. Neither of these elements are present in the US and the UK. In the UK the post-recession

⁵² *ibid*, p. 316.

⁵³ Stiglitz (2013).

⁵⁴ *ibid*, pp. 3-4. Stiglitz notes that AIG alone received more \$180 billion in the federal government's recession bailout, more than was spent on the welfare of the poor in the US for the whole of the period 1990-2006 (p. 225).

⁵⁵ *ibid*, p. 120.

⁵⁶ Piketty (2014), p. 303.

⁵⁷ See Rowthorn (2014) for a critique of Piketty's proposition that an increase in the ratio between the growth of capital incomes and the growth of the economy drives the growth of inequality. Nevertheless, there is no debate about Piketty's historical data on income shares, and Rowthorn does not question Piketty's proposition that context-nuanced state policy can regulate income distribution and the potentials for social mobility.

performance of the economy has been patchy. Though the top 1 per cent has more than recovered its position overall per capita income remains below the pre-crisis level.⁵⁸

The endogenous trend has been the starting point for the political developments of the last three decades, in the neo-liberal era. Societies relatively static in terms of social mobility, in which social elites are rapidly concentrating their economic power, are vulnerable to the plutocratic capture of politics, and the implementation of political ideologies and fiscal and monetary policies crafted to advance the elite. This has happened in some countries, arguably including the US and UK, but not others. The problem of plutocratic capture of policy is much discussed in the inequality literature, including that of the OECD and the global NGOs⁵⁹ and linked to the ‘financialization’ of the economy.⁶⁰ In the US and Treasury-governed UK, elite capture of the polity has been led by finance. Neo-liberalism in government is a set of regulatory technologies grounded in a finance-sector view of the world. Financial deregulation, once achieved, further enriched the finance sector, lifted the level of overall ‘financialization’, and further strengthened the political influence of the sector. Stiglitz argues that the Federal Reserve is now too close to the American commercial banks, and that the City of London exercises even more control over UK politics than does Wall Street in the US.⁶¹

Plutocratic capture is illustrated by tax policy. There is a close relationship between the growth of the top 1 per cent and 0.1 per cent income shares, and reductions in the rate of tax on capital and labour incomes. The top US marginal tax rate went from 70 per cent under Carter to 28 per cent under Reagan, up to 40 per cent under Clinton and back to 35 per cent under Bush,⁶² and back to 39.6 per cent under Obama. Capital is taxed at a lower rate than labour. In the UK the top tax rate of 45 per cent does not kick in until income reaches £150,000 a year, compared to £50,000 in Austria and the Netherlands.⁶³ Piketty remarks: ‘Taxation is perhaps the most important of all political issues. Without taxes, society has no common destiny, and collective action is impossible’.⁶⁴

⁵⁸ Anthony 2015.

⁵⁹ For example Cingano 2014 for OECD; Oxfam 2014.

⁶⁰ For example of many, in both the scholarly and public policy literatures, Piketty (2014), pp. 193-194, p. 303, p. 376; Stiglitz (2013) p. xxiii, p. 43, p. 120, p. 308 etc.; Dorling (2014), pp. 55, p. 83-90; OECD (2014b), p. 9; Tridico (2012); Wisman (2013), p. 939; Bentele (2013), p. 29; Hanley (2011), p. 908.

⁶¹ Stiglitz (2013), p. xxiii and p. 311.

⁶² Stiglitz (2013), p. xxxi.

⁶³ Dorling (2014), p. 77.

⁶⁴ Piketty (2014), p. 493.

In the context of elite capture of the polity, particularly economic policy, so that no party can take government without conforming to the finance sector template, the regulation of UK education in the interests of elite stakeholders is easier to understand. The failure of government to make an egalitarian commitment to state schools, and to maximize social equality in access to elite universities; the way it fosters a hierarchy of position in schools and higher education, for example using league tables, and allows wealthy families to invest in privileged treatment for their own children at the expense of others; is a minor part of a larger political project. But this not only violates equality of opportunity, it is also tears the meritocratic mask away from human capital theory.

In the UK and US the growth of social and economic inequality is taking place in societies in which formal participation in higher education is at an historic high. Is higher education then responsible for the pattern of unequal earnings? If education produces human capital, which determines marginal productivity, and that determines wages (remember that this is the core of rates of return analysis) then the quantity and quality of higher education *is* responsible for growing income inequality.

