

- » The unfair and inefficient UK university entrance system
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## Flawed Forecast

The UK's reliance on predicted rather than actual exam results for university admissions reduces the odds of entry for the poor, ethnic minorities and state school graduates, **Wiji Arulampalam, Robin Naylor and Jeremy Smith** find.

Our research examines the UK higher education admissions system and finds that the procedures used are both unfair and inefficient. The process erects higher hurdles for the very groups of students who historically have had the most difficulty in entering university. Students who are from poorer backgrounds or members of ethnic minorities or who attend state schools confront the biggest penalties under the admissions criteria at present.

Our work takes place against a vivid policy backdrop. Higher education policies stand at the centre of heated political policy debate, with unprecedented funding changes poised to shift the financial burdens of pursuing higher education from government to students. The changes on the horizon have led to particular debate about how traditionally under-represented groups will fare. Universities are poised to charge students up to £9,000 per year.

Underlining this debate are concerns about how the policies will affect national goals of increasing social mobility; educating a highly skilled and globally competitive workforce; and, in the case of medical schools, in particular, meeting the nation's healthcare needs, which include the care of an increasingly diverse population.

Concerns have been raised about whether the new policies will further erode the presence of disadvantaged students at the nation's most elite universities, thus exacerbating already wide economic and social disparities. The participation of disadvantaged young people in selective universities has not increased since the mid 1990s, according to the Office for Fair Access (OFFA). Under the new tuition plan, OFFA will require universities charging more than £6,000 per year to increase outreach

to students from under-represented groups.

Seven years ago, the Schwartz Report made a number of recommendations to ensure fairness in the university admissions process. A key recommendation was to replace the forecast-based admissions system with one based on actual results. Still, pre-qualification remains the rule.

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### The system penalizes the poor, minorities, students from state schools, and late bloomers

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Our work demonstrates with data what many in the higher education field long have believed: that current procedures make admission less likely for students who are poor, from non-white ethnic minorities, or who attend state schools.

Our research also shows that the current system penalizes students the later they apply. That is, the later a student applies in the allowable time frame, the less likely he or she is to gain admission. The most novel aspect of our work is that we find that this "lateness penalty" is particularly harmful to the under-represented populations. This is consistent with the view that the system discriminates more severely in situations where competition for places is especially fierce.

Our study relies on a rich dataset on all undergraduate applicants to UK medical schools in 1996 and 1997. Using the data, we analyse the effect of the current pre-qualification system based on forecasts rather than actual accomplishments.

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## The Loyalists

**Sharun Mukand and Ethan Kaplan** examine the ways in which the September 11, 2001, terrorist attacks shifted first-time voters' party registration in the United States - and they explain why the results could last for a generation.

Political affiliation in the United States is a remarkably long-lasting phenomenon, with the politics of an individual's youth able to transcend other influences such as economic status and cultural background.

For example, the generation that became eligible to vote during the time of popular Republican President Dwight D. Eisenhower tends to be more Republican today, 50 years after the end of his presidency. Likewise, the generation that came of political age during the popular Democratic administration of Franklin D. Roosevelt, president from 1933 to 1945, is unusually pro-Democrat. These differences remain even in the face of economic or other incentives that might be expected to lead them to fade, such as growing support among the elderly for Social Security, which provides payments to retirees.

Partisan realignments happen very slowly. When President Lyndon B. Johnson signed the Civil Rights act in 1964, he said that his Democratic Party had "lost the South for a generation." In fact, the loss took a generation to take place. Clear, persistent support for the Republican Party among Southern whites only emerged in 1994.

Against this backdrop, our research looks at whether the mere act of registering for a political party today can affect future politics by causing enduring support for that party. Our results clearly show that the decision to register with a political party today can have effects that last for years, perhaps even for a lifetime.

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### After the attacks, two identical groups of voters adopt strikingly different political agendas.

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Our work examines the political affiliations of a group of first-time voters in California who registered to vote when they became eligible, at age 18. Because of slight differences in their birthdates, these voters registered just before and just after the terrorist attacks of 11 September 2001. The attacks caused a nationwide political shift toward the right, as George W. Bush's emphasis on the war on terror and homeland security boosted his public approval ratings to the peak of his presidency.

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## Migration magnets

Study abroad programmes prove to be successful recruiting devices for high-skilled workers from overseas, **Fabian Waldinger** and **Matthias Parey** find.

