

Abstract

Despite its relatively small size, the private school sector plays a prominent role in British society. This paper focuses on the changing wage returns to private education in Britain using the British Household Panel Survey and the two mature birth cohort studies, the National Child Development Study (NCDS) and the British Cohort Study (BCS). From a theoretical perspective, the pay premium for private school pupils is expected to have increased, following a period of modernisation during the late 1960s and 1970s and the subsequent decades in which real school fees rose substantially. Using a range of estimation techniques we present consistent evidence in line with the hypothesis that the premium increased significantly between earlier and later cohorts, especially for women for whom the premium was small and insignificant in earlier cohorts. Quantile regressions also indicate that there was no significant premium in the lower quantiles of the residual distribution. The achievement of good academic qualifications is the main route through which a high return to private school attendance is obtained in the later cohorts. Taken together, our findings are consistent with the idea that the private school sector has been successful in transforming its ability to generate the academic outputs that are most in demand in the modern economy.