

FAKULTA SOCIÁLNÍCH VĚD

Karlova universita, Praha



Posudek diplomové práce

REVIEW OF THE DOCTORAL THESIS

DATE: 28 October 2006
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TITLE: A Lesson of Higher Education Funding: England – Place to Learn?
YEAR: 2006/2007
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THESIS REVIEW:

The thesis is an improved version of the author's regular master thesis that was successfully defended in June this year. The thesis provides a thorough analysis of university education financing. It uses an innovative financing model and applies it to the Czech system. The topic is important and the thesis is properly structured and underpinned with a wealth of literature sources. As the graduate thesis was already awarded the excellent grade and this version represents an improvement, **I recommend the thesis for the defence and suggest grade A ("výborně")**.

The thesis starts off with a well structured motivation chapter 2 where the author demonstrates importance of education and suggests five desirable characteristics of an education system.

The third chapter looks at the efficiency of university financing and concludes that a participation from students is necessary in order to achieve a higher efficiency. This argument is supported, in part 3.1, by discussion of possible market failures. I especially appreciate incorporation of G.Becker's model in chapter 3.1.3. Part 3.2 deals with financing techniques and shows that market may not deliver optimal level of university financing due to its imperfections. Part 3.3 reveals the author's preferred solution – income contingent loans. The author illustrates their advantages from page 30 on. I have raised the question in the master dissertation as well, but the author again comes with very complicated repayment schedule (page 36-38). I do not find the argument of decreasing utility of income strong enough to overcome obvious incentive and administrative complications of the suggested repayment model.

The fourth chapter discusses the Czech system and argues that the Czech universities are under funded and thus have to ration students too aggressively. On pages 49-50, the author reacts to my previous comments and discusses impact of labour market information on university selection by students. I believe that the thesis well illustrates how complicated such information transmission is, despite the lame attempt by Fisera mentioned in the thesis. I just wonder whether this information would not be better left to markets, when universities could charge different tuition fees for different subjects.

The fifth and sixth chapters deal with international systems of university education financing. The author discusses particularly the English system and repeats her argument of "unfair" flat rate of repayment (English students must pay 9% of their annual income when they cross a threshold, p. 60). She argues that progressive schedule would be fairer and would not create the same inefficiencies as tax progressivity, but these arguments are not convincing. What is valuable, though, is a clear demonstration of political nature of the process where efficiency is not an important factor. Other countries are dealt with faster in the chapter 6.

The conclusion summarizes five (or six?) requirements of a perfect tuition system.

Ondřej Schneider