The number of students studying abroad has risen dramatically. Numerous countries, including Japan, the US and the UK attempt to attract highly skilled mobile workers from other countries through policies that recruit university students from abroad. But little is known about the effectiveness of such programmes, and whether they act as “stepping stones” that lead students to decide to work in another country later in life.

Our study evaluates the effect of studying abroad on later international labour market mobility. Our analysis looks closely at the outcome of the European Commission’s flagship exchange programme for higher education, Erasmus. Named after Dutch humanist and theologian Erasmus of Rotterdam, the programme was introduced by the European Union in 1987. More than two million students have participated in the programme, including about 180,000 UK students. Participating students may study abroad for 12 months at a very low cost.

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### Attractive student migration programs are likely to increase inflows of highly talented workers.

Our research analyses the data from a large-scale survey of university students graduating from German universities between 1989 and 2005. We examine the links between the students’ university experiences, exposure to the Erasmus programme, and later employment decisions.

We find that the introduction of the Erasmus programme had a large impact on studying abroad. In departments that introduced the programme, the likelihood of students going abroad increased by about 40 percent.

Looking at the effect on international labour market mobility later in life, the findings indicate that studying abroad markedly increases the likelihood of working abroad after obtaining a university degree: graduates who have studied abroad are about 15 percentage points more likely to work abroad after graduation.

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We believe that our study permits conclusions regarding the effects of pre-qualification applications that can be generalised across academic subject areas, even though our data are for one specific subject area. This is because the problems associated with pre-qualification admission are likely to be systemic.

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### The chances of admission wane the later the student applies in the allowable time frame.

Students apply to universities in conditions of substantial uncertainty about how their qualifications will match up with the requirements of a given university and course. For September admission, they must apply by the previous December, six months before taking end-of-school exams the following June and eight months before receiving exam results the following August. Similarly, course selectors decide to make offers or reject applications based on the school’s reference letter, the applicant’s personal statement, age-16 qualifications and the school’s predictions of the forthcoming age-18 qualifications. Applicants who receive offers have to accept

The study finds that location choices are ‘sticky’. That is, students tend to return to work where they have studied abroad. This suggests that contacts and language skills are important factors driving the decision to work in a foreign country.

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### Students in departments that introduced the European Commission’s flagship program were 40 percent more likely to go abroad.

Studying abroad seems to increase labour market skills that are in demand in the foreign country. At the same time, other “softer” factors that arise from the experience influence later decisions to work abroad. Studying abroad raises the students’ interest in foreign cultures and introduces them to people who form a network of professional and social contacts. Some students even return to the foreign country for work purposes because they met future spouses or partners while studying abroad.

Our findings suggest that decisions to study abroad by university students have long-term effects on their careers and international labour market decisions. This highlights the importance of student exchange programmes as a vehicle for attracting highly skilled workers. Attractive student migration policies are likely to increase the future inflow of highly talented workers, the category of workers likely to enhance long-run growth prospects.

*For more information:*

This article summarizes “Studying Abroad and the Effect on International Labour Mobility: Evidence from the Introduction of Erasmus,” published in the March 2011 edition of *The Economic Journal*. The full academic paper may be found at

<http://ideas.repec.org/f/pwa360.html>

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or reject them prior to taking their summer examinations.

There are a number of possible sources of the rejection of promising but disadvantaged students – including overt discrimination. However, consider the case of an applicant who is a “late developer” with relatively poor age-16 qualifications and a predicted age-18 score which is downwardly biased: predictions are made at about the half-way stage of the two-year course leading to the age-18 qualification. Thus, this applicant is less likely to receive an offer of a place than is a candidate whose final age-18 qualification score will turn out the same but whose predicted score was unbiased. In other words, the pre-qualification system is loaded against the late developer.

We conclude that a process in which decisions by all parties are made in the context of full information is likely to improve both fairness and efficiency.

*For more information:*

This article summarizes a working paper available at <http://www2.warwick.ac.uk/fac/soc/economics/staff/academic/naylor/publications/guesswho/>

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## Naming and Shaming

The UK's Comprehensive Performance Assessment, trumpeted as a success in improving the efficiency of local councils, actually failed in its key mission, **Ben Lockwood** and **Francesco Porcelli** find.

