

Free College in Europe: A Cautionary Tale for the United States

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KEY TAKEAWAYS

U.S. policymakers should be wary of countries that provide “free” college to citizens. This has led to overcrowding, reduced access, and fewer resources per student.

“Free” college in America would be extremely expensive, with the costs burdening many taxpayers who did not obtain college degrees.

Instead, the U.S. should focus on reducing college costs that are fueled by federal student loans and bolster alternative pathways like apprenticeships.

Current Calls for “Free” College

As the price of college continues to rise and students find themselves deeper in debt, Americans are clamoring for ways to reduce their out-of-pocket college costs and debt. For years, conservatives have pointed out that the price of college will continue to rise as long as the federal government pours billions of dollars into universities while offering generously subsidized federal loans to students along with taxpayer-financed loan forgiveness.¹

However, instead of limiting federal subsidies to control this root cause of tuition inflation, some lawmakers have proposed removing the cost of college tuition as a solution. Senator Elizabeth Warren, for example, has proposed a \$1.25 trillion plan to cancel student loan debt for 95 percent of Americans, while also making public colleges tuition-free.² Senator

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Bernie Sanders has also proposed legislation to make public colleges tuition-free, while canceling every dollar of outstanding student loan debt held by all Americans.³

Students who are struggling to pay for college may find tuition-free proposals attractive. However, transferring the cost of education from the student to American taxpayers does nothing to address runaway costs, but rather changes who pays for it. Furthermore, many Americans choose not to attend college for a variety of reasons. A tax increase on non-degree holders is not an equitable or economically responsible way to address the college debt crisis.

However, proponents of “free college” will point to many countries around the world that have provided taxpayer-funded “free” college for their citizens. Specifically, many countries in Europe have either partially removed or entirely removed tuition for their students. Despite the rhetoric, European-style free college would be an economic disaster for America and should be rejected.

The Free College Trade-Off

Since nothing in life is truly free, countries sacrifice quite a bit when they offer free college. The American Enterprise Institute’s Jason Delisle and Preston Cooper examined the inevitable trade-offs that come with tuition-free college among Organization for Economic Co-operation and Development (OECD) countries. Delisle and Cooper examined attainment, resources (or per pupil spending), and subsidies—and found that it is very difficult for a country to rank high in all three of those categories. The authors point out, for example, that while Finland ranks first among all OECD countries in terms of subsidies, with 96 percent of Finnish higher education funding coming from the public, Finland ranks 11th in terms of resources and 25th in attainment.⁴ In fact, Finnish universities have among the lowest college acceptance rates in all of Europe, suggesting supply is restricted considerably.

Increased enrollment in higher education should not be the primary goal for American policymakers. The number of students with bachelor’s degrees already outpaces the number of college-level jobs in the U.S. Economist Richard Vedder has predicted that the U.S. economy will create roughly *12 million* new jobs in the next 10 years that require college degrees, yet the U.S. is slated to produce roughly *15 million* new graduates over that same time period.⁵

Additionally, fewer than two-thirds of students who enter college graduate with a degree. Thirty percent of students drop out after just the first

year.⁶ Significantly high dropout rates should give policymakers pause to consider whether sending more students to college should be a primary objective. These students would most likely be better served by expedited educational pathways that focus on a specific career.

Degree Attainment and Enrollment

It seems counter-intuitive that tuition-free college would cause problems with access. However, as Margaret Thatcher famously stated, the problem with socialism is that eventually you run out of other people's money.⁷ Inevitably, free college leads to rationing, shutting students out of higher education opportunities.

England experienced decreased access to higher education during its failed experiment with tuition-free college. According to research conducted by Richard Murphy, Judith Scott-Clayton, and Gillian Wyness, a massive uptick in student enrollment between 1961 and 1986 made it impossible for government funding to keep up with demand. As a result, in 1994, the government placed strict limits on the number of students universities could enroll. Moreover, Bladen and Machin found that between 1981 and 1999, "the gap in degree attainment between high- and low-income families more than doubled."⁸ During England's long experiment with free college, schools were forced to limit the number of students enrolled each year, which disproportionately affected low-income students.⁹

France also struggles with college access under its free university system. Aside from small annual fees, French students attend public universities for free. However, French universities are extremely overcrowded, stressing overall university resources, and today, about 50 percent of French students drop out or fail out after just their first year.¹⁰

Cost to Taxpayers

Americans already pay a high premium for our higher education system. The federal government subsidizes roughly \$150 billion per year on the federal student loan program, \$28 billion on Pell grants, and \$41 billion on other types of grants such as those for research funding.¹¹ However, Americans appear to spend relatively little on higher education compared to many European countries because the U.S. government offers direct loans to students (in addition to Pell Grants for those who are income-eligible), while European countries that offer free tuition subsidize universities directly.

