

Education Policy and Equality of Opportunity

Gabriela Schütz*

Ifo Institute for Economic Research
at the University of Munich
Poschingerstr. 5
81679 Munich, Germany
Phone: (+49) 89-9224 1698
E-mail: schuetz@ifo.de
Internet: www.cesifo.de/link/schuetz_g.htm

Heinrich W. Ursprung

Department of Economics
University of Konstanz
Box D-138
78457 Konstanz, Germany
Phone: (+49) 7531-88 2332
E-mail: Heinrich.Ursprung@uni-konstanz.de
Internet: www.uni-konstanz.de/FuF/wiwi/ursprung/index.html

Ludger Wößmann

Ifo Institute for Economic Research
at the University of Munich
and CESifo
Poschingerstr. 5
81679 Munich, Germany
Phone: (+49) 89-9224 1699
E-mail: woessmann@ifo.de
Internet: www.cesifo.de/link/woessmann-l-e.htm

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*corresponding author

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Abstract

We first provide a measure of equality of educational opportunity for 54 countries, estimated as the effect of family background on student performance in two TIMSS international student achievement studies. Then, we suggest a theoretical model on how different organizational features of the school system affect the extent to which equality of educational opportunity is achieved. The predictions are that late tracking and a long pre-primary cycle are beneficial for equality of opportunity, while pre-school enrollment has a detrimental influence at low levels of enrollment and a beneficial influence at higher levels. Finally, using cross-country variations in education policies and their interaction with family background at the individual student level, we provide empirical evidence supportive of the predictions of our model. Additionally, we test the effects of other systemic features, finding that equality is negatively related to private school financing, but positively to private provision. On the other hand, equality is not significantly related to aggregate spending, the length of the school day and economic development. Evidence on the relationship between equality of opportunity and the country's mean test score is mixed.

JEL Classification: I21, J62, H52

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1. Introduction

Equality in educational outcomes is crucial for the extent of equality of opportunity and intergenerational mobility that a society achieves. For example, a large part of the existing cross-country variation in earnings inequality can be attributed to cross-country variation in skill dispersion (Nickell 2004). It is, therefore, of crucial policy interest how education policies such as ability tracking into different school types, pre-school education, length of the school day and educational spending affect the educational opportunities of children from various family backgrounds. However, empirical evidence on this question is limited, particularly because there is not much variation in the organization of education systems within countries, and where there is variation, it is unlikely to be exogenous to students' performance and family backgrounds.

This is the starting point of this paper, which makes two contributions to the debate. First, it provides a comparable measure for 54 countries of how strongly children's educational performance is influenced by their family background. We interpret this measure as a proxy for the extent of equality of opportunity achieved. Second, the paper presents a theoretical model of how different education policies affect equality of opportunity. In a third step it presents evidence on this model, using cross-country variations in education policies and their interaction with family background at the individual student level for the empirical identification of the policy effects.

1.1 Overview

Section 2 quantifies the extend of equality of educational opportunity in each country, thereby finding substantial cross-country variation. Based on this observation, Section 3 then provides an analysis of the determinants of equality of opportunity both theoretically and empirically.

The database used combines two related extensive international student achievement tests, the Third International Mathematics and Science Study (TIMSS) and its replication for a partly different set of countries (TIMSS-Repeat) (Section 2.1). These datasets provide information on students' educational performance, their family background and relevant control variables for individual students in each participating country. As our main indicator of family background, we use the number of books in the students' home. As suggested in the sociological literature, books at home provide a powerful proxy for the educational, social and economic background of the students' families. Moreover, previous research on the same dataset suggests that in most countries, books at home are the single most important predictor

of student performance, even surpassing parental education (Wößmann 2003, 2004). Furthermore, data coverage on this indicator is superior to parental education, and we argue that it is more readily comparable across countries.

This dataset allows us to estimate an index of equality of educational opportunity for 54 countries (Section 2.2). More precisely, the index depicts the inequality of educational outcomes for children from different family backgrounds. Given our knowledge on the strong relationship between education and economic outcomes, this can serve as an index of the equality of opportunity for children from different family backgrounds later in life. To our knowledge, no previous evidence on the equality of opportunity across countries has been available on a comparable scale. In estimating our index at the micro level, we make sure that it is not affected by cross-country differences in the immigrant population, but only reflects performance differences associated with socio-economic background.

Our results show that equality of opportunity thus measured varies immensely across countries (Section 2.3). On average, the impact of our family-background measure on student performance in countries such as England, Taiwan, Scotland, Hungary, Germany and Korea is more than 4 times as large as in countries such as France, Columbia, Morocco, Tunisia, Indonesia and Kuwait. Even among the more homogeneous group of developed OECD countries, the family-background effect in the five most unequal countries is on average 160% larger than in the five most equal countries. Apart from France, Canada and Portugal also feature relatively equal outcomes in the OECD sample, whereas the United States falls in the top quarter of the most unequal OECD countries.

We suggest a theoretical model (Section 3.1) to explain how different organizational features of school systems affect the extent to which equality of educational opportunity is achieved. The predictions are that late tracking and a long pre-primary cycle are beneficial for equality of opportunity while pre-school enrollment has a detrimental influence at low levels of enrollment and a beneficial influence at higher levels.

Combining the observed variation in educational inequality with country-level data on features of the education systems (Section 3.2), we can test empirically the predictions of our model as well as other hypothesized relationships that were not incorporated in our theoretical model. Our preferred empirical identification strategy is to estimate how the different country-level features of the school systems interact with the family-background measure in determining student performance while at the same time controlling for unobserved country heterogeneity by country fixed effects (Section 3.3).

We find that the family-background effect is larger (i.e. the degree of equality of opportunity is lower), the earlier a country tracks its students into different school types by ability (Section 3.4). Also, the family-background effect is larger in countries with shorter pre-primary education. With respect to pre-school enrollment, we find an inverted U-shaped relationship, with educational inequality increasing up to an enrollment of roughly 60 percent and decreasing afterwards. We do not find a statistically significant difference in the equality of opportunity between half-day and whole-day school systems or by school starting age. Neither does the observed equality of opportunity differ with average educational spending, nor with the country's level of economic development. Evidence on the relationship between equality of opportunity and the country's mean test score is mixed. Finally, the family-background effect is larger in countries with a larger share of private funding, but at the same time, it is smaller in countries with a larger share of private provision.

In sum, our results provide evidence on how school systems can facilitate intergenerational mobility. The findings suggest that education policies such as comprehensive school systems and extensive early-childhood education can increase the equality of educational opportunity for children from different family backgrounds. By contrast, extending the school day into the afternoon, bringing forward the age at which compulsory education begins or increasing educational spending does not appear to have an effect on the equality of educational opportunity. In the overall sample we find evidence for an efficiency-equity tradeoff in education in the sense that more equal systems would systematically affect the mean performance of their students. This result, however, is not true for the sub-sample of OECD countries. Relying on private spending to finance education seems to increase inequality of educational opportunity, but relying on private provision of schools actually decreases inequality of educational opportunity.

1.2 Relation to the Literature

Given the general interest of the topics dealt with in this paper, our work is related to several strands in the economics literature, including work on equality of opportunity, economic inequality, intergenerational mobility and ability sorting within educational production.

Investigations of equality of opportunity in general (e.g., Roemer 1999), and of equality of educational opportunity in particular (e.g., Coleman 1968; Betts and Roemer 2004), are numerous. The whole utilitarian approach to equality in government expenditure was also strongly motivated by the issue of equality of educational opportunity (cf. Arrow 1971; Ulph 1977).

The empirical estimation of the impact of family background on students' educational achievement received considerable attention in recent years (Kremer 1997; Checchi et al. 1999; Behrman et al. 1999; Behrman and Rosenzweig 2002; Sacerdote 2002; Oreopoulos et al. 2003; Björklund et al. 2003; Plug and Vijverberg 2003; Black et al. 2003; Plug 2004; Wößmann 2004), with several studies focusing on the relative importance of nature and nurture channels in the intergenerational transmission. In our study, we do not distinguish between these channels, but analyze the combined intergenerational relationship between parental background and student performance.

In terms of how school tracking and selection in secondary school can influence educational outcomes, the effects of within-school sorting between classrooms on student achievement have been analyzed theoretically (e.g., Lazear 2001; Epple et al. 2002) as well as empirically (e.g., Betts and Shkolnik 2000; Figlio and Page 2002). A somewhat related literature estimates peer effects on student outcomes, with the intention to determine whether it is advantageous to be sorted together with particular peers (Hoxby 2000; Sacerdote 2001; Zimmerman 2003; Hanushek et al. 2003). Dobbelsteen et al. (2002) analyze the effect of the ability composition of classrooms on student performance. Our contribution presents evidence on the effect of system-level ability tracking between schools, which has been studied theoretically by Brunello and Giannini (2004) and Meier (2004). Galindo-Rueda and Vignoles (2004) provide cautionary evidence on the effect of school selection and educational achievement based on changes in the British school system. More general investigations of the effect of sorting on societal inequality include Kremer (1997) and Fernández and Rogerson (2001).

Many studies investigate the effects of pre-school programs on later academic achievements of disadvantaged students (e.g., Barnett 1992; Behrman et al. 2004; Magnuson et al. 2004). Similarly, the topic of efficiency-equity tradeoffs that inhere in public policy measures also received a great deal of attention in the economics literature (cf. Okun 1975; Blank 2002), in particular with reference to education policies (e.g., Schultz 1972; Behrman and Birdsall 1988; Hoxby 1996). The effects of public vs. private financing and provision of education finally has been extensively analyzed both in theoretical and empirical studies (e.g., Murnane 1984; Glomm and Ravikumar 1992; Rouse 1998; Epple and Romano 1998; Nechyba 2000; Neal 2002; Fernández and Rogerson 2003; Gradstein et al. 2004; Vandenberghe and Robin 2004).

2. Estimating Equality of Opportunity across Countries

2.1 *Data: The Two TIMSS International Student Achievement Studies*

2.1.1 *TIMSS and TIMSS-Repeat*

To derive estimates of the equality of educational opportunity, we employ student-level micro data from two extensive international student achievement tests. The first test is the Third International Mathematics and Science Study (TIMSS), that was conducted in 1995 (data released in 1997) by the International Association for the Evaluation of Educational Achievement (IEA), an independent cooperation of national research institutes and governmental research agencies. The second test is the TIMSS-Repeat study, that the IEA conducted in 1999 (data released in 2001) as a replication of the first study. All participating countries receive the same test items, so that the ensuing measures of the educational performance of students in math and science are directly comparable across countries.¹ Furthermore, by using representative sampling methods to draw random samples of schools, both tests provide representative samples of students in each participating country.²

The target population of TIMSS-Repeat was the upper of the two adjacent grades with the largest share of 13-year-olds; this is usually the eighth grade. While the TIMSS-95 study also targeted additional grade levels, we restrict our TIMSS-95 to the eighth-grade students to ensure comparability. For our analyses, TIMSS-95 yielded internationally comparable data for representative samples of students in 40 countries, and TIMSS-Repeat for 38 countries.³ Since the sample of participating countries differed considerably between the two tests, the pooled TIMSS/TIMSS-Repeat database contains data on more than 300,000 students from 54 different countries, which is the biggest sample of participating countries in comparable international tests to date (see Table 1 for a list of the countries).

