

EDITORIAL

By Angel Gurría, OECD Secretary-General

Investing in the future

In the wake of the global economic crisis, most OECD countries face the twin challenges of making public finances sustainable while building the foundations for continued long-run economic growth. Education is a large item of public expenditure in most countries. At the same time, it is also an essential investment for developing the long-run growth potential of countries and for responding to the fundamental changes in technology and demographics that are re-shaping labour markets.

This year's edition of *Education at a Glance* shows that public resources invested in education ultimately pay off in even greater tax revenues. On average across OECD countries, a man with a tertiary level of education will generate an additional USD 119 000 in income taxes and social contributions over his working life compared to someone with just an upper secondary level of education. Even after subtracting the public revenue that has financed the degree, an average of USD 86 000 remain, almost three times the amount of public investment per student in tertiary education. The returns to society are even larger because many benefits of education are not directly reflected in tax income.

Education also plays a major role in keeping individuals in the labour force longer – an advantage that is becoming a necessity as more OECD countries face demographic and structural changes to labour markets. Not less important, good education increases employability. Focusing on labour market conditions in 2008, the data show that in countries hit early by the recession, people with lower levels of education had more difficulties finding and keeping a job. On average across OECD countries, unemployment rates among people with a tertiary level of education have stayed at or below 4% while for those without upper secondary education, unemployment rates have repeatedly exceeded 9%.

Overall, the demand for better education has shown few signs of slowing, despite the very significant increase in the number of tertiary graduates. In 2007, close to 75% of people across the OECD with a tertiary degree found a skilled job in their first years in the labour market, a percentage similar to that in 2003. The fact that labour markets have absorbed the significant increase in individuals with tertiary education shows how rapidly labour market demand for skilled labour is changing. As global competition for jobs moves up the education ladder, it will be crucial for countries to develop policies that encourage the acquisition and efficient use of these competencies to retain both high value jobs and highly educated labour.

As labour markets change and the demand for competencies rises, adults will need to be able to re-enter education to upgrade their competencies or to change their professions. *Education at a Glance* shows that, across the OECD, more than 40% of the adult population already participate in formal and/or non-formal education in a given year. However, this varies significantly not just between countries but also across education and age groups. For

example, individuals with a tertiary level of education are almost three times more likely to participate in further education than those who have not acquired an upper secondary level of education, which means that those who need such training most are least likely to benefit from it in current education systems.

Despite compelling evidence of the economic and social benefits of education, at a time of tight budgets, there is a strong need for effectiveness and efficiency in the education systems' response to the skill needs of a fast-changing labour market, and countries must find new ways to generate greater value for money from educational investments. It is worrying that the significant increase in spending per student over the past decade has, in many countries, not been matched with improvements in the quality of learning outcomes. The indicators in this year's edition of *Education at a Glance* underline the scale of the effort that is needed for education to re-invent itself in ways that other professions have already done to provide better value for money.

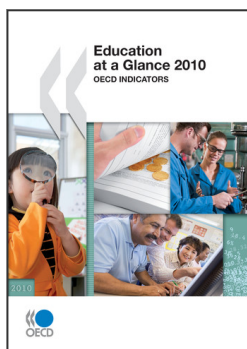
Improving the performance of education systems and raising value for money will be a formidable task for public policy. It will require education systems that have often tended to operate supply-driven to develop effective mechanisms to understand and respond to the rapidly changing economic and social demands for competencies. Effective policies here will require a solid understanding not just of the development of competencies, but also of how effectively economies use their talent pool, and of how better competencies feed into better jobs, higher productivity, and ultimately better economic and social outcomes. The future will measure the success of education systems no longer by how much countries spend on education or by how many individuals complete a degree, but by the educational outcomes achieved and by their impact on economic and social progress. Citizens and employers now expect education systems to:

- be responsive by ensuring that education and training providers adapt efficiently to changing demand;
- deliver quality and efficiency in learning provision so that the right skills are acquired at the right time, at the right place and in the most effective mode;
- provide the flexibility needed to allow people to study and train in what they want, when they want and how they want;
- reduce barriers to entry such as institutional rigidities, up-front fees and age restrictions and ensure a sufficient variety of entry and re-entry pathways; and,
- last but not least, to develop efficient and sustainable approaches to the financing of learning with a rational basis for who should pay for what, when, where and how much.

The knowledge society is here to stay, and requires a capable, highly qualified and innovative labour force. Managing the growth and development of educational systems in ways that improve access, enhance quality, increase performance and boost value for money is not easy. Countries must establish which policy choices and mixes promote efficient learning in their specific contexts. International comparisons can offer valuable insights, as they allow countries to see their own education systems in relation to the quality, equity, and efficiency of educational services achieved elsewhere in the world. Sharing of policy experience can also show how different education systems address similar problems.

Education at a Glance has become an essential reference point for internationally comparative analysis and the OECD will continue to provide international educational benchmarks as a way of assisting countries in developing tailored responses to the public's demands for a more highly skilled, knowledgeable labour force in their specific national contexts. In a global economy, it is no longer improvement by national standards alone, but the best performing education systems internationally that provide the benchmark for success. Success will go to those individuals and nations which are swift to adapt. The task of governments will be to ensure that countries rise to this challenge.





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