



## INVESTMENT IN EDUCATION IN EUROPE: MAJOR ISSUES

Supporting investment in education and training is undoubtedly essential across the European Union, particularly with regards to sustainable economic recovery and within the context of the emerging demographic trends in Europe. The European Commission expects that the boosting effect generated by its Juncker investment plan<sup>1</sup> should, in particular, create an increase in funds devoted to research and innovation in large scale projects.

For the European Trade Union Confederation (ETUC), “investing in people” is an important slogan, particularly since the effects of the 2007-2008 crisis<sup>2</sup>. Investment “in human capital” is motivated by both individual and collective needs and desires: *individual* because it allows one person to acquire and improve their knowledge, skills and competence throughout their lifetime, thus influencing their career paths; *collective* because it also brings benefits for the whole of society thanks to the complementarity of the skills belong to each individual, and with other sources of material and immaterial investments.

### 1. A study conducted for the European Trade Union Confederation

In view of renegotiating the European *Education and Training 2020* strategy and discussions to this purpose with the European Commission in 2015, the ETUC asked the Alpha Group’s *Centre Etudes & Prospective* to conduct a study on investment in education and training in Europe<sup>3</sup>, devoted to the entire span of education systems (from pre-primary education to adult training). This study, the main conclusions of which are reported hereinafter, aims to build a picture of both national issues and European perspectives with regards to education in the context of the renewal of the priorities of *Education and Training 2020*.

<sup>1</sup> This plan aims to accelerate the recovery of public and private investment by playing on the generated boosting effect to raise a target amount of 315 billion euros (double the usual annual EU budget). This boost is based on under-utilized resources from the EU budget equalling 21 billion euros between 2015-2017.

<sup>2</sup> See for instance the economic recovery plan by ETUC in November 2008: [Action for recovery! - A European plan to relaunch the economy](#).

<sup>3</sup> Jacky Fayolle, Nicolas Fleury, Mathieu Malaquin and Audrey Rain, *Investment in Education and Training: from national issues to European Perspectives*, A report for the European Trade Union Confederation, April 2015. To access to the full report, see:

<http://www.groupe-alpha.com/fr/etudes-prospective/publications/rapports-cep/investment.html>

This study is based on both European and international data and analyses (notably those by the OECD), on related economic literature, and on a survey conducted amongst trade unions from various European countries. A sample of ten European countries has been selected (Czech Republic, England, Finland, France, Germany, Italy, Poland, Portugal, Spain, Sweden), on which the collection of qualitative data will be focused, obtained via unionists’ answers to a questionnaire.

### 2. Involvement and European initiatives in education and training

Across Europe, the key concept of *Lifelong Learning* underlines the EU’s involvement in numerous initiatives promoting education and training<sup>4</sup>. The Lisbon Strategy shows among its main goals the desire to make Europe “*the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*”.

The Maastricht treaty and then the Treaty of Lisbon both acknowledge the European Union’s competence in the sectors of education, training and youth, however Member States remain responsible for their own education systems (subsidiarity principle). The implementation of a European education policy draws in particular from the *open method of coordination* (OMC). Based on the voluntary cooperation of Member States, it most notably takes the form of the defining of common objectives and exchanging good practices. In order to guide the Member States in the development of their education and training systems, the *Education and Training 2020* strategy identifies five major goals associated to indicators of educational performance (cf. table).

Key indicators in *Education and Training 2020*

indicator	target
share of children between 4 years old and the age for starting compulsory primary education participating in early childhood education	≥ 95%
share of low-achieving 15-years olds in basic skills (reading, mathematics, sciences)	< 15%
Proportion of early school leavers	< 10%
Share of adults between 30 and 34 years old having achieved tertiary education	≥ 40%
Share of adult participation in lifelong learning	≥ 15%

<sup>4</sup> E.g. the Erasmus (for higher education) or Leonardo da Vinci (focused on vocational training) programmes.

The funding of European programmes in the sector of education is specified in the 2014-2020 multiannual European financial framework, which includes 126 billion euros devoted to “competitiveness for growth and employment” (including education and training, innovation, business development, etc.) out of a total budget of 960 billion euros. EU structural funds may also allow Member States to pursue certain education-related objectives.

### 3. The views of trade unions on educational issues

The trade unions of the countries studied made many proposals for the reform and direction of public education and training policies in their answers to our survey. These proposals are addressed with varying degrees of detail in the results presented hereinafter. Generally speaking, the trade unions’ positions clearly mix concerns in terms of the labour market and educational issues. These considerations should be seriously taken into account when giving thought to the direction of education and training policies as well as their implementation.

