



# The Expansion of Higher Education in Turkey: Access, Equality and Regional Returns to Education



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## ABSTRACT

This article discusses the recent expansion and structural changes in the Turkish higher education and analyses a number of economic consequences in terms of equity and returns across regions. First, we outline the institutional background of the expansion in order to identify various re-distributive dimensions of the policy. Using Household Labor Force Surveys between 2004 and 2013, we explore whether college proximity affects local families' access to college. Our results show that this policy had an equity-enhancing effect for daughters of low-educated households in some regions with large-scale expansion. Second, we investigate whether the compositional change has affected local returns to college degrees and contributed to the relative convergence across regions. The estimation results show that despite the increase in college graduates, returns in terms of wages at the local level has increased increasing and that some regional convergence was attained.

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## 1. Introduction

Institutions designing higher education have economically and socially significant effects by determining and reproducing the selection mechanisms that match ability and rewards in a society. The limited supply of higher institutions and the costs associated with access and attendance are key factors helping to evaluate the degree of equality of opportunities and the efficiency of higher education systems. Since the early 1970s (Hansen and Weisbrod, 1969), the question of whether allocating more public resources to higher education is equity enhancing or equity impeding has been widely debated. More recent discussion has focused on the positive and negative selection of likely college attenders regarding educational expansion. Choi (2015) studies the impact of expansion on college earnings in South Korea and finds that the expansion has mostly benefited female compliers through human capital effect. Brand and Xie (2010) find a negative selection effect of educational expansion in the US, indicating that those who are less likely to attend college benefit most from college. Blanden and Machin (2004) discuss how higher education expansion in the UK has mostly benefited richer families. To the degree that the expansion of higher education reaches a wider portion of society and hence has a more egalitarian character with a more democratic contribution, it is likely that the political landscape and competition will change in the long run. Iversen and Stephens (2008), however, note that higher education seems less re-distributive than public investment in primary and secondary education.

For Turkey, we can identify two expansion waves related to public higher education in the last four decades. In the first wave, 22 new universities has been founded in 1992 under the rule of coalition of center right (DYP) and center left (SHP). Second wave of higher education expansion was initiated in 2006, with the number of public universities more than doubling to 103 by 2014. For the period 2006 and onwards, improved re-distributive grant and accommodation policies additionally help to increase higher education access rates from 15.7% in 2004 to 31.7% by 2012. Gender inequality in access to higher education substantially decreased and regional gender disparities declined. Evaluating the policies associated with expansion at this scale requires a better understanding of the political and institutional background, and more attention to country-specific selection mechanisms related to higher education. Furthermore, these expansion periods need to be analyzed in order to understand whether public policy innovations have improved access to higher education and equality of opportunities. Such wide-scale expansions can produce long-lasting consequences on human capital, labor market dynamics and regional development. In this study, we will evaluate the latest expansion policy by focusing on access to higher education, regional development and labor market outcomes and we will discuss the implications within a broad institutional perspective.

Turkey's higher education institutions have the dynamic character necessary to keep up with contemporary conditions of an emerging democratic society. The evolving need for institutional change in higher education is thus a political issue since, to a

certain extent, any modification requires public consent regarding its economic and social consequences. Furthermore, the issue of public finance for the burdensome costs of higher education has a re-distributive character. In this study, we first provide a short history of Turkey's higher education institutions and the major changes that they underwent. We draw attention to the social and economic changes that can be related to Turkey's expansion of post-secondary education by providing an account of the institutional background and complementary policies (grants and accommodation) related to the expansion. Our main argument is that, since 2006, newly emerging universities have expanded into relatively less developed regions, which has implications for regional economic structures. We observe two major local labor market outcomes of this expansion, one is the localization of labor force suggesting increased college access with proximity, and the other is the convergence of relative returns to education across regions.

