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Education at a Glance 2008

OECD indicators reveal a gap between the rhetoric and reality in education

TUAC welcomes the publication of the 2008 issue of *Education at a Glance* (EAG 2008), providing internationally comparable indicators and allowing for meaningful comparisons of national education systems across the OECD and some partner countries. The good news in this respect is the fact that the expansion in educational participation is going on and that resources available for primary, secondary and tertiary education have increased. The proportion of individuals who have completed upper secondary education has been growing in almost all OECD countries. Tertiary attainment levels have also increased substantially.

However, a closer inspection of the data provided reveals that *Education at a Glance* also contains some bad and disappointing news, suggesting that the gap between the rhetoric and reality of educational policy has not been narrowed sufficiently. A number of structural changes and factors characterizing the domain of education and training are a cause of particular concern for TUAC and its affiliates:

Taking into account both public and private sources of funds, OECD countries as a whole spend 6.1% of their collective GDP on educational institutions at the pre-primary, primary, secondary and tertiary levels. However, the increase in public spending on educational institutions between 1995 and 2005 fell behind growth in national income in nearly half of the 28 OECD countries and partner countries for which data are available.

Thus, for 12 out of 25 countries expenditure on educational institutions as a percentage of GDP was lower in 2005 than a decade ago. Among them are countries like Austria, Canada, Finland, France, Germany, Ireland, Norway, Spain and others.

On average, OECD countries devoted 13.2% of total public expenditure to education in 2005. However, only 11 out of 30 countries managed in recent years to increase the share of total public expenditure devoted to education,

notably Denmark, Iceland, Ireland, Netherlands, the Slovak Republic and the UK. The values for individual countries range from 10% or less in the Czech Republic, Germany, Italy and Japan to more than 23% in Mexico. Among the 18 OECD countries for which trend data are available, the share of public funding in tertiary institutions decreased slightly from 79% in 1995 to 77% in 2000 and to 73% in 2005. In turn, private spending increased in nearly three-quarters of the countries for which comparable data are available.

Tertiary institutions and to a lesser extent pre-primary institutions obtain the largest proportions of funds from private sources, at 27 and 20%, respectively. In tertiary education, households account for most private expenditure in most countries for which data are available.

Differences in inequality across students from families of different socioeconomic levels have continued to be a key determinant of inequality of access to higher education: In most countries, there is a strong socio-economic selection into higher education. Students from homes with a higher education background are overrepresented and students from a blue collar background are underrepresented (in many cases severely so).

In many countries, students are substantially more likely to be in higher education if their fathers completed higher education. They are more than twice as likely to be in higher education in Austria, France, Germany, Portugal and the United Kingdom than are students whose fathers did not complete higher education.

Most countries have failed to put a sufficient concept of lifelong learning into practice. Moreover, there are also equity issues with regard to the participation of adults in training and education at work. Age, gender and educational attainment are key determinants regarding the participation of the adult population in non-formal job-related education and training in terms of the expected number of hours of such measures.

Adults with higher levels of educational attainment are more likely to participate in non-formal job-related continuing education and training than adults with lower educational attainment. Males can expect to spend more hours in non-formal job-related education and training than females. The number of hours of non-formal job-related education and training generally decreases with age and in most countries the drop is dramatic. And last but not least, there are major differences among countries in the number of hours that individuals can expect to spend in non-formal job-related education and training over a typical working life. At the tertiary level, it ranges from less than 350 hours in Greece, Italy and the Netherlands to more than 1 000 in Denmark, Finland, France and Switzerland.

Completing upper secondary education or holding a tertiary qualification is no panacea against unemployment. Moreover, the expansion of education systems and rising educational levels don't necessarily facilitate the transition from education to work. However, as the OECD reports, the lengthening of

education has contributed to lower non-employment rates in most OECD countries, and this is particularly clear among 15-to-19-year-olds.

Nevertheless, in a few OECD countries, even young adults who have completed tertiary education are subject to considerable unemployment risk when they enter the labour market. Unemployment rates for 25-to-29-year-olds with tertiary education exceed 10% in Greece and Italy. In these two countries and in Denmark, New Zealand, Portugal and Spain, upper secondary and postsecondary non-tertiary unemployment rates are lower than tertiary unemployment rates.

Education at a Glance 2008 also casts some doubts on estimated economic returns to education as an appropriate indicator in order to guide individuals' and policy makers' decisions to invest money in education beyond compulsory schooling. Countries, for which private internal rates of return for an individual obtaining tertiary education have been estimated much below the levels for the U.S. and the United Kingdom, like Denmark, Finland, Norway and Sweden, to name but a few, are showing tertiary graduation rates ways above the rates for the U.S. and the UK.

The Editorial to *Education at a Glance 2008* rightly notes that the Nordic countries have managed to expand tertiary education by providing massive public spending, including both support of institutions and support of students and households. They have been able to do so, because there is a trade-off between taxes and the direct costs of education, i. e. tuition fees: Countries with low or no tuition fees typically let individuals pay back public subsidies later in life through progressive tax schemes.

The fact that the Nordic approach regarding tertiary education provides a stronger incentive to enroll and graduate in tertiary education doesn't come as a surprise. The perspective of graduating from tertiary education with a mountain of student loans to pay off, with a financial burden that may take a few decades to shed and to defer other goals, is anything but a powerful incentive to enroll in tertiary education. Regrettably, however, *Education at a Glance 2008* appears to turn a blind eye on evidence suggesting that there is a growing culture of indebtedness in a number of countries, brought about by high and increasing tuition fee regimes.

There are two key lessons to be drawn from *Education at a Glance 2008*. The first is a simple and compelling one. The way towards necessary "sustainable financing systems capable to respond to growing student numbers", cannot be guided by a one-size-fits all approach, based exclusively, as advocated by the OECD, on increased private funding (tuition fees). The latter are inappropriate in order to ease the pressure on public spending on education. On the contrary, it must be emphasized, as *Education at a Glance 2008* has put it, that "the higher the average level of tuition fees charged by institutions, the greater the need for financial support to students through public loans, in order to overcome financial barriers that prevent access to tertiary education. The financial pressure on governments to support students, increases with the tuition fees charged by institutions."

The second message is a more general one, related to the need to bridge the gap between the rhetoric of the current education gospel, looking almost exclusively at young adults at post-secondary and tertiary education almost exclusively as "the

principal source of new skills.” In order to bridge the gap between rhetoric and reality in education, a much broader approach is required. Such an approach, based on evidence, must go beyond focusing on occupational respectively academic skills and cognitive abilities; it must also include a focus on integrated whole-person-development as well as on social development.

For more details on *Education at a Glance 2008* consult also the OECD web site www.oecd.org/edu/eag2008