For instance, in Finland, the trade union confederation SAK underlines “*recent cuts in education spending and their impact on all levels of education*”. SAK points to the fact that public funds dedicated to adult education (in particular for “liberal education”, “non-formal” education that is a very important feature of Finnish society) and to options in vocational education and professional training have decreased, and that “*schools and educational centres have been forced to cut both activities and staff*”, which leads to negative consequences for “*the quality of education, increases in class size, the local school system, school segregation and learning outcomes*”.

Another striking example is that of Portugal. The CGTP-IN confederation considers that “*the EU’s focus on cuts in public spending has endangered performance and the achievement of [European] benchmarks*”. This situation has deep roots, namely “*the absence of corporate culture in education and training, and the failure of workers’ right to vocational training*”. Some progress has been made for younger generations thanks to “*the access to universal, free, public education established in the middle of the*

*but in recent years there has been a regression, especially since the introduction of austerity policies*”. A practical example of the 1970s, impact of budgetary austerity is the end of the *New Opportunities* programme, implemented by the previous government in order to place people with a low initial level of education in a path to training and certification.

Trade Unions exhibit a desire for deepened and strengthened tripartite dialogue that would be more fruitful for public policy design and implementation.

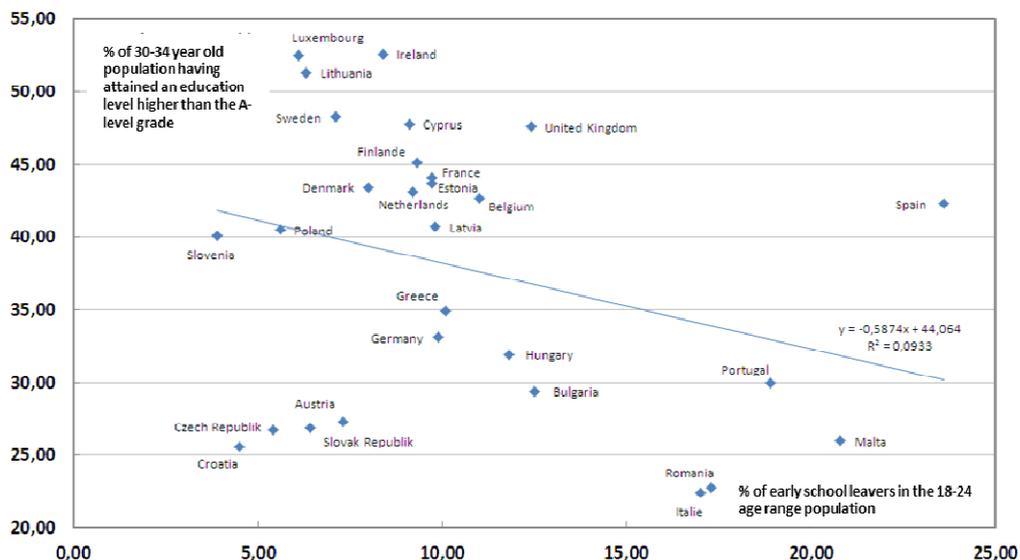
### 4. Some educational performances that remain heterogeneous

With significant media impact and strong development since the 2000s, OECD’s analyses and surveys (PISA, PIAAC, TALIS) provide very rich and useful information. However, it is necessary to take a step back and “contextualise” these analyses and some of the economic policy recommendations that arise from them. In fact, in the mid-2010s, the Member States of the European Union still showed strong heterogeneity with regards to their educational performance; convergence in terms of the level of education and training (and skills) is only partial.

Convergence towards similar and ambitious educational performances does not necessarily require the same policies; institutional contexts, practical real-world circumstances and societal/social preferences are very diverse in EU countries and call for specific actions adapted to each situation.

The *Education and Training 2020* strategy favours some indicators, one of which being the early school leavers rate (among 18-24 year olds) and the percentage of the population with higher education (among 30-34 year olds). These indicators reveal a substantial heterogeneity of national educational performance. The European average rate for early school leavers (12%) and the average rate for the population with higher education (36.9%) don’t quite reach European targets (fixed at <10% and ≥40% respectively). The performance heterogeneity for these indicators is very strong in the EU.

### A strong heterogeneity in educative performance in the European Union



Source: Education and Training Monitor 2014

### 5. Budgetary constraints that will continue to impact on-going catching up

Despite some notable exceptions (like that of Sweden), budgetary constraints, increased by the 2007 crisis, have often produced genuine austerity in education spending, which have frequently had negative practical consequences.

The limitation of public resources destined for education and training jeopardizes the mid-to-long term catching-up for countries that lag behind in terms of the levels of education and skills. Such catching-up was occurring until the crisis.