In this study, we will first give an institutional background related to the expansion which can help to understand the context of the policy. Secondly, we will focus on some specific consequences of the expansion using micro-data from Household Labor Force Survey which covers the period before and after the expansion. The structure of the paper is as follows. The next section provides a brief economic and political account of recent developments concerning the latest expansion of higher education in Turkey and descriptive statistical evidence on various dimensions of the expansion. We discuss why investing in higher education is politically desirable in terms of capacity building and local development. We argue that the new universities founded during the rule of the Justice and Development Party (JDP)<sup>1</sup> have contributed to local development via a re-prioritization of public investments and demand externalities through increased public grants and accommodation facilities targeting college students. In this sense, the expansion offers beneficial local political windfalls as well as equality enhancing educational opportunities. It seems that this policy shift will have long-term consequences that are likely to affect Turkey's social and economic structure. One important finding relates to improvements in gender equality in access to college, particularly in regions where the scale of expansion is greater. In the third section, we focus on one of the re-distributive outcomes of the expansion. Using a difference-in-difference model, we try to determine whether college proximity produces a redistributive effect and increases access for local families. We find that local enrollment has increased for both boys and girls following the capacity increase in new universities, particularly for new universities in eastern regions where the expansion is larger. When the intergenerational (paternal education) effect is included, we find that for girls, low-educated households have benefited more from college proximity. The fourth section discusses the impact of the increased numbers of college graduates on relative returns to education. Regional estimates of wage regressions before and after the expansion show that there is a convergence in terms of the marginal returns of graduating from college.

## 2. Investing in higher education

During its relatively long tenure in government, the JDP has shown its willingness to expand higher education and improve access in favor of its electorate at the time of the expansion, but without paying much attention to the lagging changes in institutional structure. Investing in post-secondary education and opening new universities yield development and economic rents

<sup>1</sup> The JDP is the translation of the Turkish name for Adalet ve Kalkınma Partisi (AKP).

besides political and social ones. Firstly, the institutional framework of budgetary expenditure encourages central governments to pursue large-scale public investment at the local level.<sup>2</sup> This large-scale expenditure is financed through central government grants and executed via governors (local appointees of central government) while Turkey's local governance system gives only very limited appropriations to mayors, who are the only elected local authority at the provincial level. In this respect, the local spending-revenue balance depends mostly on political maneuvering in order to address locals' demands for easier access to higher education. This political intermediation gives more weight to pork-barrel/patronage politics, which in turn makes central government a key actor for the provision of local public goods.<sup>3</sup>

Besides serving to secure higher social status, tertiary education in Turkey has also been valued as a means of upward mobility in income and lifestyle. Low average education levels and limited access to higher education justify social aspirations related to the importance of being educated. Table 1 illustrates the relationship between intergenerational educational mobility and income as of 2007. Column 1 in Table 1 indicates average positioning of education pairs of two generations (Father and Adult) according to quantiles of the income of the adult. Column 2 is the average transition of intergenerational education pairs. The earnings' gap between different education levels which is measured by average positioning according to the quantiles of income (5 highest, 1 lowest) implies that better-educated people have higher returns. In terms of intergenerational effect, having an educated father slightly increases average income positioning (column 2). Table 1 depicts the impact of the father's education level on the social inheritance which affects children's education. On average, most adults attain the same education level as their father. Strikingly, for the highest (college) and lowest (less than secondary) education levels, the probabilities of children matching their father's education level are very close, at 66% and 68% respectively. Table 1, however, only presents a partial picture for the institutional background of the intergenerational mobility. Higher social aspirations have led to the creation of different new social and political institutions which aimed at overcoming the barriers linked to college access.<sup>4</sup> We will provide a brief discussion in the next section.

### 2.1. Political and institutional background

In order to understand how students sort at post-secondary level in Turkey, we have to give a brief history of university entrance procedures and its evolution. We will focus on major factors affecting the selection mechanism and higher education expansion. One major change is related to the conduct of the entrance exam, which determines the competition among students and private provision. The second important aspect is the relationship between political interests and the evolution of the public university system. Third, we discuss institutional restrictions and political interventions in the system, and their relevance for the inclusion of social groups.

Until 1974, the selection mechanism was not centralized, being left to the discretion of universities. A standardized system was

<sup>2</sup> Turkey remains one of the few OECD countries where public finance is mostly centralized (Blöchliger and Rabesona, 2009).

<sup>3</sup> As an interesting case, Özcan (2006) discusses the issue of large-scale local spending around three development projects. One of them is a local industrial project (military tank production) that the local university, Erciyes University, participated in for the province of Kayseri, Özcan (2006). Initiated with the approval of central government, it failed due to the inability of local political groups and the central authority to coordinate.

<sup>4</sup> The 1980s and 1990s witnessed growing institutional investment by the so-called conservative social class or the periphery (with the social cleavage termed by Mardin (1973)).

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