

Tuition fees had no negative effect on participation in higher education in Germany

 blogs.lse.ac.uk/europpblog/2014/10/30/tuition-fees-had-no-negative-effect-on-participation-in-higher-education-in-germany/

30/10/2014

*Following political opposition, all German states have abolished university tuition fees, which were originally implemented in the mid-2000s. **Berthold U. Wigger** outlines the findings of research on the effect tuition fees had on enrolment levels in German universities. He writes that contrary to expectations, tuition fees did not have an identifiable negative effect on enrolment levels within Germany. He argues that the German experience shows tuition fees will not necessarily deter potential students if they are set at a relatively low level, are combined with an effective student loans programme, and if exemptions are provided to students matching certain social criteria, such as low incomes.*



Whether students should pay for higher education or whether they should get it for free is a matter of constant debate. Supporters of tuition fees point to the fact that students are the main beneficiaries of higher education and have access to high-paid jobs after graduation. Opponents, in contrast, argue that tuition fees have a negative effect on participation in higher education, which leads to detrimental effects for economic development and the overall fairness of the educational system.

While it can hardly be denied that students benefit from fee-free higher education, the question of whether tuition fees negatively affect participation in higher education is more complex. Conveniently, Germany has made itself a formidable experimental ground to study the question empirically. The introduction and abolishment of tuition fees at public universities in some German states in recent years has generated a data base rich in variety which is well-suited to examining the effect of tuition fees on participation in higher education.

The German experience with tuition fees: did fees affect participation in higher education?

Higher education at public universities in Germany was free of charge until 2005. This changed after a ruling of the German constitutional court stipulating that tuition fee policies are not under the jurisdiction of the federal government (which, at that time, preferred no fees for higher education), but under the jurisdiction of the German states. Between 2006 and 2007 seven out of the 16 German states implemented tuition fees of about 1,000 euros per year. However, because of severe political opposition, the fees have already been **abolished** in all these states, so that now higher education is again free of charge at all public universities in Germany.

A major argument in all the student-led anti tuition campaigns was the alleged negative effect of tuition fees on those willing to study. In fact, empirical evidence found in other countries seems to support these concerns. Studies on tuition fees in the US and in the UK suggest that a 1,000 euro increase in tuition fees reduces the enrolment rate, that is, the transition rate of high school graduates to universities, by about 2.5 to 5 percentage points. Some earlier studies that tried to identify the effect of tuition fees on enrolment numbers in Germany support this view. They found a negative relationship between tuition fees on enrolment rates in an almost identical range.

Although in line with studies from the US and the UK, the conclusion that the recent introduction of tuition fees in Germany should have a significantly negative effect on enrolment is somewhat surprising. This is because the German case differs substantially from the situations in both the US and the UK. First, tuition fees in Germany were rather modest in comparison to fees in the US and the UK. Second, the introduction of tuition fees was accompanied by the provision of a very comprehensive and generous public student loans programme. Third, a substantial share of university students were exempt from fees because of specific social criteria. Lastly, since only seven out of sixteen German states introduced fees, high school graduates still had the opportunity to study free of charge in

Germany. All these arguments suggest that the impact of the introduction of tuition fees, if any, should be smaller than the one found in the US or in the UK.

In light of these considerations, we restudied the effect of tuition fees on enrolment rates in Germany in a [recent paper](#). We followed earlier work and estimated the impact of the implementation of tuition fees by employing the introduction of tuition fees in Germany as a natural experiment, in which the states that introduced fees define the treatment group and the states that did not define the control group. However, we extended previous work in three important ways. First, we took a closer look at institutional differences between the German states by allowing for state-specific fixed effects. Second, we took full account of the fact that tuition fees were both introduced and abolished in the German states at different points in time. Third, we explicitly controlled for different trends in the number of new high school graduates in the treatment group and the control group.

The different trends across the German states can be attributed to different demographic development between eastern and western regions. In the eastern states, birth rates declined sharply after German reunification. Since cohorts that were born at the time of German reunification left high school in 2008 or later, the disproportional decline in the numbers of high school graduates in the eastern states coincides with the treatment period. As the control group, that is, the fee-free states, is dominated by the eastern states, and the treatment group, the fee states, is dominated by the western states, the different trends in the number of high school graduates may translate (and do translate) into different trends in enrolment rates.

We show that the result of a negative effect of tuition fees on enrolment rates does not hold if institutional differences and differences in underlying trends are properly taken into account. In contrast to previous literature, we conclude that there is no evidence that a general negative effect on enrolment occurred during the recent introduction of tuition fees in Germany. Yet, the supposition of such a negative effect was the main argument for abolishing tuition fees. Our results suggest that this argument had little empirical basis.

All in all, two conclusions can be drawn from our study, a specific conclusion and a more general one. The specific conclusion is that the introduction of tuition fees of about 1,000 euros per year in some German states did not constitute measurable deterrence for high school graduates to participate in university education. The more general conclusion is that whether tuition fees constitute such a deterrence or not essentially hinges on the institutional environment. The German experiment suggests that deterrence does not occur if, first, tuition fees are rather low, second, tuition fees are combined with an appropriate public student loans programme, and third, tuition fees are not imposed if certain social criteria such as a low-income-family background apply.

[Please read our comments policy before commenting.](#)

Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics. Featured image credit: VCU Libraries (CC-BY-SA-3.0)

Shortened URL for this post: <http://bit.ly/1wlu8ii>

About the author

Berthold U. Wigger – Karlsruhe Institute of Technology

[Berthold U. Wigger](#) is Chair of Public Finance and Public Management at Karlsruhe Institute of Technology.