Existing data allows for a diagnosis of significant convergence among the countries lagging farthest behind, for example, in terms of school enrolment among 15-19 year olds within the entire 1995-2012 period. Some countries like Greece, Portugal or Spain are characterized by a significant educational lag, which narrowed partially between 1995-2012. In our study we calculate, based on reasonable hypotheses, that this lag would take 20 years to completely disappear. However, between 2006-2012, convergence of the school enrolment rate among countries seemed to stall, with the crisis having an impact on any evolution: if this last tendency is confirmed, far more than 20 years would be required for such a convergence to occur.

### 6. A fine balance to be found in budgetary efforts for attribution to different levels of education

Devoting a significant part of the public expenses for education and training to higher education is very important to ensure an increase in the education and skills level of the active population. However, this sustained effort directed towards higher levels of education should not be to the detriment of the lower levels of the education system.

Indeed, future graduates from the higher education system have to pass through the previous cycles of education (pre-primary, primary, and secondary). Philippe Aghion and Alexandra Roulet highlight in a book from 2011 (*Repenser l'Etat. Pour une social-démocratie de l'innovation, Seuil*) the mistake committed – according to them – by the successive governments under Nicolas

Sarkozy's presidency, which financed supplementary investment in favour of universities through non-replacement of half of the teachers retiring from the primary and secondary education levels. Thus, the development efforts for higher education should be supplemented by an important investment in the previous cycles of the education system: a proper balance has to be found to ensure educational performance benefiting the Member States and ensuring equity between individuals inside national systems.

### 7. Persistent and worrying problems for the integration of young people

The youth unemployment rate is high in the EU's Member States, and significantly higher than that of other age groups. The rate of "NEETs" (*Not in education, Employment or Training*) is even more worrying. This segment of the population that is not in work, education, or training has risen in the Member States in many cases since the mid-2000s (cf. graph hereinafter).

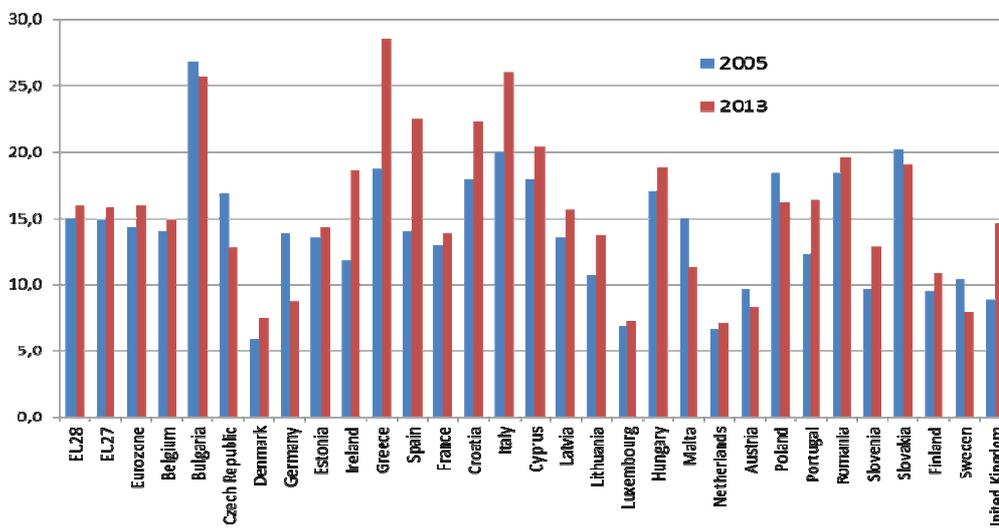
A return to growth is not necessarily sufficient to resolve difficulties focused on certain groups of young Europeans. High levels of skills and education are clearly complementary advantages on the labour market. This is why specific programmes and policies that go further than *Youth Guarantees* (see *box hereinafter*) must undoubtedly be implemented in order to significantly help the most vulnerable (early school leavers, NEETs, etc.).

Different and structuring choices of educational policies may also be introduced: the early school leavers' rate is relatively lower in countries favouring vocational programmes, like Denmark or Germany. Fostering vocational-oriented paths represents a possible way to limit the NEET population in Europe.