Is it really the case that inequality of individual skills and productivities is greater in the United States today than in the half literate India of the recent past or in apartheid South Africa? If that were the case, it would be bad news for US educational institutions, which surely need to be improved and made more accessible but probably do not deserve such extravagant blame.⁶⁵

This underlines the fact that the theory of marginal productivity, human capital theory, is unable to explain striking variations in graduate incomes over time, as well as differences between earnings, and patterns of income distribution, in countries whose higher education is relatively similar.⁶⁶ Higher education as such seems to be largely decoupled from 'the explosion of the topmost incomes' since 1980,⁶⁷ except that its elite institutions provide one of the principal pathways into high salaried professional positions, along with family and social networks, funneling innovative talent into finance

⁶⁵ *ibid*, p. 330.

⁶⁶ *ibid*, p. 308.

⁶⁷ *ibid*, p. 315.

and managerial roles.⁶⁸ The historical perspective suggests that the role of higher education in inequality (and perhaps in social allocation in general) is more positional than economic, as Martin Trow thought.⁶⁹ It also suggests that the social allocation function of higher education is not a constant, and is conditioned by the larger social, economic and political setting. This social allocation role of higher education is not only boxed in by larger inequalities, but can also become segmented within societies.

For example William Deresiewicz (2014) and Roger Geiger (2015) suggest that in the US, elite higher education plays a primary role in distinguishing the upper middle class—those nestling the top 1 to 5 per cent—from the more beleaguered American ‘middle middle’ class. Above the level of the upper middle class, it is a different matter. Despite the meritocratic legitimation function of higher education, and prestige consumption of Ivy League and Oxford/Cambridge degrees, among the super-rich the role of the sector may be declining. As private fortunes grow, and especially as inheritance returns to a primary role, it becomes less essential to go to university.⁷⁰ In the US Joseph Soares finds that 22 per cent of the children of high income professional families enroll in Tier 1 and 2 universities and colleges, and only 14 per cent of children from high income non-professional families. For most rich children an Ivy League education is not essential. In fact 19 per cent of the children of all high income professional families, and 36 per cent of those from other high income families, do not attend college at all.⁷¹ If the powerful become more decoupled from higher education, this will further fragment consent to higher education as a common social project.

The paradox, of course, is that higher education remains potent in creating new prospects for individual students from low SES backgrounds who lack family capital, even while it has a truncated impact on the overall distribution of opportunities. Research by Brand and Xie, and Dale and Krueger, finds that students from social groups under-represented in higher education gain the largest benefits from it, relative to their compatriots who do not participate; and these students also benefit especially from

⁶⁸ ‘Rent seeking distorts our economy in many ways—not the least of which is the misallocation of the country’s precious talent... in the years before the crisis an increasingly large fraction of the country’s best minds chose finance. And with so many talented young people in finance, it’s not surprising that there would be innovations in that sector. But many of these “financial innovations” were designed to circumvent regulations, and actually lowered long-run economic performance’ (Stiglitz 2013, p. 120).

⁶⁹ Trow 1973; Marginson 2015.

⁷⁰ Dorling (2014, p. 122) notes that one third of the people in the UK with a disposable income of more than £1 million have not been to university.

⁷¹ Soares (2007), p.p. 173-179.

education in elite institutions. Conversely, students from socially advantaged backgrounds depend on higher education the least for access to social status, income and professional work, even while they participate at the highest rate.⁷²

What higher education cannot do on its own, despite the supply-side promise of human capital theory, is expand the number of high value positions in society, so as to enable expanded mobility into the middle and upper echelons of society. In the absence of absolute growth in the number of opportunities—or what has always been more unlikely, a redistribution which would reduce the opportunities to some families from the middle and/or upper layers of the SES distribution—competition into and within higher education can only become more intense, as middle class families jostle for position and bring every possible asset to bear on the competition to secure advantage. Until the political economy changes, that is the future of UK higher education.

The comparative dimension

Until the political economy changes. That's the situation in the US and UK, and Australia and New Zealand (Canada sits closer to Western Europe, in relation to equality of opportunity). However, what about the non English-speaking world? In a review of inequality of educational opportunity in 24 countries, Haim and Shavit remark that in most countries for which data are available, inequality declined in the first decades after World War II, and then tended to stabilize or increase.⁷³ Nevertheless, in relation to both the economy and higher education, the longer-term patterns have diverged.