Both studies had basically the same design and construction of a curriculum-valid test. Given that two-thirds of the test items of TIMSS-95 had been released to the public after the study was conducted, these items had to be replaced in TIMSS-Repeat by substitute items

¹ The development of the test contents was a cooperative process involving national research coordinators from all participating countries, and all participating countries endorsed the curriculum framework. Both studies also performed a test-curriculum matching analysis that restricted the analysis to items definitely covered in each country's curriculum, which made little difference for the overall achievement patterns.

² Beaton et al. (1996), Gonzalez and Smith (1997) and Martin and Kelly (1996, 1997) provide detailed information on the TIMSS-95 database. For more information on the TIMSS-Repeat database, see Mullis et al. (2000), Martin et al. (2000) and Gonzalez and Miles (2001).

³ England and Scotland, as well as the Flemish and the French Belgian school system, count as individual countries here as they have separate school systems which participated separately in the tests.

with similar content, format and level of difficulty. Because of the similarity of the test designs, it is possible to splice the eighth-grade data of the two TIMSS tests together. We do this by singling out the test scores of those 24 countries that participated in both studies and standardizing all scores according to the mean and the standard deviation of this sub-sample. We then standardize the test scores to have a standard deviation of 100 across all countries in the pooled dataset, so that the estimated coefficients can be interpreted as the percentage of an international standard deviation.

In this paper, we use the mean of the math and the science test scores of each student as our measure of educational performance, pooling the two TIMSS tests for those countries that participated in both studies. Table 1 reports each country's mean performance and standard deviation on this variable.

In separate background questionnaires, students were asked to provide information on various features of their family background. These features include the number of books in their home (see Section 2.1.2 for details), whether they themselves, their mother and their father were born in the country, their family status (living together with both parents or not), their gender and age. Table 2 contains descriptive statistics on these variables for the international dataset.⁴

2.1.2 The Family-Background Proxy

The proxy for the family background of students that we use in our study is the number of books in the students' home. "Books at home" is a measure of family background proposed and often used in sociological research. A large number of books can be interpreted as an indicator for a family environment that highly esteems education and academic success and which will promote children's academic effort (cf. Beaton et al. 1996; Mullis et al. 2000). Furthermore, the number of books at home proxies for the social background of the parents. It also proxies for their economic background, since books are normal goods that have to be paid for. Thus, the variable "books at home" provides a proxy for the educational, social and economic background of the students' families.

In both TIMSS tests, the number of books at home was reported by the students themselves in the student background questionnaire according to the following question: "About how many books are there in your home? (Do not count magazines, newspapers, or your school books.)" The following five answer categories were given:

- 1 – “none or very few (0-10 books)”
- 2 – “enough to fill one shelf (11-25 books)”
- 3 – “enough to fill one bookcase (26-100 books)”
- 4 – “enough to fill two bookcases (101-200 books)”
- 5 – “enough to fill three or more bookcases (more than 200 books)”

The frequency with which each category was answered in each country is reported in Table 1.

An obvious alternative to the “books at home” proxy would be to use parental education as a proxy for family background.⁵ However, we view the “books at home” proxy as preferable for several reasons. First, previous results based on the TIMSS as well as on the PISA 2000 dataset have shown that, on average, books at home are the single most important predictor of student performance, considerably stronger than parental education (see Wößmann 2003, 2004 for TIMSS; Fuchs and Wößmann 2004 for PISA).⁶ Second, even when the parents’ level of education is reported using international standards such as the International Standard Classification of Education (ISCED), specific educational tracks differ considerably across countries. Thus, a given level of education does not imply the same imported knowledge in all countries, so that the cross-country comparability may be limited, and in terms of mere units of measurement, the cross-country comparability of counting books at home is much more straight forward. Third, there is a data problem, since parental education is measured slightly differently in TIMSS-95 and TIMSS-Repeat (due to an interim adjustment of the ISCED classification), while the scaling of the books at home variable remained exactly the same. Finally, there is also a second data problem, insofar as substantially more observations are missing for the parental education variable than for the “books at home” variable. E.g., for the Western European countries about one third of the observations on parental education are missing in the TIMSS dataset, while the average fraction of missing observations of the

⁴ The small number of observations with missing data on these variables was dropped from the estimations in this paper.

⁵ Other family-background proxies used in sociological research include parental occupation and indices of socio-economic status, usually also based on occupational status. For example, one widely used index is some form of the International Socio-Economic Index (ISEI), which derives from a classification of occupational status by Ganzeboom et al. (1992). Their mapping from occupational to socio-economic status is based on only 16 countries, however. The TIMSS studies do not provide data on parental occupation, and the cross-country comparability of occupational status may be more limited than that of books at home.

⁶ Results on the PISA data, which contain information on the work status and occupation of parents, also reveal that books at home are on average a stronger predictor of student performance than parental work status and occupation (Fuchs and Wößmann 2004). The PISA data also show that there are more missing observations on the occupation variable than on the books-at-home variable.

“books at home” variable in the same countries is less than three percent (cf. Wößmann 2004).

Despite these relative advantages of the books-at-home proxy, it is still only a proxy for family background and has, therefore, its limitations. In particular, although it is reasonable to assume that the socio-economic position of a family is positively correlated with the number of books it owns, it is possible that this correlation varies across different countries since the appreciation of books depends on the respective culture. The extent to which this is the case, and the extent to which this might bias the results reported in this study, have to remain an open issue. We do not know of any study that has tried to validate the cross-cultural comparability of the number of books at home as a family-background proxy.⁷

2.2 The Empirical Specification

To estimate the extent of equality of educational opportunity achieved in country j , we regress - separately for each country j - the test performance of the individual students on our proxy for family background, i.e. the number of books at home, and a set of control variables:

$$T_{isj} = \alpha_j + \beta_j B_{isj} + \gamma_{1j} A_{isj} + \gamma_{2j} G_{isj} + \gamma_{3j} F_{isj} + \gamma_{4j} S_{isj} + \gamma_{5j} I_{isj}^i + \gamma_{6j} I_{isj}^m + \gamma_{7j} I_{isj}^f + \gamma_{8j} (I_{isj}^i B_{isj}) + \gamma_{9j} (I_{isj}^m B_{isj}) + \gamma_{10j} (I_{isj}^f B_{isj}) + \varepsilon_{isj} \quad (1)$$

where T_{isj} is test score of individual i in school s in country j and B_{isj} is our measure of books in the individual student’s home. The set of control variables includes: a constant α_j , student age A_{isj} , student gender G_{isj} , a dummy for family composition F_{isj} indicating whether the student lives together with both parents and, for the countries participating in both TIMSS studies, a study dummy S_{isj} . Furthermore, the regressions control for three immigration status dummies, indicating whether the student (I_{isj}^i), the mother (I_{isj}^m) and the father (I_{isj}^f) were born in the country, respectively. Finally, the regressions control for interaction terms between these three immigration dummies and books at home. ε_{isj} is the error term.

We first discuss the functional form of the relation between test scores and books at home, which will be followed by a discussion of the inclusion of control variables in general and the immigration controls in particular, as well as of the specific structure of the error term. We enter the books-at-home variable B_{isj} as a categorical variable ranging from 1 to 5 according to the five answer categories reported in Section 2.1.2 above. This approach is valid under the

⁷ When experimenting with the parental-education measure as an alternative measure for socio-economic background, we found that the general pattern of results does look quite similar, although there are sizable differences for a few countries.

assumption that the performance differences of students between each of these categories is roughly the same. Initial tests suggested that this is a valid assumption, as the suggested functional form represents the data particularly well. That is, we initially estimated a form of equation (1) for the pooled sample of all countries (controlling for country fixed effects) in which we entered four dummies to represent the five available books-at-home categories individually (leaving the lowest one out as the residual category). This estimation does not place any restrictions on the functional form, as it uses all information available and allows the effect of books to vary in any possible way. The estimated coefficients on the four dummies showed a highly linear pattern. That is, when forcing the four steps to have equal length by applying the mean of the implied steps between the five categories (which was equal to 17.7) to each step, which implies the four linear steps of 17.7, 35.5, 53.2 and 71.0, these implied linear steps are very close to the actual estimates on the four dummies of 14.4, 38.4, 58.6 and 71.0. They all either fall within the 99% confidence interval of the four directly estimated individual dummies or are very close to the bounds of these intervals.⁸ Thus, the linear functional form taking on values from 1 to 5 along the lines of the five answer categories reproduces the data considerably well.

The official TIMSS publication as well as the official publications of the results of other international scholastic achievement tests report simple (bivariate) comparisons of the average performance of students falling into different categories on a specific family-background variable (cf. Beaton et al. 1996; Mullis et al. 2000). However, such bivariate comparisons can easily be confounded by other basic characteristics of the students, such as age, gender, family composition and immigration status. Thus, our regressions include controls for these potentially confounding factors, thereby holding these factors constant when comparing the performance of students along the books-at-home dimension.

One particular criticism often raised against international comparisons of measures of dispersion in student achievements and the bivariate estimates of family-background effects (FBEs) is that countries have different immigrant populations. There are two reasons why immigrant populations may cause a bias in these bivariate estimates. First, if immigration status and family background (as proxied by books at home in our study) are correlated, international differences in estimated FBEs are biased when ignoring the immigration status.

⁸ The two deviations where the implied steps do not fall within the confidence intervals are that the first implied step of 17.7 is slightly above the upper bound of 17.1 of the 99% confidence interval of the direct estimate on the first dummy, and that the third implied step of 53.2 is slightly below the lower bound of 55.3 of the 99% confidence interval of the direct estimate on the third dummy.

Second, the FBEs may be heterogeneous between native and immigrated families, which may introduce an additional bias to the cross-country pattern of estimated FBEs. Since we do not want our estimator for the strength of the influence of family background on student performance to be affected by the proportion of immigrant students in the respective countries, we calculate the FBEs net of immigration status. That is, we control for these potentially biasing effects already in the micro construction of our FBE measure. The three dummies for the immigration status of students, their mothers and their fathers ensure that the first possible cause for a bias does not affect our FBEs. We also included interaction terms between the three immigration dummies and our family-background measure (books at home) to make sure that the second possible case does bias our FBEs. Thus, our estimated FBEs represent only the family-background influence of the native students in each country, which seems to be the best way to provide cross-country comparability despite cross-country differences in the immigrant population.⁹

Under the assumption that any factors which are not controlled for by the included explanatory variables, and which therefore enter the error term, are not systematically related to the number of books in the students' home, least-squares estimation of equation (1) yields an estimate of the influence of family background (as proxied by books at home) on student performance.

