

Promoting Access to Postsecondary Education: Meeting the Global Demand

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1. Trends in the Market for Education

The size of the global market for education – in terms of public and private, household spending on education – is estimated at more than \$2 trillion. As one indicator of the size of the market, it is estimated that the staff employed in education is about 2-5 percent of the total labor force. Furthermore, there are more than 1.5 million students abroad, representing more than \$27 billion in trade. One-third of the global market – in terms of overall spending – is in the United States; but a sizable 15 percent is represented by developing and transition economies.

2. Knowledge Economy and the Imperative for Education

The globalized knowledge economy is characterized by continuous change and development. Economies are susceptible to global movements of capital, and global trading agreements become all the more important. Economies and labor forces need to become more flexible and responsive in order to benefit from the new economy. It is well known that technology drives much of the changes evident in today's knowledge economy.

The implications for education can be summarized as a move from:

Terminal education	to	Lifelong learning
Information-based learning systems	to	The application of knowledge
Rote learning	to	Analysis and synthesis
Memorization	to	Critical thinking
Learning things just in case they may be useful	to	A system that promotes just in time learning
A directive based system	to	An initiative based system
A highly centralized system	to	A devolved system

¹ The views expressed here are those of the author and do not necessarily represent the views of the World Bank Group. This note is based on the author's "Role of the Private Sector in the Global Market for Education," presented at the NUFFIC conference, "Shifting Roles, Changing Rules: The Global Higher Education Market," March 19, 2002, The Hague, The Netherlands.

The growing demand for new labor market skills in developing countries may not be met. If one focuses on higher education, then a number of challenges can be discussed.

(1) Low enrollments and decreasing public resources:

Generally, tertiary education enrollment rates are low and the enrollment gap between developed and developing economies is growing. Public resources for tertiary education have decreased in real terms. This has as much to do with expanding systems as it does with the efficiency of public spending in many countries. The share of expenditure at public institutions is decreasing. In many cases this means that individuals are somehow increasingly financing the costs of their education.

(2) Inequality in access:

Wealthier families largely capture education benefits. This is especially the case in higher education, where upper income families are over-represented. Typically in developing countries the richest 20 percent of the population captures more than 20 percent of total education subsidies. On average the top 20 percent captures more than 30 percent of the total subsidy. The poorest 20 percent receives only 8-15 percent of the total subsidy.

(3) Lack of quality and relevance:

The quality of tertiary education in many countries is low and the relevance of many programs is lacking. Post-graduate education plays a marginal role in most developing countries and it does not offer the necessary mechanisms to upgrade the skills of instructors. This is also reflected in the absence of lifelong learning opportunities.

(4) Globalization – knowledge economy:

Equally important, most tertiary education systems do not offer students the scientific and technological literacy needed to respond to the challenges posed by the knowledge economy.

Issues

- What needs to be done in order to effectively respond to new demands for the knowledge economy and the promotion of lifelong learning?
- How to promote equal opportunities for post-compulsory/post-secondary education?
- How can countries tap global knowledge through trade, competition and funding mechanisms?
- Will the increasing demand for higher education be met if: (a) public resources are lacking; (b) demands for public resources from other sector or sub-sectors is increasing; (c) financing alternatives are not available?
- In a growing market for education, can the private sector fill the gaps?

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