



EUROPEAN COMMISSION
Directorate-General for Education and Culture

2ND EUROPEAN SYMPOSIUM ON ECONOMICS OF EDUCATION

EFFICIENCY AND EQUITY IN EUROPEAN EDUCATION & TRAINING SYSTEMS

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INTRODUCTION

- More and more political attention is being directed at the question of implementing reforms which enable the EU to achieve both its social cohesion and economic objectives.
- In Lisbon in 2000 the European Council described as one of the most pressing challenges facing the European Union the need for investment in education and training to close the skills gap. The far reaching and ambitious “Education and Training 2010” work programme launched two years later sets strategic goals for Europe’s education systems, including improving their efficiency and equity.
- Last month the Heads of State and Government held an informal summit at Hampton Court on the future of the European social model. This very morning, Ministers of Education have been discussing the second Joint Report on the implementation of the Education and Training 2010 work programme. They supported the obligation to progress further on the necessary reforms to ensure the development of education systems of the highest quality, equitable and accessible to all.

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- To address this challenge, it is crucial to understand the processes which underlie the accumulation of human capital, both in the education system and in the process of lifelong learning, by making better use of research results. This means more use of “evidence-based policy-making”. That is a better link between research and policy in order to design more effective policy recommendations.

RESEARCH PROJECTS IN ECONOMICS OF EDUCATION LAUNCHED BY THE COMMISSION

- Evidence-based policy emphasises the need to strengthen the interface between policy and research and evaluation. It means using the underpinning knowledge to inform strategies; providing an evidence base for policy debate and choices; evaluating the success of policy interventions; and participation in multidisciplinary research. Better mutual understanding between researchers, evaluators and policy-makers about the nature of research and evaluation, is one way of improving the relevance of research and the quality of policy making.
- The EU has played a strong role in recent years in changing the nature of research on the economics of education in Europe. Several studies commissioned by the Directorates General for Education and Culture, Research, Employment and Economic and Financial Affairs have analysed the functioning of the education and training systems as well as the relationship between these systems and economic growth and social cohesion. The participation of Directors from these Directorates General at today Symposium exemplifies our close collaboration on these issues.

RESULTS FROM THESE PROJECTS ON THE CONTRIBUTION OF EDUCATION AND TRAINING

Contribution of education and training to economic outcomes

- The 2000 Lisbon European Council marked a turning point with the EU acknowledging that human resources are a determining element of growth, as individual knowledge and skills raise productivity and increase a society's ability to develop and adapt new technologies. The evidence for Europe shows that the short-term impact of a citizen undertaking one year of additional education is an increase in aggregate productivity of 5-6%, with a further 3-5% in the long-run as a result of the impact of higher education on technological progress.
- We can also see the effects of education and training on growth and employment in the high private and social rates of return of investing in human resources. The private and social returns from one additional year of education are around 10% for each. Moreover, the EU-25 unemployment rate ranges from 10.3% for people with less than upper-secondary education to 4.2% for people with tertiary education. So we can see that citizens get a high return on their investment – of time and money – in education.

Contribution of education and training to social outcomes

- Education and training have demonstrated social benefits in terms of democratic participation, social cohesion and inclusion, individual and public health, reduced crime, a cleaner environment, and a better quality of life. For these social benefits to be achieved, there has to be the right relationship between education and training systems and the labour market and other public services.

- Investing in education and training, and in lifelong learning in general, in order to raise efficiency and quality is the first condition to promote social benefits – these social benefits (i.e, a better-educated population) will in turn help promote economic growth.. Those with better education/training are indeed much less likely to be unemployed, and as a result, to be involved in crime or in other socially damaging activity. They also typically have better housing, health etc, and are more committed to democratic participation.
- Moreover, investing in lifelong learning to improve access and equity through the distribution of educational outcomes is another way in which education and training can make an important contribution to encouraging social cohesion and lower income inequality.

Contribution of education and training to financial sustainability

- Investment in public and private educational services increases productivity and encourages job-creating investment. New jobs also support economic growth and bring in additional tax revenues, and thereby contribute to more sustainable welfare policies.
- Investing in social services has a price. And indeed, spending more on education and training can make it harder to contain budget and social deficits, particularly in an economic downturn. However, postponing for the economic upturn the necessary investment in human resources is counterproductive. In fact, non-investing has a cost in terms of lower potential economic gains and hence further endangers financial sustainability.
- Conversely, investing generates medium and long-term gains that can outweigh the initial costs. Investing more and better in human resources can clearly be a profitable investment, as both its private and social returns are higher than returns to investments in physical capital and most financial assets.

INITIATIVES ON EFFICIENCY AND EQUITY OF EDUCATION AND TRAINING

- The most ambitious project launched by DG EAC in the field of economics of education was the creation of a **European Expert Network in Economics of Education** (EENEE) entrusted to the *ifo* institute of Munich. The EENEE network comprises researchers from all the previous studies launched by the Commission mentioned before. EENEE is building on the knowledge and experience gained in these studies to further develop the economics of education in Europe.
- I am pleased to open this Second Symposium organised by EENEE, with the support of the Commission. Today, discussion will focus on the main concerns expressed by Ministers at their informal meeting on the “efficiency and equity of European education and training systems” in Brussels on February 21, 2004. It will also touch on issues raised in the recent mid-term review of the Lisbon strategy and in the European Council discussions on the modernisation of the European Social Model.
- So, why are we here, today? The aims of this 2nd Symposium are to: clarify conceptual and policy frameworks for future initiatives in the field of efficiency and equity; further encourage the exchanges between policy-makers and researchers since the 1st Symposium (in line with the progress on efficiency and equity issues accomplished by the “E&T 2010” Working Group E and cluster dealing with the transversal objective of the work programme - 1.5 “Making best use of resources”); provide a forum on the latest outcomes from research and draw out promising proposals for the development of efficient and equitable human capital policies in the framework of E&T 2010 with a specific emphasis on the social dimension of European education and training systems.

- The 2nd Symposium also provides a forum for discussion of policy reforms implemented since Lisbon and research projects aiming at further improving the efficiency and equity of European education and training systems. The programme alternates presentations from both researchers and policy-makers. In order to enhance the interaction, each presentation from a researcher will be followed by a short discussion by a policy maker (and vice-versa) and concluded by a broader debate.

CONCLUSION

- Europe is confronted with new social risks associated with rapid technological change and globalisation. At the informal meeting of Heads of State and of Government in Hampton Court, it was restated that one of the main strategies for guaranteeing the sustainability of the European Social Model was to increase growth and employment by investing in education and research, as this has a visible impact – at the same time - on economic prosperity, social welfare and individual well-being.
- PISA and TIMSS studies show that countries where pupils have a high average performance have only small variations in attainment for pupils from disadvantaged backgrounds. This demonstrates that high average educational quality can be combined with social cohesion.
- Today's symposium should show that there is no necessary trade-off between the economic and social dimensions or between efficiency and equity issues. On the contrary, the European Union needs to make sure that these common concerns are addressed simultaneously and that we profit from synergies between economic and social policies.
- I look forward to a stimulating and fruitful debate today which can promote a basis for Commission policy development efficiency and equity.