In estimating the error term ε_{isj} of equation (1), it has to be recognized that the performance of students within the same school may not be independent from one another (cf. Moulton 1986 for this problem of hierarchical data structure). Furthermore, the TIMSS sampling procedure had a two-stage clustered sampling design within each country (cf. Martin and Kelly 1996; Martin et al. 2000). At the first stage, schools were sampled and at the second stage, classrooms were sampled within these schools. Thus, the primary sampling unit (PSU) in TIMSS was the school. This suggests that the independence assumption usually made with respect to individual observations in standard econometric methods should be relaxed in favor of the assumption that only the variation between schools (PSUs) provides independent variation. This is implemented by the clustering-robust linear regression (CRLR) method, which allows any given amount of correlation of the error terms within PSUs and requires only that observations be independent across PSUs (cf. White 1984; Deaton 1997).

⁹ One way in which the size of the immigrant population could still affect our FBEs is if the size of the FBE among native students is affected, for example, by how many immigrants are in their specific class.

Since TIMSS used a stratified sampling design within each country, sampling probabilities vary for different students (cf. Martin and Kelly 1996; Martin et al. 2000). We obtain nationally representative coefficient estimates by employing weighted least squares (WLS) regressions, using the sampling probabilities as weights. WLS estimation guarantees that the proportional contribution to the parameter estimates of each stratum in the sample is the same as if a complete census had been obtained (cf. DuMouchel and Duncan 1983; Wooldridge 2001).

2.3 Results

Our estimates of the family-background effect (FBE) in the 54 countries, estimated as β_j in equation (1), are reported in Table 3. The results suggest that student performance differs in a statistically significant way along our family-background variable in all countries.¹⁰ The size of the estimated FBEs indicates how much students' test scores differ on average between the five categories of the variable "books at home" reported in Section 2.1.2. Since the performance of pupils was measured by standardized test scores with an international standard deviation of 100, the coefficients can be interpreted as the percentage of an international standard deviation by which test achievement increases when raising the number of books at home by one category.¹¹

To give an example of the interpretation of the estimated FBEs, we start by repeating that initial evidence showed that each move from one "books-at-home" category to the next can be regarded as roughly equivalent in terms of its effect on test scores. The FBEs reported in Table 3 show by how much one of these steps changes the test scores in each country. Consider as an example the estimated FBE for the United States of 23.1: there, a 1-point difference in the family-background proxy – e.g., the difference in social background of US students that is equivalent to the difference between having one bookcase and two bookcases of books at home – goes hand in hand with a difference of 23.1 percent of an international standard deviation in test scores.

With its FBE of 23.1, the United States falls in the top quarter of the most unequal countries – both in the overall sample and in the OECD sub-sample. As the results of Table 3 show, England (28.8), Taiwan (27.9), Scotland (27.0), Hungary (25.8) and Germany (25.6)

¹⁰ The sole exception is Kuwait, whose estimate is not significantly different from zero at conventional levels of statistical significance, but only at 14 percent. The estimate in Colombia is statistically significant at the 5 percent level, while the estimates in all other countries reach statistical significance at the 1 percent level.

¹¹ As France and Japan did not collect information on the immigration status of the parents, and France also not for the student, their estimated FBEs do not control for these variables.

are the five countries with the largest estimated FBE in our sample of 54 countries, that is, they provide their students with the least equality of educational opportunity. At the other end of the scale, Kuwait (2.5), Indonesia (4.8), Tunisia (6.3), Morocco (6.8) and Colombia (7.6) show the smallest performance difference for students from different family backgrounds. This may be partly due to the fact that the average performance level of these countries is relatively low, so that the performance of all students is condensed at a rather low level. When looking at the more homogeneous sample of OECD countries, the OECD countries that provide the largest extent of equality of educational opportunity to students from different family background are France (8.3), Canada (9.8), Portugal (10.4) and the Flemish school system in Belgium (11.0).

In sum, the estimated FBEs presented in Table 3 constitute a cross-country index of the equality of educational opportunity that the different school systems achieve for students from different family backgrounds, whereby a *high* FBE value is associated with *little* equality of educational opportunity.

3. School Systems and Equality of Opportunity

Given the cross-country variation in equality of educational opportunity revealed in the previous section, we now analyze how this variation relates to several features of the different school systems. To this end, we first suggest a theoretical model that tries to explain how key features of school systems affect equality of opportunity. In a second step we test the predictions of the model empirically along with the effects of other systemic features that were not captured by the model. The results provide answers to the question of why it is that some countries achieve much higher equality of educational opportunity than others.

3.1 Theoretical Model

In order to shed some light on the complex relationship between the adopted school system and the family background effect (FBE) on educational achievement, we focus on the main features that characterize school systems: the number of years children attend pre-school, the fraction of children attending pre-school, and the age at which pupils are tracked into different schools according to ability.

One might expect that the earlier children – particularly from adverse family backgrounds – are exposed to formal education, the more equal educational opportunities are. Before children enter formal education, their educational performance is mostly determined by their

families. Once they enter formal education, the educational institutions can also exert an effect, which – as an additional effect on top of the home-production effect – may be expected to exert an equalizing influence. Formal education does not only begin with compulsory schooling but already with pre-primary education. And since participation in pre-primary education is unsolicited, enrollment in pre-primary education and the duration of the pre-primary school cycle are crucial to the extent of equality of educational opportunity achieved. Note that the relationship between FBEs and the enrollment in pre-primary education may be highly non-linear, because initially, it will be the children of relatively well-off families that start attending pre-primary education. Only when also children of less favorable family background also start enrolling in pre-primary education, so that a substantial part of the student population is enrolled, one might expect pre-primary enrollment to exert its equalizing effect.

Another systemic feature that shows considerable variation across countries is the age at which students are first tracked (streamed) into different school types that serve students according to their ability. While school tracking in many countries does not occur at all before the age of the students tested in TIMSS (roughly 14 years), it occurs as early as age 10 in some other countries. It seems reasonable to assume that the younger children are, the more is their educational performance determined by their family background. Thus, early tracking may harm the educational opportunities of students with adverse family background, thereby reducing equality of educational opportunity.

Since we attempt to identify the determinants of the FBE, we assume only one kind of heterogeneity, namely the pupils' family background (FB) that encompasses in particular family income, the parents' education, and the parents' appreciation of formal education.

We assume that the FB can be expressed by a real-numbered indicator f that is uniformly distributed over the support $[f_0, f_1]$. The empirical literature on pre-school enrolment demonstrates that enrolment varies positively with family income and the parents' education, the reason being that formal day care centers may be more expensive than the informal alternatives and that well-educated parents value the human capital (cognitive skills and non-cognitive behavioral patterns) acquired in formal pre-school settings more than less educated parents (see, for example, the brief literature survey in Chiswick and DebBurman, 2004). We do not explicitly model the parents' straight forward pre-school enrolment decision but focus on the special learning environment of formal pre-schools that is characterized by marked peer-group effects (see, for example, Feinstein et al., 1999). Thus enrollment E , measured as

the fraction of children of the respective age group enrolled in formal pre-schools, implies that all children with a FB

$$f_i \geq X = f_1 - E(f_1 - f_0) = f_1 - E\Delta f$$

attend pre-school, and children with an inferior FB do not.

Given this enrollment pattern, the average pre-school peer-quality q can then be measured as

$$q = \frac{f_1 + X}{2} = \frac{(2 - E)f_1 + Ef_0}{2}.$$

Denoting the duration of pre-schooling by K , we assume that human capital formation in pre-school varies positively with q and K . Allowing for decreasing returns in pre-school years K , the pre-school production function may be written as $\alpha q K^\beta$, where α is a parameter and β is in the unit interval. Human capital accumulation up to the mandatory school age is of course also directly influenced by the FB; after all, before attending pre-school, children spend most of their prime time at home and are therefore exposed to the family environment (cf. Feinstein et al., 1999). Denoting the beginning of the mandatory school age by k , we assume a linear relationship between FB and human capital acquisition at home amounting to $(k-K)f_i$.

Before being admitted to school, a child with FB f_i has therefore accumulated the human capital.

$$H_i^K = \begin{cases} (k - K)f_i + \frac{\alpha}{2}[(2 - E)f_1 + Ef_0]K^\beta, & f_i \geq X \Leftrightarrow E \geq \frac{f_1 - f_i}{\Delta f} \\ kf_i, & \text{otherwise} \end{cases}$$

Since pre-schooling operate with decreasing returns, whereas human capital accumulation at home is linear in time, it is possible that children acquire less human capital H^K if they are sent to pre-school for too long a time. To avoid this pre-school trap that would apply especially to children with favorable FBs, we assume that all children (including the ones with the most favorable FB f_1) profit from attending pre-school even if pre-schools offer the worst possible peer-group environment ($E=1$), i.e. we assume that

$$(A1) \quad H_{f_1}^K(E=1) - kf_1 > 0 \Leftrightarrow K < \left(\frac{\alpha(f_0 + f_1)}{2f_1} \right)^{\frac{1}{1-\beta}} = \bar{K}$$

Figure 2 depicts how much human capital H^K children accumulate before they are admitted to school. Children with favorable FBs are advantaged for two reasons: they profit from a

better home environment that allows them to accumulate a higher H_i^K ($K = 0$), and they are sent to formal pre-school which, via assumption (A1), we assume to provide all children with an additional head start.

Marked FBEs on human capital accumulation thus can already be observed at the pre-school level. Since the FB f_i impacts in a non-linear manner on human capital formation, the FBE varies across family backgrounds. If one wants to work with a real-valued indicator capturing the FBE across all children, one therefore needs to resort to some kind of meaningful ad hoc measure. Employing the often used difference between the top and bottom quintile we base our analysis of the pre-school period on the measure

$$H_{4/5}^K - H_{1/5}^K = \Delta H^K,$$

where H_z^K denotes the human capital accumulated by a child with FB $z = zf_1 + (1 - z)f_0$.

Using the above definition of H^K one immediately arrives at

$$\Delta H^K = \begin{cases} \frac{3}{5}k\Delta f, & E < \frac{1}{5} \\ (k - K)\left(\frac{4}{5}f_1 + \frac{1}{5}f_0\right) - k\left(\frac{1}{5}f_1 + \frac{4}{5}f_0\right) + \frac{\alpha}{2}[(2 - E)f_1 + Ef_0]K^\beta, & E \in \left[\frac{1}{5}, \frac{4}{5}\right] \\ \frac{3}{5}(k - K)\Delta f, & E > \frac{4}{5} \end{cases}$$

This indicator of pre-school FBEs depends in particular on the duration of formal pre-schooling K and enrollment E . If the children indicated by $z=1/5$ are enrolled in pre-school ($E > 4/5$) then an increase in the duration of pre-schooling K gives rise to a decrease in ΔH^K because the children are more and more exposed to the same learning environment. If the children indicated by $z=1/5$ are *not* enrolled but the children indicated by $z=4/5$ are, i.e. if $E \in [1/5, 4/5)$, then ΔH^K only decreases in K if K is sufficiently large for the decreasing pre-school returns to kick in. Differentiating the middle term in the above ΔH^K -function with respect to K shows that the resulting differential is negative (for all E) if and only if

$$(A2) \quad K > \left(\frac{\alpha\beta f_1}{f_{4/5}}\right)^{\frac{1}{1-\beta}} = \underline{K}.$$

Adopting assumption (A2), the pre-school FBE as measured by ΔH^K depends on enrollment E as depicted in Figure 1. In the following it will be shown that the implied non-

linear relationship is preserved with minor qualifications all the way through mandatory schooling.