**Youth Guarantees**

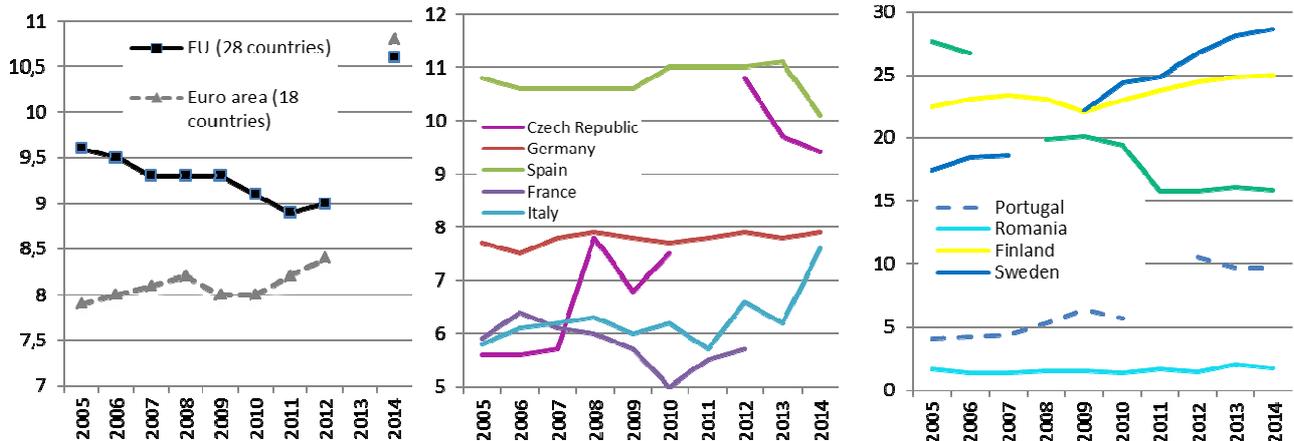
The *Youth Guarantee* initiative adopted in April 2012 by the European Council is a response to persisting high youth unemployment in the European Union. It ensures that « all young people under 25 – whether registered with employment services or not – get a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed ». The good-quality offer should be for a job, apprenticeship, traineeship, or continued education and be adapted to each individual need and situation. EU countries endorsed the principle of the Youth Guarantee in April 2013.

Share of "NEETS" in the 15-29 year old population en Europe (2005-2013)



Source: Eurostat

**Participation of the adult population in lifelong learning actions (% , 2005-2014)**



Source: Eurostat, Labour Force Survey.  
 Note 1: concerns the persons aged between 25 and 64 who have stated that they have received education and training in the four weeks preceding the survey.  
 Note 2: the data for 2014 are provisional. Absence of data indicates a break in the series.

**8. Which reality for the Lifelong Learning principle?**

There exists a large gap between the principle of universality of Lifelong Learning advocated by the European Union and the practical reality. In particular, the effort towards adult education is rather weak in the EU and shows a downward trend since the beginning of the 2000s, with the EU28 (see graph above). There is major inequality between countries, as illustrated by the sub-sample of countries on which our study is focused. Furthermore, even in countries with well-developed (formal and non-formal) education and training systems, major inequalities with regards to access to these systems. These inequalities may for instance be linked to education or skill levels, or to the socio-professional category.

**9. High frequency of mismatches on the labour market(s)**

The objective of raising education levels has to be questioned due to the existence of persistent mismatches between the education or skill levels of workers and those required for the job.

The importance of such mismatches is illustrated for instance (but not only) by the growing population of over-educated or over-skilled workers in relation to their job position. The long-term trend towards job polarization<sup>5</sup> is partly responsible for these evolutions: the growing disappearance of “intermediary” jobs to the profit of elementary jobs represents a major issue from this point of view.

**Conclusion: the Juncker Plan, a missed opportunity to relaunch efforts towards education and training in Europe?**

Many doubts have been expressed on the effectiveness of the Juncker Plan, notably by ETUC, which judges its scale to be insufficient.

The Juncker Plan underlines the involvement of the EU in adapting its policies and specific funds to the economic situation and current social cohesion in Europe. However, there is a high level of uncertainty regarding the “education” content of future projects favoured by this Plan. Education is identified as one of its main goals and some proposals have emerged in the educational field. The Commission expects that the Plan’s boosting effect will lead to a growth of funds “being channelled into research and innovation through large-scale projects financed by the new scheme”. Conversely, several actors doubt such an effect will occur and warn against the effect of budgetary cuts: in the Horizon 2020 programme, those impacting research amount to 2.7 billion euros (out of a total budget of 70 billion).

More generally, the criteria and tools used to raise and orient private funds beyond the initial public grants and guarantees are not necessarily going to orient the investment choices towards educational projects. Investors could indeed consider these projects as insufficiently profitable. The place of education and training within the Juncker Plan would certainly benefit from specific tools and methods in order to target pertinent projects, and to launch a real strategy for catching up and development in the educational field in Europe.

<sup>5</sup> See for example the works of the CEDEFOP (“Labour-market polarisation and elementary occupations in Europe. Blip or long-term trend ?”). The CEDEFOP backs the hypothesis that the “bias” of technological progress goes with a growing evolution for the demand of elementary jobs (Personal services, etc.): the structure of the demand of this type of work would have a more important role than that of technology in explaining polarization in Europe.

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