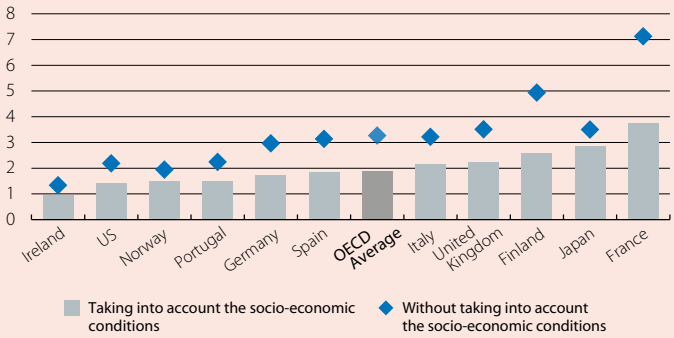
Education as a lever for inclusive growth

The importance of education for people's well-being throughout all stages of their lives is beyond any doubt. At the economic level, individuals with higher levels of education tend to enjoy higher employment rates and income levels. What is more, all the indicators suggest that in the years to come, the role of education will be even more important. The challenges posed by technological change and globalisation have a profound effect on the educational model.

Generally, the educational level of a person or society is analysed in terms of «quantity» – in other words, the number of years of formal education (the extensive margin). In this dimension, the empirical evidence leaves no doubt: the more the better, especially in early childhood.[1] Specifically, education in early childhood (from 0 to 5 years) is associated with better educational results throughout the formative period. In addition, from a strictly economic point of view, several studies document that the public return on investing in preschool education for vulnerable households is very high.[2]

Compulsory education and results in mathematics

*Odds ratio **



Note: ** The odds ratio indicates how many times the probability of a student getting bad results in mathematics is multiplied by when they have not completed at least one year of pre-compulsory education. Values greater than 1 indicate that the probability of obtaining bad results in mathematics increases for students without pre-compulsory education compared to those having studied for at least one year in early childhood.*

Source: *CaixaBank Research, based on data from the OECD.*

Therefore, policies aimed at achieving a greater participation in preschool education can make a very significant contribution to eliminating the effect of families' socio-economic conditions on children's education outcome in the longer term. Following on from this, providing this education free of charge is a promising avenue: a recent study by UCLA[3] estimates that countries which offer a year of free preschool education have, on average, a 16% higher schooling rate at these ages than in countries that do not provide it free of charge. However, according to this same study, only 45% of countries worldwide offer one or more years of free preschool education, although this figure rises to 62% for advanced economies. In Spain, for instance, there is public provision of preschool education between the ages of 3 and 6 years, although it is not mandatory. However, there are countries where education is already mandatory in early childhood, such as Israel (from 3 years of age) and Luxembourg (from 4 years).

On the other hand, lengthening the years of education once compulsory education ends does not usually provide such good results as having good education services during early childhood. This is illustrated by various studies in which it is observed that around 20% of workers in OECD countries are overqualified for their jobs, while around 15% are underqualified.[4]

For this reason, it can be very useful to have a high-quality service for providing guidance on the various educational and professional pathways available at the end of the compulsory studies, so that students are better equipped to consider their next steps and to align their skills and concerns with the supply of education and the labour market. Of course, this information should be accessible to all students throughout the formative period and it should be provided proactively in order to reach all students.

A good example of this policy can be found in Scotland, where a government agency in permanent contact with businesses and schools provides information to students on the needs of the labour market and on what educational path could be more useful to each student, also based on their motivations. This agency provides guidance within the schools themselves, as well as through its various offices, in order to reach all students regardless of their age and socio-economic status.

1. OECD (2016), «Low-Performing Students», chapter 2.
2. In a study conducted in the 1960s in the US, it was noted how children from vulnerable households who were randomly offered free pre-compulsory education enjoyed higher employment rates, better wages and lower crime rates after 40 years. The main benefits of such investment for the public funds lies in the greater collection of taxes and, above all, the savings in criminal costs. See Schweinhart, L. *et al.* (2005), «The High/Scope Perry Preschool Study Through Age 40», High/Scope Press.
3. See Milovantseva, N., Earle, A. and Heymann, J. (2018), «Monitoring Progress Toward Meeting the United Nations SDG on Pre-primary Education: An Important Step Towards More Equitable and Sustainable Economies», International Organisations Research Journal, vol. 13.
4. To be precise, 13%. See, for example, Quintini, G., «Right for the job», OECD Social, Employment and Migration Working Papers.

But in education, quantity is not everything. In fact, the content and the type of education (intensive margin) are becoming increasingly decisive. Educational policies should aim to provide all people with the skills they will need in the future. Furthermore, all the indicators currently suggest that the future economic context will be more changeable, primarily due to the speed of technological change, and even more globalised. Adapting education policy to this new environment is by no means trivial.

Technological change, for example, helps make it much easier to obtain information, but the key lies in knowing how to select the most relevant and truthful information and how to communicate it successfully. Furthermore, technological change is enabling the automation of many tasks, which means that the work we perform as people requires greater non-cognitive skills (so-called soft skills), such as the ability to concentrate and to plan, perseverance, self-control and relationships. Finally, given the speed of technological change and the uncertainty over where it is heading, the education system must also help us to develop an attitude that is open to change and to continuous learning.

Globalisation will also affect the type of work that will be carried out in developed countries. In recent decades, globalisation has above all affected industry, but there are signs that in the years to come it will also reach the services sector. In this regard, the prestigious Princeton economist Alan Blinder believes that jobs in the manufacturing sector, as well as in non-customised services, will continue to lose weight in advanced economies, to the benefit of more personalised services such as advisory services based on trust and personal attention. In these kinds of jobs, personal interactions tend to be very important and, therefore, they require communication skills and the ability to be spontaneous and creative. It is for this reason that Blinder advocates a profound reform of the education system, placing less importance on memorisation and standardised testing, instead prioritising teamwork and the ability to argue and offer imaginative solutions to complex problems that do not necessarily have a right or wrong answer.[5]

In short, educating the future population has always been a major challenge. From now on, faced with an uncertain and ever-changing future, this challenge will not only be significant but also essential to address, and the cost of failing to undertake continuous education and training will be much higher. For this reason, it seems that the education system will have to be re-educated. Besides, it is no longer a matter of more education (although this will also help) but, above all, better education.

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5. See Blinder, A. (2008), «Offshoring, Workforce Skills, and the Educational System», Global Economic Symposium.