Mandatory schooling lasts for S years. The school system may track children according to ability (which in our model is equal to accumulated human capital) for the last $T \leq S$ years. As long as the pupils are not tracked, they attend for $C = S - T$ years a “comprehensive” school in which all pupils are exposed to the same peer group. Even though the quality of this encompassing peer group of course depends on the pre-school experience of the pupil body, we do not explicitly relate this peer group effect to the variables E and K that characterize the pre-school human capital accumulation process. We do however allow for a direct FB effect that captures the help school children may obtain from their parents. The associated benefit depends on how much parental help F_i (for example, in terms of time) the individual pupil obtains and on the quality of the help as measured by the FB-variable f_i . The following production function of the comprehensive school portrays how duration of schooling, family help and pre-acquired human capital translate into human capital H^C at the end of comprehensive schooling:

$$H_i^C = (\gamma + F_i f_i)C + H_i^K.$$

After comprehensive schooling we envisage a two-tiered school system with a high track accommodating the top- $t\%$ children (measured according to human capital H^C) and a low track for the remaining pupils. The high-track school provides the pupils with more human capital than the low track school, be it because of a more challenging curriculum or because production profits from a more favorable composition of peers, or both. In any case, we again do not relate possible peer-group effects to the variables E , K and C describing the pupils’ history, but rather use a parametric specification capturing the main thrust of the argument:

$$H_i^T = \delta_j(S - C) + H_i^C,$$

where j denotes either the high-track school (H) or the low-track school (L), with $\delta_H > \delta_L$.

In determining the endogenous parental input F_i at the comprehensive school level we assume that parents derive utility only from the publicly revealed success of their children’s scholastic experience, i.e. the respective utility gain derives from their children being admitted to the high-track school. We thus focus on status considerations and not on truly altruistic motives associated with academic development. The parents’ utility function has the following appearance:

$$U = T_j - C^2 F_i, \quad j=L, H$$

where T_H (T_L) denotes the parents' valuation of the high (low) track school. Notice, that we assume increasing marginal cost in the help provided in terms of the duration of comprehensive schooling, thereby portraying increasing parental frustration over the long haul. The maximum parental input F_i of a f_i -parent is supplied if this parent is indifferent between providing F_i (and thereby managing her child to be admitted to the high-track school), and not providing any effort with the consequence that her child has to attend the low-track school, i.e. $T_L = T_H - C^2 F_i$, or

$$F_i^{\max} = \frac{T_H - T_L}{C^2} = \frac{\Delta T}{C^2}.$$

The maximum increase in accumulation of human capital H^C attributable to parental input therefore amounts to

$$F_i^{\max} f_i C = \frac{\Delta T}{C} f_i.^{12}$$

Figure 2 depicts the pupils' increase in human capital attributable to comprehensive schooling, i.e. γC , as well as the maximum additional increase attributable to parental input, resulting in the human capital

$$H_i^C = H_i^K + \gamma C \quad \text{or} \quad H_i^{C,\max} = H_i^K + \gamma C + \frac{\Delta T}{C} f_i,$$

as the case may be.

We are now in a position to derive the utility maximizing parental input F_i . To begin with, assume that none of the pupils obtain any parental help. Then the pupils with the lowest stock of H^C who are admitted to the high-track school have the FB f_i (since the top- $t\%$ are admitted). Under these circumstances the parents of the pupils with FBs just a little less favorable than f_i would have an incentive to provide their children with help in order to let them jump over their slightly better qualified school mates. Anticipating this behavior, all parent of pupils who are in danger of being passed by school mates with less favorable FBs will provide help up to the extent that will deter the parents of the less favored school mates to follow through with their help scheme. In equilibrium all pupils with a FB $f_i > f_i$ and an anticipated human capital stock net of parental help of less than $H_i^K + \gamma C + \frac{\Delta T}{C} f_i$ will

¹² The parental-help effect could also be interpreted as an incentive effect on the part of the pupil. From a formal point of view the two effects are isomorphic. For idiosyncratic reasons, however, we believe the parental-help interpretation to convey a more realistic portrait of the human capital accumulation process of youths.

obtain parental help to such an extent that they reach exactly this critical level. Tracking has therefore two consequences that favor pupils with favorable FBs: first, they are admitted to the high track schools that offer a better education, and, second, they may profit from extra parental help. All these effects are portrayed in Figure 2.

The human capital stock accumulated by the end of the mandatory school age can thus be summarized as follows.

$$H_i^T = \begin{cases} H_i^K + \gamma C + \delta_L (S - C), & f_i < f_t \\ H_i^K + \gamma C + \delta_H (S - C), & H_i^K > H_t^K + \frac{\Delta T}{C} f_t \\ H_i^K + \gamma C + \frac{\Delta T}{C} f_t + \delta_H (S - C), & \text{otherwise} \end{cases}$$

Employing the quintile-difference approach to measuring the end of mandatory school FBE (assuming that human capital translates into test scores in a linear manner) we arrive at

$$FBE = H_{4/5}^T - H_{1/5}^T, \text{ where}$$

$$H_{1/5}^T = H_{1/5}^K + \gamma C + \delta_L (S - C) \text{ and}$$

$$H_{4/5}^T = \begin{cases} H_{4/5}^K + \gamma C + \delta_H (S - C), & H_{4/5}^K > H_t^K + \frac{\Delta T}{C} f_t \\ H_t^K + \gamma C + \frac{\Delta T}{C} f_t + \delta_H (S - C), & \text{otherwise} \end{cases}$$

To avoid a straight forward but cumbersome discussion of the properties of the function $FBE(K,E,C)$ we resort to presenting in Table 4 some numerical examples that provide the general picture.

The non-bracketed entries in Table 4 apply if the parents derive a sizeable utility gain from their children's attending the high-track school ($\Delta T=6$). The bracketed entries show how the FBEs change if the parents do not derive any such utility gain ($\Delta T=0$). If pre-school enrollment E is lower than 20% neither the $f_{4/5}$ -children nor the $f_{1/5}$ -children attend pre-school; our measure of the FBE which is based on the scholastic achievement of these children then does not depend on how long the few advantaged enrolled children attend pre-school. If however enrollment reaches 20%, so that at least the $f_{4/5}$ -children attend pre-school, the extent K of pre-schooling varies negatively with the FBE, i.e. more years of pre-schooling increase equality of opportunity. The reason is that the educational experience of all children becomes more uniform.

Just as clear-cut is the influence of the timing of segregation as measured by the number C of comprehensive school years. The longer children are educated together the smaller is the FBE, i.e. comprehensive schooling increases equality of opportunity. One reason is again that comprehensive schools simply provide a uniform educational environment for all children. In addition, however, the parents' educational input becomes more costly as C increases and is therefore reduced; since parental help has an asymmetric influence in the sense that it benefits mainly children with a favorable FB, this second effect reinforces the first one. If pre-school enrollment encompasses $E=60\%$ of the children of the respective age group and pre-schooling lasts for 15 months ($K=1.25$), then, if tracking after four years of comprehensive schooling ($C=4$) is postponed to the end of the sixth year ($C=6$), the FBE drops from 8.48 to 6.73. This decrease of 1.75 can be decomposed in a reduction of 1.00 ($7.65-6.65$) attributable to the increase in comprehensive schooling, and in an additional reduction of 0.75 ($(8.48-7.65)-(6.73-6.65)$) attributable to the reduction in parental help.

The influence of pre-school enrollment E on the FBE is somewhat more complex. Consider, for example, the first row in Table 4 ($C=4, K=1.25$). If only 15% of the children are enrolled in pre-school, the FBE amounts to 6.55. Since the crucial $f_{4/5}$ -children do not attend pre-school, their human capital H^C is not much higher than that of $f_{1/2}$ -children, implying that their parents will provide them with help in order to make sure that they eventually are admitted to the prestigious high-track school. This parental input generates an increase of the FBE by 0.45 (without parental help it would be 6.10). An increase in pre-school enrollment to $E=30\%$ increases the FBE to 7.99. This increase is attributable to the fact that now the $f_{4/5}$ -children do attend pre-school and therefore have a much higher human capital at the beginning of schooling. Notice, that now the $f_{4/5}$ -children do not profit anymore from parental help because they are out of reach for the $f_{1/2}$ -children who still do not attend pre-school (other children, however, still obtain parental help but this does not show up in our measure of the FBE). An increase in enrollment from $E=30\%$ to $E=45\%$ decreases the FBE because now the peer-group environment at pre-school becomes less favorable. A further increase of enrollment to $E=60\%$ causes the FBE to rise again even though the peer-group quality continues to decrease. The reason is that now the $f_{1/2}$ -children have begun to attend pre-school and therefore are again in a position to contest the sought-after slots at the high-track school, i.e. the parents of the $f_{4/5}$ -children provide again parental help which accounts for 0.83 ($8.48-7.65$) of the FBE. An enrollment increase to $E=75\%$ slightly decreases the FBE because of the decrease in pre-school peer quality, but a much more significant drop in the FBE occurs when

pre-school enrollment passes the 80% mark since then also the crucial $f_{1/5}$ -children attend pre-school which closes the human capital gap between the two groups of children on which our indicator of the FBE is based.

Our model thus illustrates the conduit through which the most important characteristics of the school system impact the FBE. Late tracking and a long pre-school education are beneficial for equality of opportunity and pre-school enrollment has a detrimental influence at low levels of enrollment and a beneficial influence at higher levels.

3.2 Country-Level Data on Features of the School Systems

According to our model, equality of educational opportunity is better achieved in school systems with later tracking and longer pre-primary cycles. Pre-primary enrollment is predicted to have a non-linear relationship with equality of opportunity as measured by our FBE, which can best be described as an U-shaped curve but with two minima and a small local maximum. Several other features of the different school systems may be hypothesized to be related to the estimated FBEs as well. We gather country-level data on these features and on the features of our model to test empirically whether such a relationship exists.

Our main argument to include pre-primary education enrollment ratios and the duration of the pre-primary cycle in our model was that formal education was expected to exert an equalizing effect on children from different family backgrounds. One might also expect that the earlier the equalizing school influence sets in, the larger is the equality of educational opportunity achieved. To be able to test this, we gathered not only information on enrollment in pre-primary education and on the duration of the pre-primary school cycle but also on the age at which compulsory education begins in the different countries.

According to the same argument (length of exposure to formal schooling), equality of educational opportunity may differ between system with full-day and half-day schooling. Other features which might be related to equality of educational opportunity are the level of educational expenditure per student, the country-specific mean test-score performance, the level of economic development and the share of privately provided educational expenditures and of enrollment in private schools.