Proposals to make American higher education tuition-free would be extremely costly. Exact numbers are difficult to predict because it is not evident how much the elimination of tuition would increase enrollment. However, policymakers can look to international examples of similar policy experiments. In Europe, taxpayers pay a significant price for free college.

The German Experience. Germany often comes to mind during discussions over European free college. Aside from annual administrative fees, all public universities are tuition-free, and the vast majority of universities in Germany are public. However, German universities face a massive over-crowding problem. This issue prompted the German government to allow schools to begin charging tuition in 2006; however, this experiment was short-lived and tuition began to phase out again in 2014.¹² Indeed, once anything is offered for free, it is difficult to later ask individuals to pay.

As a result, enrollment at German universities rose 22 percent, and costs to taxpayers went up 37 percent.¹³ A 37 percent increase in the college subsidy cost to taxpayers has, unsurprisingly, decreased the popularity of free college among German citizens significantly.¹⁴ Additionally, spending per student declined by about 10 percent. Today, German universities spend \$16,895 per student, while the United States spends about \$27,924 per student.¹⁵

The British Experience. A similar issue unfolded when England began offering tuition-free higher education to its citizens. Increased enrollment led to a nearly 50 percent reduction in per student spending between 1973 and 1998.¹⁶ Although conflating spending per student with quality can be problematic, it is worth considering what resources are available for higher education within a country—and to what extent that number would be spread thin with increased access to higher education through the removal of tuition.

Up until 1998, English public universities were tuition-free for full-time students. However, after decades of government investment, concerns grew about quality and access. In fact, a recent study found that when England eliminated its free college experiment in 1998, colleges experienced “increased funding per head, rising enrollments, and a narrowing of the participation gap between advantaged and disadvantaged students.”¹⁷ For many, this would seem counterintuitive. However, free college in England resulted in reduced access for low-income students, few academic resources, and an erosion of education quality.

Following a 124 percent increase in higher education enrollment between 1961 and 1986, “government funding failed to keep up, and institutional resources per full-time equivalent student declined by over 39 percent in

real terms in the decade from 1986.”¹⁸ However, due to a combination of government funding and tuition revenue after tuition was reinstated in 1998, per student funding increased 50 percent.¹⁹

This puts the resources that England dedicates to each of its students back to the 1990 levels, when government funding was at its peak,²⁰ countering the narrative that a reduction in federal spending would result in fewer classroom resources spent on instructing students. In fact, England’s experiment moving away from free college suggests that reduced national spending on higher education *increased* access for students while also improving quality, all while better protecting taxpayers.

Fee System in Poland. Starting in 1989, post-Communist Poland completely transformed its higher education system by instituting tuition fees for students. As a result, enrollment, particularly among disadvantaged students, steadily increased. Researcher Marek Kwiek found that “the rate of disadvantaged students, especially from rural communities who constituted only two percent of the total enrollment in 1990 had risen to 10 percent in 2002 and with a further jump to 20 percent in 2005.”²¹ Kwiek attributes this access to a flurry of growth among competitive private institutions competing to offer students higher education who had been previously been kept out of public universities due to lack of resources.

Alternative Paths in Europe: The Swiss Apprenticeship Model

While many countries in Europe have implemented misguided free college systems fraught with problems, Switzerland has implemented an apprenticeship model that could offer lessons for the United States. The Swiss Apprenticeship programs are considered wildly successful and place a greater emphasis on practical workplace skills rather than classroom hours. Two-hundred thirty types of vocational and professional education programs are available to successfully credential individuals in a wide variety of fields.²²

Contrary to the American system of higher education, apprentices typically graduate their programs between the ages of 18 and 20, giving graduates a head start on their careers. While apprenticeship programs in Switzerland do receive some national funding, 60 percent of all funding comes from the private sector, as companies have learned that investing in apprentices ends up being profitable. According to the Swiss Embassy’s analysis of the Swiss apprenticeship model, “Apprentices provide a way for employers to build their workforce, and the concept of ‘earn while you

learn' gives young professionals the chance to start their careers with a set of practical skills and no student debt."²³ The United States could certainly benefit from career-based training that saves students the time and money associated with a bachelor's degree, which often does not lead to a well-paying job on the other end.

Conclusion: European Free College Is a Cautionary Tale

The experience of European countries that have enacted tuition-free policies at their public universities should serve as a cautionary tale for United States policymakers who wish to follow suit. Many of these programs have resulted in overcrowding, reduced access, and fewer academic resources per student. Instead, the U.S. should focus its efforts on reducing college costs that are fueled by federal student loans and bolster alternative options, such as apprenticeships, that prepare students with lifelong skills.

In order to avoid an increased taxpayer burden while sacrificing higher education quality and access, Americans should reject calls to make public colleges and universities tuition-free.

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Endnotes

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