Ten years ago, the government created an elaborate plan to give local councils in England increased incentives to improve the efficiency with which they provided public services. Councils received scores, from zero to four, to serve as a public measure of their ability to make efficiency improvements. Seven categories of services were evaluated: primary and secondary education; social care; the environment; libraries and leisure; use of resources; housing; and housing benefit payments. The programme was the first of its kind worldwide.

The Comprehensive Performance Assessment aimed to target support at those councils that needed it most, and to offer a number of benefits for better-performing councils. So, poorly performing councils faced a succession of audits and inspections, while high-scoring councils enjoyed reduced audits and greater flexibility.

The results of the assessment were widely disseminated in the media, and the ratings proved to be potent political tools. Incumbent members of councils that performed poorly on the assessment were more likely to be voted out in subsequent elections than incumbents on more highly ranked councils. The programme ended in 2008, and the Audit Commission's evaluation declared that the assessment had "done its job" in stimulating a continuous improvement in local government performance.

In stark contrast to the Audit Commission's findings, our analysis concludes that the assessment failed to improve efficiency, which was its key aim. Services did rise in quality – but only in tandem with a rise in taxes.

Our work compares the experiences of England and Wales. The Welsh local government structure is the same as England's but its local authorities were not subject to the same assessment regime. By contrasting the experiences of the two, we find that the introduction of the assessment raised the property tax rate on the average value domestic property in England relative to Wales by about £40, or about 4 percent. At the same time, an index

**The Loyalists** continued from page 1

The results of our analysis are striking. Two basically identical groups of people take up markedly different political agendas. We find that voters with birthdays in September were more likely to register as Republicans than voters with birthdays in August – by more than two percentage points. These voters then continued to register as Republicans at higher rates in 2006 and 2008. This was true even for those voters who moved and, thus, had to change their registration.

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### Note to strategists: Effects of "Rock the Vote" campaigns may last from youth to the grave.

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The initial choice of political party persists, despite possible economic incentives, access to information or cultural backgrounds that one might expect to lead to changes. In fact, party choice may well last for a lifetime.

We find that taking a political position, such as a decision to register for a political party, can in and of itself be a critical determinant of future political identity. This is also true for independents, who do not select a political party. The findings suggest that the electorate potentially is broken into groups of partisans and non-partisans.

Our findings have important implications for the political arena and for public policies. Policies may persist simply because support for a party endures. In particular, if voters are unwilling to shift political allegiance in

of the quality of local government services rose in England relative to Wales by the same degree, roughly 4 percent. Increased services were the result of higher spending, financed by higher council taxes.

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### The assessment didn't improve efficiency. Quality of services increased, but only in tandem with spending increases.

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The results in poor areas, with higher proportions of residents receiving jobseeker's allowance and incapacity benefits, were worse than average, with efficiency actually declining over the programme's life.

We also found that the least efficient councils did attempt to catch up under the scheme, but to do so, they raised taxes by more than the others. So, their efficiency did not improve overall.

Perhaps the lone effective aspect of the assessment stemmed from a 2005 reform making high scores harder for councils to achieve. This "harder test" seemed to boost efficiency, whereas the assessment as a whole did not.

Our findings have particular importance in the current climate, with governments of all levels facing cuts and politicians calling for greater efficiency in delivery of virtually all services. Our results suggest that any efficiency schemes need to be carefully conceived, and they need to be demanding in order to have an effect.

*For more information:*

This article summarizes a working paper available at <http://www2.warwick.ac.uk/fac/soc/economics/staff/faculty/lockwood/>

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response to new, politically relevant information, then policies out of tune with changing times may live on.

Consider the implications of our findings when applied to the 2008 U.S. election. In this election, according to Pew Research Center, two third of voters ages 18-29 voted for Obama in 2008. This compares to 53 percent of the general population. Our analysis suggests that this gap between the Obama "youth voters" and the general population is remarkably persistent over several election cycles. Indeed, our calculations suggest that the 2008 youth vote gap will be a phenomenon affecting US elections for decades to come.

The implication for party strategists is clear: get voters when they are young! Allocating campaign dollars to youth voter campaigns such as "rock the vote" will pay dividends years into the future.

*For more information:*

This article summarizes, "The Persistence of Political Partisanship: Evidence from 9/11," available at <http://www2.warwick.ac.uk/fac/soc/economics/staff/academic/mukand>

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## The Final Word

**Abhinay Muthoo** explores the definition of a truly “developed” economy.

Once upon a time, the developed world was poor. The majority of its people lived in decrepit conditions of the kind we see today in parts of the so called “third world.” What changed the course of history in the developed countries like the UK and the US? There is no simple answer to the question. But in the course of history, we have learned one profound lesson: Change can be accomplished.