We collected data on all these features of the school systems, measured at the country level. As data sources, we used mainly statistical yearbooks and data collections by international organizations such as UNESCO and OECD, as well as detailed country-specific inquiries. Table A1 in the Appendix provides details on the definitions and sources of the different variables. We exercised great care to gather the information for the years relevant for

the students tested in the two TIMSS tests in 1995 and 1999. Descriptive statistics of the data are reported in Table 2.

3.3 The Empirical Specifications

There are two ways to identify how systemic features are related to the FBE. First, we can use the estimated country-level FBEs reported in Table 3 directly as left-hand-side variables in regressions on the different systemic features. Second, we can identify the relationship by interacting the country-level systemic features with the individual-level family-background measure in cross-country microeconomic regressions that have the test scores as their dependent variable. We will pursue both avenues of investigation.

3.3.1 Country-Level Specification

In the first specification, we use the FBEs estimated in Section 2.3 as the dependent variable in a country-level regression on the country-level systemic features presented in Section 3.1, i.e. the FBE estimators β_j of equation (1) are simply regressed on the set of potentially determining features Z_j of the school systems and countries:

$$\beta_j = \lambda + \theta Z_j + \mu_j \quad . \quad (2)$$

Since the dependent variable in this regression is the outcome of an estimation procedure rather than a precise observation, we have to account for the different standard errors with which the observations of the dependent variable are estimated. The error term from an ordinary-least-squares (OLS) estimation of equation (2) would be heteroscedastic with mean zero and a variance equal to the sum of the variance of the actual error term and the variance of the estimated FBE. We use a weighted estimation procedure proposed by Anderson (1993; cf. Slaughter 2001) which downweights observations whose FBEs were relatively imprecisely measured: first, we compute the squared residuals of an OLS regression of equation (2), then we run a second regression of these squared residuals on the estimated variances of the FBEs, the variances squared and the variances cubed. The fitted values of this regression specify to what extent the squared residuals of the first regression can be explained by the variance of the FBE estimates. We then finally use the inverse of these fitted values as weights in a WLS regression of equation (2), thereby giving lower weight to imprecisely estimated FBE observations.

3.3.2 Student-Level Interaction Specifications

The country-level specification provides a rather ad-hoc partition of the estimation in two steps: in the first step equation (1) is estimated using micro data within each country, the second step then uses the resulting coefficient estimates in the country-level estimation of equation (2). This two-step estimation procedure places rather strong restrictions on the joint distribution of the variables used in the two different equations. We can relax these restrictions by pooling the micro data across countries and combining it with the additional system-level data. In this second set of specifications, the relationship between the country-level systemic features and the effect of family background on student performance can be identified by the interaction between the country-level features and the family-background measure in a student-level cross-country regression that has the individual test scores as its dependent variable.

The first of these student-level interaction specifications assumes that after having controlled for the observed systemic and individual effects, there is no unobserved heterogeneity left across countries which might bias the estimates. Under this assumption, the estimated coefficients η on the interaction terms between our family-background proxy B_{isj} (books at home, measured at the student level) and the vector of systemic features Z_j (measured at the country level) identify how the systemic features affect the family-background effect:

$$T_{isj} = \alpha + \beta B_{isj} + Z_j \rho + (B_{isj} Z_j) \eta + X_{isj} \gamma + \varpi_{isj} \quad , \quad (3)$$

where X_{isj} is a vector combining all the (student-level) control variables of equation (1).

This specification does not only identify how the FBEs relate to the systemic features, but also the main effects of the systemic features on the student test scores. However, the estimates of these main systemic effects in equation (3) will only be unbiased if there is no unobserved heterogeneity in the performance levels across the countries. Thus, this first student-level interaction specification still requires the assumption that there is no unobserved cross-country heterogeneity in student performance.

We can relax this assumption in a second student-level interaction specification that introduces a whole set of country fixed effects C_j , as well as interaction effects between all student-level controls X_{isj} and the country fixed effects:

$$T_{isj} = \alpha + \beta B_{isj} + (B_{isj} Z_j) \eta + C_j \delta_1 + (C_j X_{isj}) \delta_2 + X_{isj} \gamma + \varpi_{isj} \quad . \quad (4)$$

Due to the inclusion of country fixed effects, this specification can no longer identify the main systemic effects that work at the country level. But despite the country fixed effect, this specification still identifies our main measure of interest, namely how the systemic features affect the family-background effect. This influence is captured by the interaction variables at the student level.

For the identification of equation (4), the assumption of no unobserved cross-country heterogeneity can be replaced by the less restrictive assumption that any unobserved cross-country heterogeneity that may exist is unrelated to the size of the FBEs. Under this assumption, equation (4) can still identify how education policies relate to equality of educational opportunity. Since it requires the least restrictive assumptions on the cross-country distribution of test scores, the student-level interaction specification with country fixed effects, i.e. equation (4), is our preferred specification.

When estimating the student-level specifications of equations (3) and (4), one has to be aware that one part of the measures which identify our effect of interest, namely the systemic features of the school systems, are measured at the country level rather than the school level, since education policies are observed as system-level variables that vary across countries. Thus, the Moulton (1986) problem of a hierarchical data structure now applies at the country rather than at the school level, requiring higher-level (country) error component to avoid spurious results. We therefore use countries as PSUs in estimating equations (3) and (4), allowing any given interdependence of the error variance-covariance matrix within countries and requiring only that the observations are independent across countries. This basically means that the standard errors are measured as if there were only as many observations as there are countries in the regression. Furthermore, in addition to the within-country weighting of students according to their sampling weights (cf. Section 2.2 above), the observations are now weighted across countries such that each country in the sample has equal weight.

3.4 Results

We use the theoretical model of section 3.1 as base-line model in each of the three above mentioned specifications. Finding that the predictions of our theoretical model can be verified empirically in each case, we then extend the base-line model to include additional explanatory variables which can be hypothesized to have an effect on equality of educational opportunity.

The results of the country-level specification of Section 3.3.1 are reported in Table 5.¹³ The base model in column (1) includes the age of first tracking, enrollment in pre-primary education and its square and the duration of pre-primary education as potential determinants of the size of the FBE. In line with the predictions of our model (Section 3.1), later tracking is found to be negatively related to the estimated FBEs. That is, the earlier an education system tracks its students into different types of schools according to their ability, the more unequal are educational opportunities. This effect is statistically highly significant.

As suggested by our model, the relationship between the FBE and the enrollment share in pre-primary education appears to follow an inverted U-shape pattern and is at the same time statistically significant. That is, as long as only a relatively small part of the student population is enrolled in pre-primary education, enrollment is positively related to the FBE, which may be due to unequalizing effects of non-random sorting of better-off students into pre-primary education. Only when a substantial share of students is enrolled in pre-primary education, so that also less well-off students are enrolled, do we find an equalizing effect of pre-primary enrollment. Figure 3 depicts this non-linear pattern graphically.¹⁴ Educational opportunities get more unequal with rising pre-primary enrollment up unto a maximum of 61 percent of pre-primary enrollment. Only beyond this threshold, higher pre-primary enrollment is associated with more equal educational opportunities.¹⁵

Also in line with the predictions of our model, we find that the official duration of pre-primary education is negatively related to the estimated FBEs if the non-linear relationship between FBEs and the enrollment share in pre-primary education is held constant. A longer pre-primary cycle is associated with higher equality of educational opportunity in a statistically significant way. Together, these features of the education system account for 40 percent of the cross-country variation in our estimated FBEs.

In the enhanced model in column (2), we add three additional control variables to the base-line specification. As the results show, neither educational expenditure per student, nor the gross national income (GNI) per capita are statistically significantly related to the FBEs. The

¹³ Taiwan could not be included in any of the estimations due to lack of internationally comparable information on several school-system variables.

¹⁴ Figure 3 is actually based on the results of our preferred specification, the student-level interaction specification with country fixed effects. But as will be seen below, that specification gives virtually the same results as the country-level specification.

¹⁵ It was not possible to model the influence of pre-primary enrollment on the FBE in exactly the same complex way as suggested by our theoretical model. Nevertheless, by including pre-primary enrollment squared we could show the general pattern of an inverted U-shaped relationship between FBE and enrollment in pre-primary education.

country-specific mean test-score performance, however, has a statistically significant and positive relationship with the FBEs. Notice, that at the same time, the addition of these control variables does affect the significance of the regression coefficients that were established in the base-line regression but that the results are qualitatively the same. Interestingly enough, by including these variables the variance explained drops to 26.8 percent.

Table 6 reports the same two models for the student-level interaction specification with main systemic effects.¹⁶ The qualitative results on the systemic effects on the FBEs, now identified by the interaction effects, are exactly the same in this specification: a negative relationship between the size of the FBE and age of first tracking and pre-primary duration, and an inverted-U-shaped relationship between FBE and pre-primary enrollment. Under the assumption of no bias due to unobserved country heterogeneity, this specification yields estimates for the main effects of the systemic features on student performance. The results suggest that neither tracking nor pre-primary enrollment exert a statistically significant direct effect on student-performance if their interaction with the FBE is controlled for. That is, these systemic features exert their impact on student performance only through an indirect effect via family background. Only the duration of the pre-primary education cycle shows a statistically significant positive direct effect on student performance in addition to its interaction effect with family background. In the second model (reported in column (4)), the interaction effect between family background and educational expenditure as well as per-capita GNI are statistically insignificant. Only GNI per capita displays a significant direct relationship with student performance, albeit at a very low level, while the results of the previous base-line model (column (3)) remain mainly unchanged.

The regression results of our preferred specification are reported in Table 7, where we again find strong empirical evidence supporting our theoretical model. This specification not only controls for a complete set of country dummies (country fixed effects), but also for interaction effects between each of the student-level control variables and the complete set of country dummies, which allows the effects of the student-level controls to be country-specific. The estimates of the two discussed models, reported in columns (5) and (6), are qualitatively the same as those obtained using the country-level specification (Table 5): the statistically significant relationships between FBEs and tracking, pre-primary enrollment, pre-

primary duration and the country mean test score is retained and only the levels of significance are altered. Equally, the relationships between FBEs and educational expenditure, and GNI per capita remain statistically insignificant. However, there does seem to exist a tradeoff between efficiency and equity in the sense that countries that achieve a higher degree of equality of educational opportunity have to compromise on the average performance level of their student population.

The size of the estimated interaction effects in column (5) suggest that for each additional year of earlier tracking, the estimated FBE increases by slightly more than one unit, or one percent of an international standard deviation in test scores (cf. Section 2.3). Thus, a difference in the age of first tracking of four years is related to a difference in the FBE of an order of magnitude of roughly one quarter of the mean (17.5) of the total FBEs across all countries in Table 3. The tracking effect is also directly observable in our estimated FBEs (Table 3). In our sample of countries, the education systems that track their students as early as age 10 – Austria (with an estimated FBE of 20.8), Germany (25.6), Hungary (25.8) and the Slovak Republic (24.0) – all show relatively large FBEs. By contrast, none of the OECD countries with relatively low FBEs – France (8.3), Canada (9.8) and Portugal (10.4) – track before an age of 15. The estimated tracking effect of column (5) in Table 7 suggests that roughly one third of the 14.5-point difference in the FBE between these two groups of countries can be attributed to their divergent tracking policies.