At the global level economic inequality is not increasing. The tendency to greater inequality in most large countries is counter-balanced by the lifting of the position of emerging Asia and Latin America, especially China, Korea, Indonesia, India and Brazil, relative to the English-speaking world and Europe.⁷⁴ At the national level economic inequality is increasing in two thirds of countries, and diminishing in the other third.

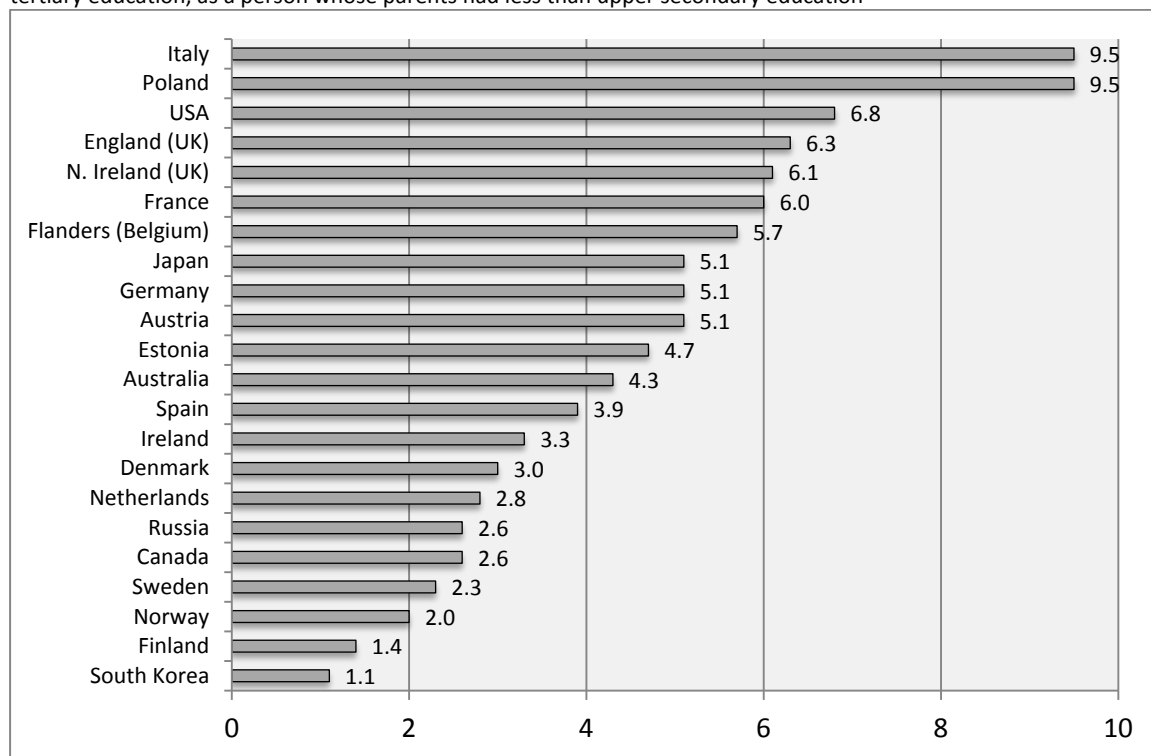
⁷² Brand and Xie (2010); Dale and Krueger (2011).

⁷³ Haim and Shavit (2013), p. 22ff.

⁷⁴ Milanovic (2011), p. 11.

Figure 1. Advantage held by 20-34 year olds with tertiary-educated parents, 2012

e.g. in Poland, a 20-34 year old person with at least one tertiary-educated parent is 9.5 times as likely to participate in tertiary education, as a person whose parents had less than upper secondary education



Data: OECD 2014a, p. 93

Among those countries in which statistical inequality is rising, Nordic Norway, Denmark, Finland and Sweden have largely contained it. They maintain a high quality universal public approach to education, and a relatively equal income distribution and high social mobility, as does the Netherlands. France and Japan sit about halfway between the UK and the Netherlands, with Germany on the egalitarian side of France.