In the year 2000, the countries of the world pledged to relegate poverty to the history books by adopting the United Nations Millennium Declaration. It concluded with an action plan to achieve a series of anti-poverty goals by 2015. Major new commitments were announced for women’s and children’s health and other initiatives against poverty, hunger and disease. The aim is to create a world where all countries have “developed” societies.

But what do we mean by a “developed” society? Is it a society characterized by its menu of goods and services? Is it a place where supermarkets offer everything from toothpaste to cauliflower under one roof, where people can afford to eat at restaurants, and where residences have hot running water (or just running water) in the taps?

Or is it a society characterized by rights? Is it a place in which you have an equal opportunity in life to prosper? Is it a place where education is free or affordable to all, where the poor and vulnerable are looked after, and where the sick don’t have to be rich to get treatment in a hospital?

If this is what we mean by a “developed” society, then we all desire to live in such a place, and we all are still working to make this vision a reality.

The world as a whole is getting richer and many of the benefits of increased wealth are going toward the poorest nations. But at the same time, the gap between the rich and the poor in many developing and developed nations is growing wider. Developing countries like India and China are growing rapidly in economic terms, and that is a good thing as it is helping the people of these countries to aspire to a better life. But is this progress creating a truly “developed” society? Or is it merely creating a society in which the rich few benefit from growth while the rest continue to languish in poverty?

The reality is somewhere in between. Yes, the wealth creators set the scene for the kind of society the developing world would like to have in the future. But just leaving them to create wealth in the hope that it will somehow trickle down to the poor is dangerous to say the least. The

poor, for example, could revolt and threaten the lives of the rich in some countries, perhaps even as drastically as the French Revolution in the eighteenth century. We are witnessing the modern manifestations of this in the scenes unfolding in the Arab world. The upheaval in Tunisia, Egypt and Libya are complex, yet they are surely linked to the desire for a society that creates opportunity not just for those at the top, but for all.

This is an issue also facing the developed world. The gap between rich and poor in the UK is wider than it has been for four decades. The gap in the US is at a historical high and remains one of the highest in the world. Meanwhile, perhaps provoked by our recessionary times, members of the developed world are reflecting upon what the aims of a developed society ought to be. The UK’s coalition government is adding happiness and general wellbeing to its measures of economic and societal progress. The US continues its political debate over whether the world’s wealthiest nation considers access to healthcare a universal right.

If a “developed” society can be defined as a more equitable one, then even our wealthiest nations have a long way to go. The laws of the land most promote opportunities for everyone, including the poor, to improve their life chances. In many respects, true social mobility remains an elusive goal, even in the most developed countries.

The course of the world’s history will be determined by the way developing countries organize their societies. Many governments in the developing world are corrupt and not fit for purpose. Change against entrenched power is always difficult and dangerous, and yet the modern world has given societies new tools and higher aspirations. The internet, for example, has given the world’s poor and powerless new ways to learn about their rights and new desires for the better life they see in more advanced nations.

It is in the interest of both the rich countries and the rich people in the developing countries to promote an equal society, for they ignore the poor at their peril – indeed, at the peril of us all.

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## The University of Warwick Economics Research Institute

The ERI is an integral part of the Department of Economics at the University of Warwick. Its members include the academic and research staff and research students of the Department of Economics; visitors attached to the Department of Economics; and scholars from other institutions who are associated with programmes of research administered within the Institute.

The Director of ERI is Professor Abhinay Muthoo. ([a.muthoo@warwick.ac.uk](mailto:a.muthoo@warwick.ac.uk)).

The aims of ERI are to promote directly and indirectly research in economics and interdisciplinary research that has an economic aspect; to facilitate the funding and organisation of collaborative research projects involving the participation of members of the Department of Economics; and to support scholarly activities such as conferences and research networks that extend beyond the

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The Bulletin of the ERI appears once a term. Each issue features summaries of published or forthcoming research by ERI members. Karen Brandon ([k.brandon@warwick.ac.uk](mailto:k.brandon@warwick.ac.uk)) is the Bulletin’s editor. Romesh Vaitilingam ([romesh@vaitilingam.com](mailto:romesh@vaitilingam.com)) is the editorial consultant.

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