

Table 4.1 Economic and financial constraints on investment in learning

Constraints	Initial education and training	Lifelong learning for adults
Level and distribution of benefits	Substantial social returns benefiting all of society	Some social returns, substantial private returns to individuals and employers
Under-investment due to externalities (asymmetry between flow of benefits and financing burden)	Minimal because of dominant role of public systems financed through broadly levied taxes	Greater because of absence of co-financing mechanisms that can allocate financing burden according to benefits
Capacity to finance current investment through past or future earnings	Public financing on a “pay as you go” basis permits paying for current expenditure through general taxes; use of public debt instruments to pay infrastructure costs through future earnings	Largely private financing on a “pay as you go” basis (in the absence of loan facilities, bonding arrangements)
Risk of low returns to investment	Public financing spreads risk; income contingent repayment loans shift some risk from individuals to government	Employers and individuals assume risk; few instruments for spreading risk