As is evident from Figure 3, moving from a low pre-primary enrollment of 20 percent to a medium enrollment of 60 percent increases the estimated FBE by roughly 5 units. At the same time, moving from 60 percent enrollment to full enrollment decreases the estimated FBE by about the same amount. These effects are not driven by the level of economic development of the countries, since these effects do not disappear if one controls for per-capita GNI (column (6)).

In column (7) of Table 7, we introduce two further systemic features of the education systems, namely the proportion of educational funds that stem from private sources and the share of enrollment in private schools. While, using this specification, the number of available country observations drops to 27, the results still show statistically significant relationships between the FBE and the share of the private sector in educational expenditure and in educational enrollment. They suggest that the FBE increases with private expenditure and

¹⁶ To preserve the main-effects character of the specification (relative to the country fixed effects reported below), the second model (column (4)) does not include the country mean test-score performance, as this would

decreases with private enrollment. That is, education systems that rely on private funding show larger inequality of educational opportunity, but relying on private schooling provision actually seems to decrease inequality of opportunity.

The results that we have presented so far are based on samples that include all countries for which the data are available. To make sure that the results are not driven by variations between very heterogeneous countries, Table 8 re-estimates the models underlying Table 7 for the more homogeneous sample of OECD countries. The results in columns (8) to (10) reveal that all substantive results are robust but for the size and the direction of the effect of the country mean test score. In the sub-sample of OECD countries, the effect of the mean test score on the FBEs is now statistically insignificant. That is in this case we do not find evidence for a tradeoff between equality of opportunity and a country's mean performance.

As a second robustness check, we dropped France and Japan from our sample of countries, because they do not provide data on parental immigration status (and France also not on student immigration status), which might affect their relative FBEs. Again, our results were not sensitive to this reduction in sample size.

We also experimented with two further systemic features of the education systems, namely half-day versus full-day schooling and the age at which compulsory education starts. A dummy for full-day schooling (we could gather data for 34 countries) was not significantly related to the FBEs in any of our specifications. However, any effect of full-day schooling may be difficult to detect, since we cannot distinguish between countries that have afternoon classes and countries that only provide optional day care. Regarding the starting age of compulsory education, its relation to the FBE was not clear cut. The reason most probably being that this variable does not show much variance across countries (i.e. it lies between 5 and 7) and that after having controlled for pre-primary enrollment and duration it can not have any additional effect on the FBEs.

4. Conclusion

In this paper we derived an index of the equality of educational opportunity in 54 countries, based on estimates of the effect of family background on students' educational performance. The family-background effects reveal substantial variation in the extent to which different countries achieve equality of educational opportunity for children from different family backgrounds.

add aggregate values of the left-hand-side variable to the right-hand side.

We proposed a model to explain how the family background influence is related to the systemic features the countries' education systems. The predictions were that the earlier an education system tracks its students into different school types, the larger are the performance differences along the family-background dimension. The family-background effects were predicted first to increase with enrollment in pre-primary education and then - after an enrollment ratio of slightly more than half of the student populations – to decrease with enrollment in pre-primary education. Also, longer pre-primary education cycles were suggested to decrease the family-background effects in the respective countries. Thus, comprehensive school systems and extensive early-childhood education were supposed to increase equality of educational opportunity.

Our empirical results suggest that the model describes the relationship between a country's education system and the extent to which this country achieves equality of educational opportunity very well. Apart from the variables captured by the model, we also tested the effects of several other systemic features on the FBEs. Different specifications consistently indicate the importance of extensive early-childhood education and late tracking as predicted by our model. Moreover, the estimated family-background effects also increase with the share of private expenditure in total educational expenditure, but decrease with the size of the private school sector. In the overall sample we find evidence for an efficiency-equity tradeoff in education in the sense that more equal systems would systematically affect the mean performance of their students. This result, however, is not true for the sub-sample of OECD countries.

By contrast, several other country specific features do not seem to be significantly related to the degree of equality of educational opportunity achieved in neither the complete nor the considered sub-samples. This is true for the level of educational expenditures, GNI per capita, the length of the average school day and the official school starting age.

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Appendix

Table A1: Definition and Source of Variables

Variable	Definition and Year of Observation	Source
Tracking	Age of students at the time of first streaming, different years since 1999	European Commission (1999, 2000), detailed country-specific inquiries
Pre-primary enrollment	Gross enrollment rate in pre-primary education, 1987 and 1991, respectively	UNESCO Institute for Statistics (2003)
Pre-primary duration	Duration of pre-primary education, 1988 and 1992, respectively	UNESCO Institute for Statistics (2003)
Educational expenditure per student	Current expenditure per student in pre-primary, primary and secondary schooling, 1995	UNESCO (1998, 2000)
GNI per capita	GNI per capita in PPP (current international \$), 1995 and 1999, respectively	World Development Indicators database
Private enrollment share	Private enrollment as percentage of total enrollment, general secondary education, 1995 and 1996, resp.	UNESCO (1998, 2000)
Private expenditure share	Proportion of private sources of funds for educational institutions (after transfers from public sources), all levels of education, 1999	OECD (2002: 212), Table B4.1
Full-day schooling	Dummy: 1 if in the respective country, full-time schooling is the rule, different years since 1999	Renz (1994), detailed country-specific inquiries
Start of primary education	Age of students at start of primary education, 1988 and 1992, respectively	UNESCO Institute for Statistics (2003)

Table 1: Educational Performance and Family Background by Country

	TIMSS performance		Books at home ^a					Mean category
	Mean	SD	1 (0-10)	2 (11-25)	3 (26-100)	4 (101-200)	5 (200+)	
Australia	541.4	87.1	3.3	7.0	24.0	25.8	40.0	3.9
Austria	546.9	88.7	10.5	17.5	31.4	16.7	23.8	3.3
Belgium (Flemish)	558.2	73.3	14.6	19.4	32.1	16.1	17.7	3.0
Belgium (French)	494.9	78.7	6.9	10.2	28.0	20.7	34.2	3.7
Bulgaria	529.2	83.1	8.7	11.6	23.8	19.2	36.6	3.6
Canada	537.0	75.6	4.5	10.8	28.1	24.6	31.9	3.7
Chile	423.4	78.2	20.0	31.6	28.2	11.0	9.2	2.6
Colombia	390.5	62.4	25.6	31.5	26.6	9.0	7.3	2.4
Cyprus	474.3	79.3	5.4	18.4	35.0	22.9	18.3	3.3
Czech Republic	555.7	79.5	0.8	5.8	31.9	30.7	30.9	3.9
Denmark	486.4	78.3	3.3	8.5	30.0	21.1	37.1	3.8
England	530.0	87.3	6.0	13.0	29.4	22.6	28.9	3.6
Finland	543.5	65.4	3.5	14.0	38.7	21.9	21.9	3.4
France	514.9	67.5	5.4	17.1	36.4	21.1	19.9	3.3
Germany	517.5	89.3	8.1	13.8	26.2	18.8	33.1	3.5
Greece	486.8	80.0	5.0	22.3	42.7	18.2	11.8	3.1
Hong Kong	562.1	77.7	24.8	28.3	28.2	9.6	9.1	2.5
Hungary	550.6	82.0	3.5	10.1	25.1	41.0	39.9	3.8
Iceland	486.3	70.5	0.7	5.2	29.0	28.4	36.7	4.0
Indonesia	433.2	86.5	25.7	38.6	25.8	5.3	4.5	2.2
Iran	447.6	68.0	33.2	32.3	19.5	7.1	8.0	2.2
Ireland	530.4	87.2	7.1	16.1	33.8	21.1	21.8	3.3
Israel	501.9	94.1	4.8	15.6	32.3	23.6	23.7	3.4
Italy	502.0	80.8	12.1	25.2	27.7	14.8	20.2	3.1
Japan	583.5	80.4	13.9	19.4	31.2	18.0	17.5	3.1
Jordan	455.1	94.8	21.3	30.5	28.4	29.7	10.0	2.6
Korea	584.7	85.5	9.7	11.2	34.8	23.4	20.8	3.3
Kuwait	403.9	57.0	22.3	26.8	38.3	10.2	12.5	2.6
Latvia	501.6	74.0	1.4	5.2	18.7	23.1	51.6	4.2
Lithuania	485.4	75.2	4.9	18.2	35.5	20.8	20.6	3.3
Macedonia	467.9	87.1	15.4	38.1	30.0	9.1	7.3	2.5
Malaysia	520.4	74.0	13.0	34.1	32.3	12.0	8.8	2.7
Moldova	478.5	82.4	20.2	32.7	27.5	11.0	8.5	2.5
Morocco	344.1	81.2	37.4	35.2	39.7	4.9	3.0	2.0
Netherlands	552.2	73.8	8.0	15.7	32.1	21.0	23.1	3.4
New Zealand	514.9	85.4	4.4	8.7	25.7	24.6	36.6	3.8
Norway	512.3	78.3	2.3	5.7	25.2	22.9	45.0	4.0
Philippines	376.4	93.7	37.4	30.5	19.3	6.2	6.5	2.1
Portugal	462.3	61.3	10.4	26.2	31.6	14.5	17.3	3.0
Romania	483.4	88.8	19.1	22.8	25.6	13.2	19.4	2.9
Russian Federation	539.0	84.7	3.1	12.0	33.2	26.7	24.9	3.6
Scotland	504.7	86.5	11.2	17.3	28.2	18.7	24.7	3.3
Singapore	613.4	83.0	11.8	22.0	40.6	13.8	11.8	2.9
Slovak Republic	546.6	77.9	2.1	12.5	43.7	23.8	17.8	3.4
Slovenia	547.8	78.5	3.1	15.8	42.1	21.1	17.9	3.3
South Africa	480.6	97.3	38.9	29.3	15.5	6.6	9.6	2.2
Spain	498.8	68.1	3.7	18.4	32.5	19.7	25.8	3.5
Sweden	524.5	80.5	3.1	8.0	24.3	23.9	40.7	3.9
Switzerland	531.4	81.9	7.9	16.2	30.3	20.1	25.5	3.4
Taiwan (Chinese Taipei)	592.8	90.2	17.5	23.2	31.2	11.9	16.3	2.9
Thailand	505.9	74.2	20.1	33.7	30.1	8.6	7.5	2.5
Tunisia	452.5	56.9	21.4	35.9	24.5	9.3	8.9	2.5
Turkey	446.8	73.3	21.6	36.7	27.6	8.2	5.9	2.4
United States	518.9	89.2	8.1	13.2	28.3	21.0	29.4	3.5

Notes: Mean performance: TIMSS/TIMSS-Repeat international test score (mean of math and science), re-scaled, weighted by sampling probabilities. – SD: Standard deviation of the TIMSS/TIMSS-Repeat international test score. – Books at home: share of students in each category, weighted by sampling probabilities. – ^a 1 = none or very few (0-10 books); 2 = enough to fill one shelf (11-25 books); 3 = enough to fill one bookcase (26-100 books); 4 = enough to fill two bookcases (101-200 books); 5 = enough to fill three or more bookcases (more than 200 books). – Mean category: mean of books at home category (1-5).

