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Given the cost of studying, should I go to university?

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For most people, the answer to the question is yes.

The research evidence shows that going to university is likely to make you richer, healthier, and happier. These gains, for the typical British person, will be so large that they outweigh the costs of university education. Interestingly, doing a degree will probably also make you a little more left-wing and make you live slightly longer.

However, some caveats need to be kept in mind. The gains from a university education are greater for those who do science and social-science subjects, those who go to a top university, and those who get First Class Honours degrees. They are also generally bigger for women than men. Any parent or student who wishes to study the details of all this statistical evidence can do so on the web by, for example, going to Google and typing in the names of two economics professors who are experts on the topic – Peter Sloane at the University of Swansea and my colleague Robin Naylor at the University of Warwick.

First, let us imagine that you have a couple of A levels or more, and you are trying to decide whether to do a university degree. On average, a degree will improve your later lifetime income by about 20% if you are a man and around 30% if you are a woman. Hence that will easily pay for the university fees and the opportunity cost of not earning for a few years while young. Nevertheless, such averages hide a lot of variation. For instance, when put into economists' jargon, Arts and Humanities degrees are associated on average with a positive rate of return only for women. The biggest returns seem to accrue to students doing subjects like mathematics, medicine, engineering, accountancy, and economics.

Second, a lot of careful research tries to solve the problem of causality. Unfortunately, this is not as easy as for the medical researcher who is assessing the effect of new sleeping pills against placebo sugar pills. How can we work out what education does to a person when we cannot run the ideal proper controlled experiment – an experiment in which some people are randomly assigned to university education while others in a control group are told they must start work? One way is to find in the world a 'natural experiment'. Here the raising-of-the-

school-leaving-age Education Acts in the United Kingdom have helped researchers enormously. These effectively forced various cohorts of youngsters to stay on in education longer than the school year matriculating just before them. Economists have looked at exactly these adjacent years of children. Sure enough, the ones who were required to stay on for one extra year turn out, much later in life, to be richer and happier and also healthier.

Third, we are not sure why extra years of education lead people to be healthier and (probably) to have longer life-spans. One potential mechanism is that people with greater education are better able to assess issues of probability and risk. For example they seem to smoke less -- and not being a smoker is a sure-fire way to keep in better health. Another possibility, suggested by some of my own research on obesity and happiness, is that those who mix with highly educated individuals apparently worry more about putting on weight and about eating the wrong sorts of foods. They invest more in their own health, one might say.

Fourth, we know that people with degrees find new jobs more quickly if made redundant. This may be because a university education fosters a flexible, adaptable way to think.

My own view is that the biggest advantages of a degree are rather different from any of these. A university education helps people to understand what they do not know and thus makes human beings less dogmatic and more open-minded. Even an economist like me does not know how to put a price on that asset.