The OECD data in Figure 1 provide one measure of inter-generational social mobility via higher education.⁷⁵ Figure 1 compares the odds of getting to tertiary education for two groups of students—those with one or more parents who attended tertiary education, and those whose parents did not attend tertiary education. In the United States, students from tertiary educated families are 6.8 times as likely to access tertiary education, than students whose parents did not attend. This is low social mobility. The UK ratios are similar. In Germany and Japan the ratio is 5.1. In the

⁷⁵ OECD 2014a, p. 93. Note that a study by Jerrim (2014) that compares the relationship between parental education and lifetime earnings finds that ‘the UK is broadly in the middle of the cross-country rankings, with intergenerational associations notably stronger than in Scandinavia but weaker than in Eastern Europe’ (p.1). On the other hand, studies that compare fathers’ and sons’ incomes suggest a stronger intergenerational relationship in the UK, relative to other countries (p.2).

Netherlands it is 2.8; in the Scandinavian countries it lies between 1.4 in Finland and 3.0 in Denmark. In South Korea it is 1.1. It is encouraging to know that societies and higher education systems in some countries are associated with greater mobility than is the UK.

Elite and mass higher education

What can we conclude from the first fifty years of the life of SRHE? I have been critical, but higher education can also claim success. The level of participation has advanced remarkably, not just in the UK but everywhere, lifting common social and scientific literacy. One third of the world's school leavers now participate in some form of tertiary education.⁷⁶ The female to male ratio of total years of education has lifted from 82 per cent in 1990 to 91 per cent in 2010.⁷⁷ It is not yet parity in total, or in high value programmes, or positions of educational leadership, but gender gaps have partly closed.

Where we have failed in the UK, as in most of the English-speaking countries, is in relation to the hope that an expanding and more democratic higher education system could reduce the savage lifelong discrimination meted out by the British class structure. Yet we know higher education plays an important part in the reproduction of societies with low inequality, as in Scandinavia and the Netherlands; or is associated with the opening up of mobility amid a fast growing middle class, as in China and South Korea.

The lesson of the last fifty years is that higher education does not trigger egalitarian societies on its own, though it can facilitate them. We should set aside the old hubris that higher education is the principal maker of society, whether we live in innovation societies, or knowledge economies, or somewhere else. In aggregate, what happens with incomes, wealth, labour markets, taxation, government spending, social programmes, and urban development, are overwhelmingly more important. This suggests that as researchers into higher education we take a closer interest in the larger intellectual and policy conversation on inequality, especially by focusing on the junctions between higher education and other social sectors. In investigating relations between higher education and the labour market we need to move beyond primary reliance on rates of return and employability analysis. Both confer undue determining power on education.

⁷⁶ Marginson 2015.

⁷⁷ UNDP 2013.

Following Rivera, and Tholen and others, there is much to be gained by developing a more complex, nuanced and empowering picture of the passage from education to work.

We need to give more attention to transfer and other relations within hierarchical higher education systems; and follow Viki Boliver in deepening the long-standing research concern with social access into elite institutions. The example of the University of California shows that elite universities can practice a more egalitarian entry policy than Oxford and Cambridge, even in a highly unequal society and plutocrat-captured polity such as that of the US. University of California Berkeley's intake is as academically strong as that of the Tier 1 private universities, and its degrees are in excellent standing. Yet both UC Berkeley and UCLA now *each* have as many low-income students, and students from under-represented minorities, as the whole Ivy League. Under the progressive tuition policy, 40 per cent of undergraduates at Berkeley are subsidized by other students and pay no tuition, and two thirds of all students receive at least some financial aid. Half of all of Berkeley's students graduate with no debt. The average graduate debt of \$19,000 is just over two thirds of the national average of \$27,000.⁷⁸

Above all, we need to renew the focus on researching the conditions for building stronger mass higher education institutions. It is these institutions, rather than the research-intensive sub-sector, where quality is being emptied out by hyper-competition and austerity. Yet these institutions, in higher education and further education, carry the main responsibility for social learning. Educational research cannot identify the alchemy by which sub-elite credentials can turn to gold. What we *can* do is identify the social conditions and pedagogical barriers within which mass higher education institutions must work, and improve on those conditions and barriers.

If for the foreseeable future we are doomed to educate a society dominated by a new aristocracy of money, in a political economy becoming more unequal each day, let us help to make this society more intelligent, more informed and more confident: a society in which human agency is more broadly distributed. That kind of society is less likely to tolerate the loss of the commonweal, and more likely to renew the forward-looking democratic spirit embodied in the best hopes of 1965, when the SRHE was founded fifty years ago. Today's proceedings are an opportunity to renew that spirit.

⁷⁸ Douglass 2013, pp. 4-5; Soares 2007, pp. 166-167; Wilton 2014.

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