Countries that are members of the OECD are marked in bold.

Table 2: Descriptive Statistics of the International Data

	Mean	Standard deviation	Min	Max	Number of countries
Books at home (1-5)	3.2	1.3			54
Student age	14.3	0.8			54
Female student	49.9				54
Living with both parents	74.1				54
Student born in country	92.0				54
Mother born in country	85.8				54
Father born in country	85.3				54
Tracking	15.2	2.5	10	19	54
Pre-primary enrollment	60.1	29.4	5.1	115.9	53
Pre-primary duration	2.7	1.0	1	4	53
Educational expenditure per student	4380.7	3874.9	189	14270.4	50
GNI per capita	14584.2	8020.8	1300	33160	53
Private enrollment share	15.1	20.0	0	77.5	43
Private expenditure share	13.7	11.5	1.2	44.9	32
Full-day schooling	55.9				34
Start of primary education	6.2	0.5	5	7	53

Notes: Mean: International mean, weighted by sampling probabilities. – Standard deviation: International standard deviation (only for discrete variables).

Table 3: The Index of Equality of Educational Opportunity

	FBE	Std. Err.	Year(s)
1 England	28.81	(1.70)	1995 + 1999
2 Taiwan (Chinese Taipei)	27.91	(1.31)	1999
3 Scotland	26.95	(1.70)	1995
4 Hungary	25.84	(1.29)	1995 + 1999
5 Germany	25.57	(1.94)	1995
6 Korea	24.75	(0.81)	1995 + 1999
7 Macedonia	24.05	(2.35)	1999
8 Slovak Rep.	24.01	(1.26)	1995 + 1999
9 Bulgaria	23.32	(2.94)	1999
10 United States	23.13	(0.81)	1995 + 1999
11 Lithuania	23.09	(1.32)	1995 + 1999
12 Ireland	23.04	(1.98)	1995
13 New Zealand	22.80	(1.40)	1995 + 1999
14 Czech Rep.	22.45	(1.67)	1995 + 1999
15 Slovenia	22.25	(1.51)	1995 + 1999
16 Malaysia	22.18	(2.06)	1999
17 South Africa	22.05	(2.67)	1995 + 1999
18 Chile	21.95	(1.78)	1999
19 Australia	21.45	(1.43)	1995 + 1999
20 Sweden	21.24	(1.59)	1995
21 Austria	20.80	(1.68)	1995
22 Russian Fed.	20.27	(1.78)	1995 + 1999
23 Norway	20.00	(1.68)	1995
24 Romania	19.68	(2.09)	1995 + 1999
25 Greece	19.22	(1.63)	1995
26 Israel	18.84	(2.17)	1995 + 1999
27 Singapore	18.54	(1.82)	1995 + 1999
28 Jordan	17.92	(2.40)	1999
29 Italy	17.51	(1.42)	1999
30 Netherlands	17.03	(2.08)	1995 + 1999
31 Belgium (French)	16.77	(1.77)	1995
32 Switzerland	16.77	(1.62)	1995
33 Latvia	16.65	(1.26)	1995 + 1999
34 Philippines	16.53	(2.09)	1995 + 1999
35 Moldova	15.80	(2.01)	1999
36 Spain	15.26	(1.06)	1995
37 Denmark	15.08	(1.62)	1995
38 Cyprus	14.21	(0.89)	1995 + 1999
39 Finland	13.98	(1.51)	1999
40 Japan	13.50	(1.13)	1999 ^a
41 Thailand	12.37	(1.60)	1995 + 1999
42 Turkey	11.77	(1.35)	1999
43 Iceland	11.42	(2.55)	1995
44 Iran	11.25	(0.93)	1995 + 1999
45 Belgium (Flemish)	10.95	(1.11)	1995 + 1999
46 Hong Kong	10.82	(1.28)	1995 + 1999
47 Portugal	10.40	(1.05)	1995
48 Canada	9.76	(0.95)	1995 + 1999
49 France	8.32	(1.44)	1995
50 Colombia	7.55	(3.84)	1995
51 Morocco	6.84	(2.02)	1999
52 Tunisia	6.32	(0.72)	1999
53 Indonesia	4.83	(1.81)	1999
54 Kuwait	2.49	(1.59)	1995

Notes: Coefficient estimate on books at home. – Dependent variable: TIMSS/TIMSS-Repeat international test score (mean of math and science). – Regressions control for: student age, student gender, family status, student born in country, mother born in country, father born in country, interactions between the three immigration variables and books, a TIMSS-Repeat dummy and a constant. – Regressions weighted by students' sampling probabilities. – Clustering-robust standard errors (taking account of correlated error terms within schools) in parentheses. – ^a Japan also participated in 1995, but the question on books at home was not administered at an internationally comparable scale.

All estimates are statistically significantly different from zero at the 1 percent level, with the exceptions of Colombia (5 percent level) and Kuwait (14 percent level).

Countries that are members of the OECD are marked in bold.

Table 4: The Family Background Effect for different values of pre-primary duration (K), pre-school enrollment (E) and number of comprehensive school years (C), i.e. $FBE = FBE(K,E,C)^*$

		E=15%	E=30%	E=45%	E=60%	E=75%	E=90%
C=4	K=1.25	6.55 (6.10)	7.99	7.82	8.48 (7.65)	8.31 (7.48)	6.17 (5.34)
	K=1.5	6.55 (6.10)	7.93	7.75	8.46 (7.56)	8.28 (7.38)	6.10 (5.20)
	K=1.75	6.55 (6.10)	7.84	7.65	8.42 (7.45)	8.22 (7.25)	6.02 (5.05)
	K=2.0	6.55 (6.10)	7.73	7.52	8.36 (7.31)	8.15 (7.10)	5.95 (4.90)
	K=2.25	6.55 (6.10)	7.60	7.37	8.27 (7.15)	8.05 (6.92)	5.87 (4.75)
C=6	K=1.25	5.10	6.99	6.82	6.73 (6.65)	6.56 (6.48)	4.42 (4.35)
	K=1.5	5.10	6.93	6.75	6.71 (6.56)	6.53 (6.38)	4.35 (4.20)
	K=1.75	5.10	6.84	6.65	6.67 (6.45)	6.47 (6.25)	4.27 (4.05)
	K=2.0	5.10	6.73	6.52	6.61 (6.31)	6.49 (6.10)	4.20 (3.90)
	K=2.25	5.10	6.60	6.37	6.52 (6.15)	6.30 (5.92)	4.12 (3.75)
C=8	K=1.25	4.10	5.99	5.82	5.65	5.48	3.35
	K=1.5	4.10	5.93	5.75	5.56	5.38	3.20
	K=1.75	4.10	5.84	5.65	5.45	5.25	3.05
	K=2.0	4.10	5.73	5.52	5.30	5.10	2.90
	K=2.25	4.10	5.60	5.37	5.15	4.92	2.75

*) $t = 0.5, \Delta T = 6(0), S = 9, \delta_L = 3/4, \delta_H = 5/4, \alpha = 2, \beta = 1/2, \gamma = 1, k = 6, f_0 = 1, f_1 = 2$

**Table 5: Education Policy and Equality of Opportunity:
Country-Level Specification**

	(1)	(2)
Tracking	-1.225*	-0.926*
	(0.337)	(0.339)
Pre-primary enrollment	0.369*	0.213°
	(0.090)	(0.115)
Pre-primary enrollment squared	-0.003*	-0.002°
	(0.001)	(0.001)
Pre-primary duration	-1.377°	-1.317
	(0.781)	(0.867)
Educational expenditure per student /1000		-0.140
		(0.411)
Country mean test score /100		4.916*
		(1.714)
GNI per capita /1000		-0.158
		(0.219)
Observations (countries)	53	49
R^2 (adjusted)	0.400	0.268

Notes: Dependent variable: estimated family-background effect (FBE) of Table 3. – Regressions apply the Anderson (1993) weighted estimation procedure to account for the estimated dependent variable. – Standard errors in parentheses.

Significance level: * 1 percent. – + 5 percent. – ° 10 percent.

**Table 6: Education Policy and Equality of Opportunity:
Student-Level Interaction Specification with Main Systemic Effects**

	(3)	(4)
Books	71.099* (12.569)	77.723* (10.126)
Tracking * books	-2.673* (0.814)	-2.460* (0.673)
Pre-primary enrollment * books	0.633+ (0.241)	0.564+ (0.234)
Pre-primary enrollment squared * books	-0.006* (0.002)	-0.005+ (0.002)
Pre-primary duration * books	-6.700* (1.937)	-7.775* (1.984)
Educational expenditure per student /1000 * books		0.194 (0.658)
GNI per capita /1000 * books		-0.640 (0.433)
Tracking	4.931 (5.634)	3.101 (4.814)
Pre-primary enrollment	-0.295 (1.003)	-0.557 (0.868)
Pre-primary enrollment squared	0.010 (0.009)	0.008 (0.008)
Pre-primary duration	24.975+ (11.675)	33.167* (11.446)
Educational expenditure per student /1000		-2.22 (3.83)
GNI per capita /1000		4.864° (2.602)
Observations (students)	295,026	276,577
Primary sampling unites (countries)	53	50
R^2	0.221	0.243

Notes: Dependent variable: TIMSS/TIMSS-Repeat international test score (mean of math and science). – All regressions control for student age, student gender, family status, student born in country, mother born in country, father born in country, interactions between the three immigration variables and books, a TIMSS-Repeat dummy and a constant. – Regressions weighted by students' sampling probabilities. – Clustering-robust standard errors (taking account of correlated error terms within countries) in parentheses.

Significance level (based on clustering-robust standard errors): * 1 percent. – + 5 percent. – ° 10 percent.

**Table 7: Education Policy and Equality of Opportunity:
Student-Level Interaction Specification with Country Fixed Effects, Full Sample**

	(5)	(6)	(7)
Books	29.368* (5.316)	10.612 (8.534)	32.348+ (11.750)
Tracking * books	-1.074* (0.284)	-0.893* (0.277)	-1.013* (0.346)
Pre-primary enrollment * books	0.336* (0.085)	0.262* (0.081)	0.048 (0.102)
Pre-primary enrollment squared * books	-0.003* (0.001)	-0.002* (0.001)	-0.001 (0.001)
Pre-primary duration * books	-1.303° (0.717)	-1.545+ (0.689)	-2.272+ (0.990)
Educational expenditure per student /1000 * books		-0.136 (0.396)	-0.216 (0.385)
Country mean test score /100 * books		4.337+ (1.753)	0.911 (1.519)
GNI per capita /1000 * books		-0.144 (0.225)	-0.175 (0.221)
Private expenditure share * books			0.133+ (0.053)
Private enrollment share * books			-0.090* (0.030)
Observations (students)	295,026	276,577	146,895
Primary sampling unites (countries)	53	50	27
R ²	0.414	0.417	0.298

Notes: Dependent variable: TIMSS/TIMSS-Repeat international test score (mean of math and science).
– All regressions control for: country fixed effects, student age, student gender, family status, student born in country, mother born in country, father born in country, interactions between the three immigration variables and books, interactions between all these previous variables and country dummies and a constant. – Regressions weighted by students' sampling probabilities. – Clustering-robust standard errors (taking account of correlated error terms within countries) in parentheses.

