



# EDWIN – Education and Wage Inequality in Europe

---

Policy-informing workshop  
Brussels 22.09.2005



# What is EDWIN?

---

- EU-IHP funded 30-months research project (HPSE-CT-2002-00108; Nov/02 – Sept/05)
- Research teams from 9 European countries: Finland (coordinator), France, Germany, Greece, Italy, Norway, Portugal, Sweden, the UK
- <http://www.etla.fi/edwin>



# Overarching objective

---

- **to analyse the interplay between educational expansion and wage inequality in Europe over the past few decades, up to the new millennium**
- **to understand and explain the observed patterns and trends**
- **to study the practical implications for economic and social policy**



# What are the key policy issues?

---



# Policy-oriented rationale I

---

**There is a need for comprehensive and detailed up-to-date information on the nature and trends in wage inequality and its link to educational expansion.**

- ▶ Educational expansion is perceived to enhance economic and social equality.
- ▶ Growing evidence of increasing inequality *within* rather than between groups.



# Policy-oriented rationale II

---

**There is a need to identify political options (major labour market related explanations) for how to tackle and manage the ongoing changes in between-groups and within-groups wage inequality.**

- ▶ **Improved equity and efficiency of educational policies is a crucial tool for combating inequality while simultaneously fuelling economic growth and dynamism.**



# Policy-oriented rationale III

---

**There is a need to develop indicators for assessing patterns and trends in European wage inequality with special emphasis on the age, education, and gender dimensions.**

- ▶ **Continuous guidance can strengthen national as well as EU education policies.**



# How has EDWIN tackled these key policy issues?

---





# Overview of the state-of-the-art

---

*Task:* Produce a comprehensive **literature review** on the current knowledge about the complex interplay between education and wage inequality with respect to

scientific results,  
policy implications and  
knowledge gaps.



# European wage inequality

---

*Aim:* To utilise several alternative but highly complementary approaches and methodologies in order to evaluate the relative importance of the between and within dimensions for overall wage inequality.



## (A) Overall wage inequality

---

*Task:* Analyse the **structure** and **change** in overall wage inequality in Europe and the contribution of disparities between and within groups of workers with respect to

education  
gender  
age  
sector.



## (B) Differences between cohorts

---

*Task:* Analyse the education-wage link **between** cohorts and its evolution over time within and between the European countries, with special reference to **intergenerational** effects arising from the **expansion in higher education**.



## (C) Differences within cohorts

---

*Task:* Analyse the education-wage link **within** cohorts and its evolution over time within and between the European countries, with special reference to **intragenerational** effects arising from the **expansion in higher education**.



# Can the observed patterns and trends be explained?

---

*Task:* Analyse possible **policy-relevant explanations** for the observed patterns and trends

labour market institutions and flexibility arrangements  
educational, skill and institutional quality differences  
over-education and job competition  
gender differences  
experience and training.