

Educational policies and trade-offs

Prof.dr. Herman van de Werfhorst, European University Institute
(herman.vandewerfhorst@eui.eu)

LEARN webinar part II

February 2026

In the previous brief I explained that education can be seen to have three main societal functions: qualification, allocation, and socialization. The qualification function can be assessed by examining the skills and qualifications that students achieve in a society. The allocation function can be examined by looking at the school-to-work transition, and more generally the educational gradients in labour market careers. The socialization function can be scrutinized by looking at political and civic engagement, and support for basic values in society such as democracy, freedom, and equality.

Moreover, as was discussed, each of these functions comes with two distributional concerns: efficiency and equality. Not only would societies want to optimize the outcomes under study, but also should societies be concerned with improving equality of opportunity, or democratic equality, or labour market inequalities. Thinking of the functions of education and the two distributional concerns, possible policy trade-offs emerge, between equality and efficiency, but also between the type of outcomes that educational systems hope to achieve.

In this brief I go more deeply into such tradeoffs, by discussing three main policy areas in education: selection, standardization, and vocational orientation. Selection refers to how an educational system sorts students into different tracks, at what age this happens, and which options are available. Standardization refers to various ways in which the educational system harmonizes the inputs and outputs of schools, for instance by the use of standardized tests. Often standardization comes together with systems of accountability. And the vocational orientation refers to the extent to which occupationally-specific skills are taught in the educational system, and how strongly employers are involved in skill development. This table classifies these policies



Funded by the European Union's Horizon Europe programme under grant agreement N° 101132531.

Project funded by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Education,
Research and Innovation SERI



**Innovate
UK**

Funded by UK Research and Innovation (UKRI) grant agreement numbers [10107302, 10092247].

against the functions of education, as a heuristic framework to understand how well educational systems are functioning on the outcomes of interest.

I won't be able to go through all the possible combinations in this table. I will focus on policies that increase educational differentiation: early tracking and vocational orientation. On the one hand we can find countries that track early and have a strong vocational training sector, such as Germany, the Netherlands, and Austria. On the other hand are societies where tracking happens much later, and the vocational training sector is less strong. One could think of Finland, Sweden, and England as example countries. I will discuss research findings about the relationship between educational differentiation policies and three types of outcomes:

- inequality of educational opportunity (qualification function);
- labour market outcomes (allocation function);
- civic and political engagement (socialization function).

The research findings can inform policy makers about possible trade-offs. For instance, does an occupationally specific system still function well with regard to the allocation function? Does such a system come at a cost in terms of larger democratic inequalities?

Early tracking and inequality of educational opportunity

We look into research findings that demonstrate that early tracking causes larger socioeconomic inequalities in (a) student achievement, and (b) attaining an upper secondary educational qualification. The discussed findings are based on various causal models, for instance by comparing the primary and secondary education in multiple countries that track or do not track in between, or by examining schooling reforms towards comprehensive education. Social class differences in educational attainment reduced when systems reformed towards a comprehensive system, relative to systems that did not reform their tracking age. Importantly, there is little to no 'efficiency gain' from early tracking; if systems turn towards comprehensive systems, the likelihood to finish upper secondary education *increases* overall. However, one finding is also that the reduced social class gaps emerged both because children of the working class improved their



Funded by the European Union's Horizon Europe programme under grant agreement N° 101132531.

Project funded by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Education,
Research and Innovation SERI



Innovate
UK

Funded by UK Research and Innovation (UKRI) grant agreement numbers [10107302, 10092247].

chances, *and* because children of the service classes saw a slight reduction of their chances to make it to upper secondary education.

Occupationally specific education and labour market outcomes

We show evidence that societies differ substantially with regard to how well linked the educational system is to the occupational structure. Comparing Germany, France, and the United States, linkages are strongest in Germany, and weakest in the U.S. But also within societies the linkage varies. Strongly linking fields include health care (many with a medical degree become doctors). University law degrees are strongly sorting into legal professions in Germany and the U.S., but not so much in France. Business administration is linking much less; graduates fan out across a larger set of occupations.

Importantly, strong linkage does pay off in terms of wages; so we can't say that the labour market pays for flexibility. On the contrary, in situations where the occupational structure narrowly recruits from a limited set of educational qualifications, wages are higher.

From a career perspective, we see that vocational qualifications are especially beneficial in the first two-thirds of the working life. After the age of 50, vocationally qualified workers lose their job sooner than those with general qualifications. As I will demonstrate, the findings are a bit mixed about the question whether this is a system characteristic of vocational educational systems, like the German system, or whether this is a more general pattern of educational differentiations unrelated to the specific VET (vocational education and training) system.

Vocational education and gaps in civic and political engagement

From a policy perspective, it is interesting to examine cross-national variations in educational gaps in civic engagement. There is evidence that the gap between young adults educated in vocational education and general upper secondary education, is larger in societies where the VET system is strong. Possibly occupationally specific educational programmes forget to teach about civic skills, or the networks in schools are less conducive of democratic participation. Given that democratic



Funded by the European Union's Horizon Europe programme under grant agreement N° 101132531.

Project funded by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Education,
Research and Innovation SERI



Innovate
UK

Funded by UK Research and Innovation (UKRI) grant agreement numbers [10107302, 10092247].

inequalities are harder to legitimize than achievement inequalities or labour market inequalities, such patterns of variation should be concerning to policy makers who aim to strengthen the occupational specificity of education.

Within countries, track differences in engagement emerge during high school, as we show. Especially with regard to trust in institutions, it appears that initial differences at the start of high school magnify, because students in the academic track gain in institutional trust, and those in the pre-vocational track lose their trust in politicians, lawyers, and the police.

Trade-offs?

It is important that policy makers focus on trade-offs when they think of education policies. A first trade-off, well known to most, is between equality and efficiency. There is little evidence of the existence of such a tradeoff, not only in schools but also in the economy. The tradeoff would only emerge in full market situations, which are never realistic, and in the school system possibly not desirable.

But more importantly policy makers could be better aware of tradeoffs between functions. Given that scholarship has found and argued that educational policy has been mostly emphasizing education for the economy, leaving aside other tasks related to equality of opportunity, or socialization into active citizens, it may be useful to embrace a broader perspective on what educational systems are supposed to achieve. With a focus on all three functions – qualification, allocation, and socialization – and with attention to both efficiency and equality, policy makers are better placed to understand the full consequences of their decisions, and to manage trade-offs in a well-informed way.



Funded by the European Union's Horizon Europe programme under grant agreement N° 101132531.

Project funded by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Education,
Research and Innovation SERI



**Innovate
UK**

Funded by UK Research and Innovation (UKRI) grant agreement numbers [10107302, 10092247].