Significance level (based on clustering-robust standard errors): * 1 percent. – + 5 percent. – ° 10 percent.

**Table 8: Education Policy and Equality of Opportunity:
Student-Level Interaction Specification with Country Fixed Effects, OECD Sample**

	(8)	(9)	(10)
Books	29.003* (8.731)	9.083 (18.848)	39.075+ (16.727)
Tracking * books	-0.844+ (0.390)	-0.488 (0.421)	-0.970+ (0.400)
Pre-primary enrollment * books	0.329* (0.110)	0.333+ (0.132)	0.125 (0.138)
Pre-primary enrollment squared * books	-0.003* (0.001)	-0.003+ (0.001)	-0.001 (0.001)
Pre-primary duration * books	-2.280+ (0.967)	-1.542 (0.966)	-2.231+ (1.038)
Educational expenditure per student /1000 * books		-0.477 (0.437)	-0.155 (0.440)
Country mean test score /100 * books		-2.742 (2.893)	-0.819 (2.844)
GNI per capita /1000 * books		0.032 (0.307)	0.071 (0.283)
Private expenditure share * books			0.169+ (0.068)
Private enrollment share * books			-0.081+ (0.030)
Observations (students)	154,243	154,243	125,775
Primary sampling unites (countries)	29	29	24
R ²	0.256	0.257	0.260

Notes: Dependent variable: TIMSS/TIMSS-Repeat international test score (mean of math and science). – All regressions control for: country fixed effects, student age, student gender, family status, student born in country, mother born in country, father born in country, interactions between the three immigration variables and books, interactions between all these previous variables and country dummies and a constant. – Regressions weighted by students’ sampling probabilities. – Clustering-robust standard errors (taking account of correlated error terms within countries) in parentheses.

Significance level (based on clustering-robust standard errors): * 1 percent. – + 5 percent. – ° 10 percent.

Figure 1: Pre-School FBE and Enrollment

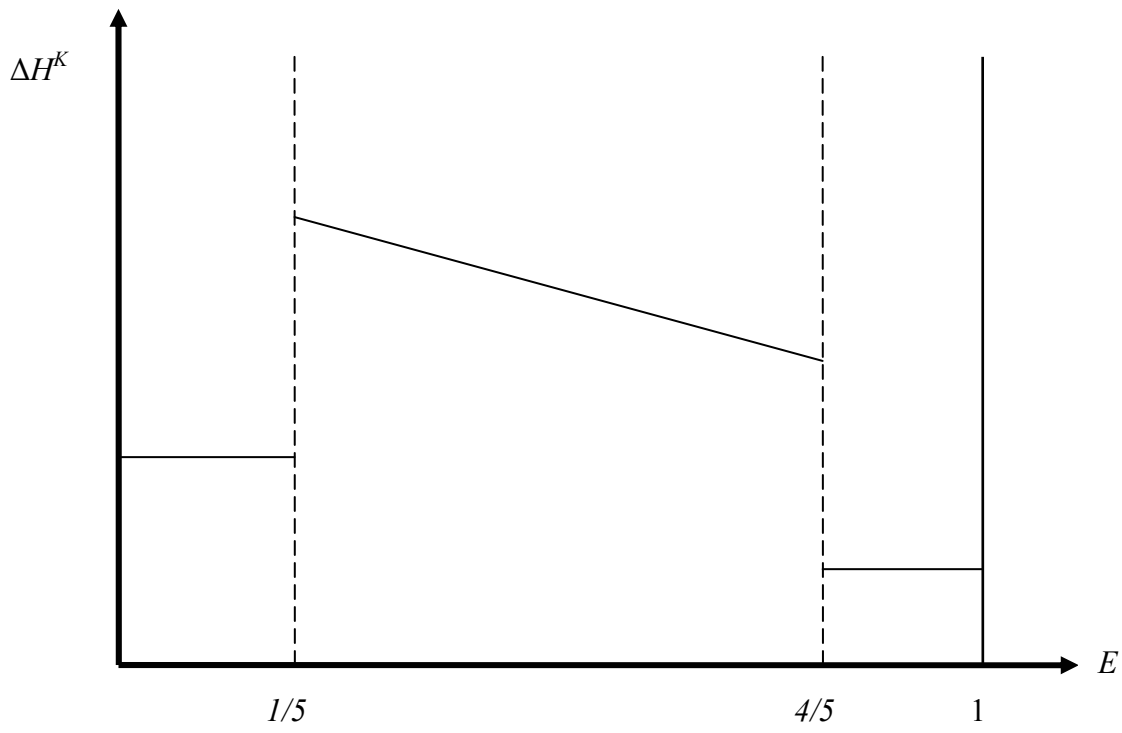


Figure 2: Family Background and Human Capital Accumulation

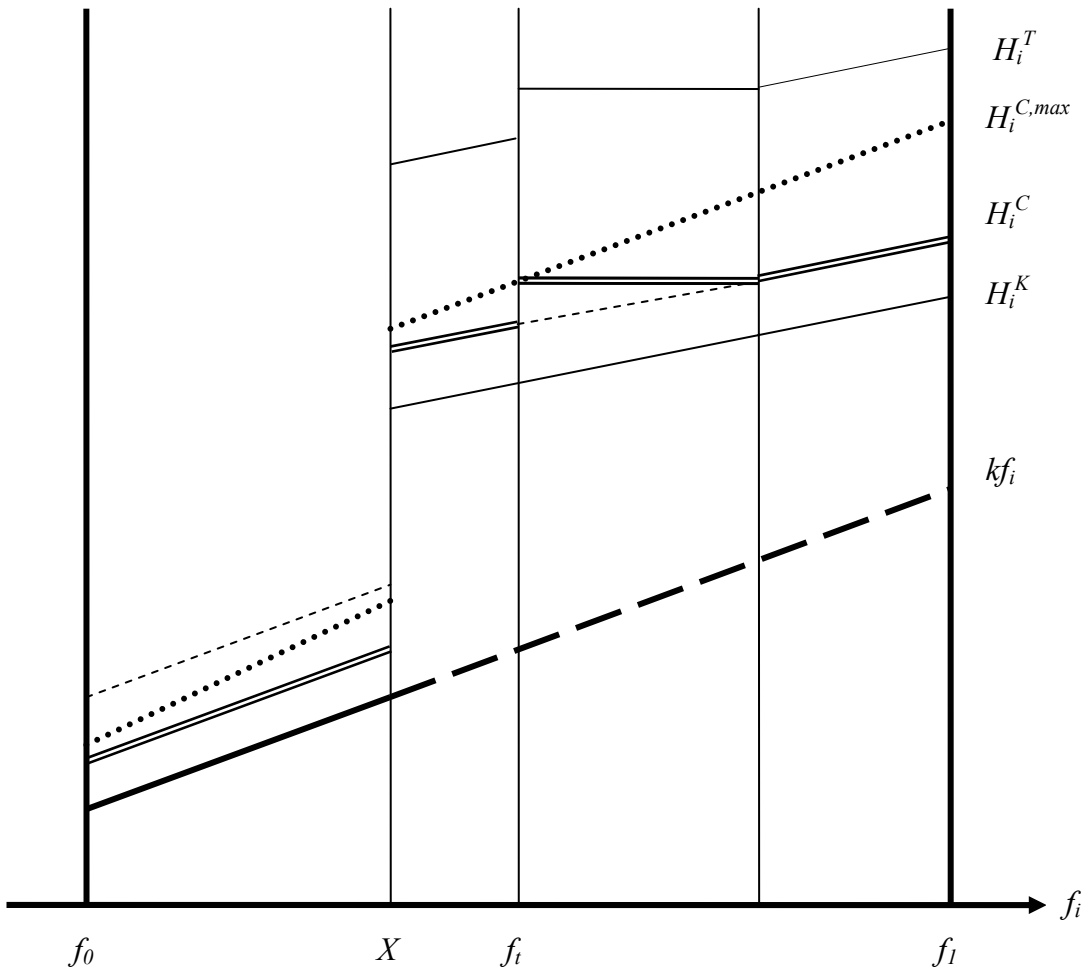
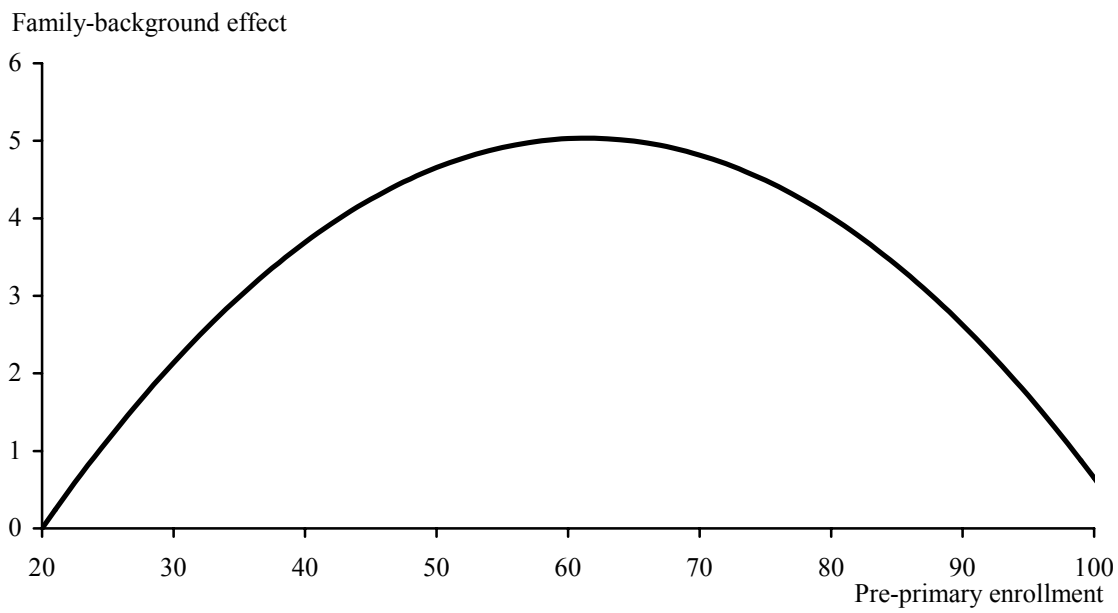


Figure 3: Pre-Primary Enrollment and Family-Background Effects



Note: Estimated interaction effect of books at home with pre-primary enrollment and its square in the student-level interaction specification with country fixed effects reported in column (5) of Table 7.