Editorial

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Investing and Innovating in Education for Recovery

This year's edition of *Education at a Glance* is published at a time when all eyes are focused on the financial crisis and its economic and social fallout. Presenting data up to 2007, this edition cannot yet assess the impact of the crisis on education systems, but it does provide indicators that inform the debate about how investments in human capital can contribute to economic recovery.

Education has always been a critical investment for the future, for individuals, for economies and for societies at large. Across OECD countries, the net public return from an investment in tertiary education exceeds USD 50 000 on average for a student (Indicator A8). Moreover, the incentives for individuals to stay on in education are likely to rise over the next years: for instance, the opportunity costs for education decline as the difficulties of finding employment increase and opportunity costs or lost earnings while studying tend to be the largest of all cost components for students (except in the United States where tuition fees are high) (Indicator A8). Declining opportunity costs also strengthen the case for more private investments in education and, as the more educated have a stronger attachment to the labour market (Indicator A6), this also increases the benefits of education. Last but not least, graduating and entering the labour market in an economic downturn can be expected to become more difficult, as employers cut jobs and young graduates compete with more experienced workers.

There are also important equity-related considerations which arise from the deteriorating job prospects for the less-well qualified. While enrolments for 15-19 year-olds have been steadily rising in most countries (Indicator C1), this still leaves an important minority who leave education without acquiring a baseline qualification. Across OECD countries, over 40% with less than an upper secondary qualification are not even employed (Indicator A6). Even those with higher levels of education are vulnerable if they become unemployed. Around half of the unemployed young adults aged 25-34 with lower and upper secondary attainments are long-term unemployed (Indicator C3). Opportunities for continuing education and training are often designed to make up for deficiencies in initial education, but the reality is that participation among individuals with strong initial qualifications is significantly higher than among the least qualified, such that these opportunities often do not reach those who need them most.

Moreover, if, as the data in this volume suggest, the demand for education and qualifications continues to rise as labour market prospects weaken, the gaps in educational attainment between the younger and older adult cohorts are likely to widen further. The vulnerability of older, often less qualified, adults to chronic long-term economic inactivity may thus become more acute. In contrast with much higher levels of educational participation among those in their twenties, less than 6% (5.9%) of the 30-39 year-old population across OECD countries are enrolled full- or part-time (Indicator C1). While in some countries it is significantly higher than this, at more than 1 in 10 (Australia, Finland, Iceland, New Zealand and Sweden), in others participation is less than 3% of 30-39 year-olds (France, Germany, Korea, Luxembourg, the Netherlands, and Turkey and partner country the Russian Federation), with even lower levels for over 40s in Austria, the Czech Republic, France, Germany, Hungary, Ireland, Italy, Korea, Luxembourg, Mexico, the Netherlands, Portugal, the Slovak Republic, Switzerland and Turkey. With lifelong learning more essential than ever, public policy needs to ask how adequately education and training systems are addressing the learning needs of older adults who are in need of new skills.

As far-reaching as the labour market impacts of the crisis are, the potential social consequences may last even longer. Educational attainment seems to be positively associated with such social outcomes as better health, political interest and interpersonal trust and this is bound to feature in public policy discussions about spending priorities (Indicator A9). Education can therefore be a powerful lever to moderate the social consequences too.

At a time when it is so important to invest in knowledge, skills and capacities that are relevant to economies and societies, particular pressures will be faced in those systems which rely on a major component of work-based training as part of vocational education and training at the secondary or tertiary levels. Companies struggling to cut costs and avoid lay-offs may well find it increasingly hard to place trainees. Systems differ in terms of the scale of combined work/study programmes. In Denmark, Germany, Hungary, Ireland, Switzerland and the partner country Estonia around 75% of upper secondary students in vocational educational programmes are enrolled in programmes which involve school- and work-based elements (Indicator C1). In Australia, Denmark, Iceland, Netherlands and Switzerland, young people are expected to spend more than 3.9 years between the ages of 15 and 29 in programmes combining education and employment (Indicator C3). Hence, sustained policy responses will be needed involving both education and employment authorities to avoid declining opportunities for effective vocational education and training involving a work-based component.

All this being said, it is inevitable that the significant public and private investments in education are being scrutinised. OECD countries as a whole spend 6.1% of their collective GDP on education, all levels combined. In Denmark, Iceland, Korea and the United States, and the partner country Israel, it has reached over 7% (Indicator B2). As a share of total public expenditure, the 2006 OECD average for education stood at 13.3%, ranging from less than 10% in Germany, Italy and Japan to the far higher figure of 22% in Mexico. The case for education's role in the recovery will not simply be based on protecting these spending levels as a privileged *status quo*, but will require a demonstration that education is capable of transforming itself to do a better job and to achieve more with less. Demographic developments may help to alleviate some of the acute budgetary problems such as in those countries where falling rolls of around 20% are expected in schools over the next decade; these countries are concentrated – though not exclusively – in Central and Eastern Europe and Asia (the Czech Republic, Hungary, Korea, Poland, the Slovak Republic, and partner countries Estonia and the Russian Federation). Moreover, not all countries are expecting falling school enrolments – in Ireland, Spain and the partner country Israel, the 5-14 year-old population is set to rise by more than 15% by 2015 (Indicator B2) and in tertiary education it is not clear how demographic trends will interact with rising enrolment.

This editorial identifies some of the immediate challenges likely to be faced by education, recognising that a longer-term future needs to be built. Establishing solutions will require the insights of many and close collaboration among countries. For this purpose, the Education Directorate has established the online collaborative platform "*educationtoday: OECD's education lighthouse for the way out of the crisis*" where countries can share their experience and jointly work on solutions over the years to come.

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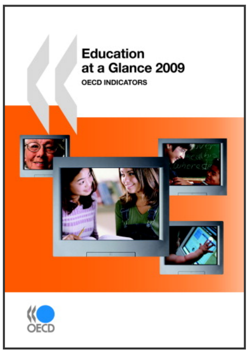

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