The Choice Between State-Provided Delivery of Education and International Trade in Education:

“Can't we have a little bit of both?”

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Good Morning. I would like to thank the OECD, the Centre for Educational Research and Innovation, and the Japanese Ministry of Education, Culture, Sports, Science and Technology, for organizing this important conference. I am delighted to be here.

The subject of e-learning and trade in educational services is of enormous importance because the full impact of globalization and the internet on education delivery is only beginning to be understood. The advent of globalization and the internet is still a recent occurrence; their influence on education, I believe, will certainly continue to grow in the years ahead.

That is why it is so critical that policy-makers develop considered positions on the many benefits and challenges apparent in this new era of learning. As Sir John Daniel of UK Open University has observed, the “internet could indeed become the most revolutionary innovation in education since the invention of printing with movable type.” We must ensure that this “revolutionary innovation”, along with the borderless world that it creates, is utilized for the benefit of the maximum number of potential learners, in every corner of the globe.

Before discussing some of the issues related to this new era of learning, I will describe the current situation in Canada, emphasizing not only the importance of education to public policy in Canada, but also the latent potential for trade in education services. Both education and trade are integral aspects of our economy and society; the data relevant to each endeavour are quite impressive.

State-provided education is, after universal health care, the second largest expenditure of our provincial and territorial governments. Canada ranks among the leading countries in the world in spending on systems of education, when measured in terms of GDP. In data published in 2000, Canada's education expenditure of 6.5% of GDP exceeded the OECD mean of 5.8% of GDP and was close to that of our largest trading partner, the United States, which spent 6.9% of its GDP in education.1 In 1998-99 alone, Canadian governments spent more than $60 billion investing in education, in an economy worth roughly $1 trillion (in Canadian currency).2

While e-learning currently represents a fraction of total education expenditure, its influence is growing. Just this past year, Canada's provinces and territories (with the exception of Québec and Yukon) partnered with the federal department of Industry in the creation of an advisory committee on online learning. I will speak more about some of the findings of the committee in a moment. For now, I will
simply state the obvious - education, delivered either in a classroom or over the internet, is a matter of great importance to Canadians.

So, for that matter, is trade. More than 40% of Canada’s gross domestic product is now a result of international exports, and in 2000 Canada enjoyed a current account surplus of $18.9 billion. And a growing number of these exports are in fact not goods, but services. International trade in services, which represented 3.3% of Canada’s GDP in 1990, grew to 5.4% of GDP in 2000. Knowledge-intensive services now represent more than 50% of Canadian service exports.3

Presently, only a small percentage of Canada’s international trade involves our education sector. Most of that percentage involves both foreign student enrolment in Canadian postsecondary institutions and the participation of Canadian scholars in education opportunities abroad. There are, however, obvious signs of potential growth. The most clear indication of this can be found in the enthusiasm with which Canada’s universities and colleges are pursuing international opportunities and students. According to Canada's Department of Foreign Affairs and International Trade, international students contributed approximately $2.7 billion to the Canadian economy in 1996. In a 2000 survey conducted by the Association of Universities and Colleges of Canada, 42% of institutions surveyed stated that they are actively involved in the export of educational services.4 The University of Toronto now holds a graduation ceremony in Hong Kong. Clearly, Canadian educators are interested in sharing - and selling - their expertise abroad.

The data that I have mentioned highlight the degree to which Canadians are torn between two seemingly competing ideas - the public good, delivered through state-provided education, and an increased standard of living, associated with increased trade in goods and services (including, of course, trade in education). As a result of this apparent conflict, I am certain that if you were to ask any number of Canadians to choose between state-provided delivery of education and international trade in education, their response would be: “Can’t we have a little bit of both?”

Indeed, I would hypothesize that if most countries were given the choice between state-provided delivery of education and trade in education services, “a little bit of both” would be the most popular option. This is especially true with the advent of globalization and the revolution in communications technologies. With economic liberalization spreading across continents, trade in goods - and, increasingly, services - is more lucrative than ever before. The internet and new methods of communications have given educators a similar degree of freedom - never before have so many potential learners had access to so much knowledge, much of it available through the use of a simple internet search engine.

The effects of this revolution are just beginning to take shape. Some of the trends noted by the Canadian advisory committee on online learning (which I mentioned earlier) highlight the very profound transformation taking place in the education sector. In its final report, the advisory committee noted:
the number of global internet users is expected to triple to 638 million by 2004.

- an already established international alliance in e-learning, Universitas 21, reaches 500,000 students a year, employs 44,000 academics and has a combined operating budget of roughly US$9 billion.

- In Britain, UK Open University, which operates online, currently enrolls 21% of all part-time postsecondary students in the country.

- In Canada, 57% of postsecondary institutions offer some sort of online instruction.

- “Knowledge services”, according to an American study, is now a $2 trillion global industry.

As a counterweight to the discussion of trade and e-learning, it is important to remember that the UN declaration on universal human rights establishes education as a basic human right. That right must always be considered when we look into the economic viability of e-learning or international trade in educational services. In modern society, a great many individuals would agree that basic rights should always take precedence over the exchange of any commodity.

This has created what appears to be a contradictory negotiating position for Canada. While we are very interested in exporting our educational expertise abroad, and expect to profit from such an activity, we are much less enthusiastic about the idea of allowing foreign investment to occur within our elementary, secondary and post-secondary school systems. Canada has, in effect, reiterated that public education is ‘off the table’ in the current GATS negotiations.

This has produced a rather interesting debate within Canada, as critics of our trading position have suggested that “we want it both ways”. This may be true, but the Canadian position nonetheless attempts to represent the feelings of many Canadian citizens. As I have mentioned earlier, education is an integral part of Canadian society, while trade is critical to the Canadian economy. While economic advancement through trade is celebrated, I would argue that education is cherished as something much more profound. As a result of this sentiment, the Canadian government's position attempts to balance both endeavours, and I believe that other governments are attempting to achieve a similar degree of balance in their own negotiating positions.

It is also true that, in countries like Canada, education has, since its original formation, played a key role in regional and social economic development. Learning institutions with regional missions elevate educational accessibility, encourage a focus on local social and economic issues, and foster applied research that is relevant to regional conditions. From this perspective, it follows that the potential loss of local learning institutions through competition, underfunding or international trade rulings would be a serious matter for public policy. Similarly, it may be unrealistic to expect, in a country as vast as Canada, and as committed to regional educational accessibility, that most institutions will be as narrow in their
mission as to be able to focus a great proportion of their resources and concentration in only a few key subject areas. We will not be attaining the enormous mosaic of institutions found in our southern neighbour, which permits the United States to allow for competition and market forces to constitute a more determining factor in the development of its PSE system. Canadian public policy, shaped by the consciousness of the primacy of regional and national social and economic development, will continue to be an essential element informing our position regarding the liberalization of trade in international education services.

Canada is certainly not alone in recognizing education as a public good, and our concern over the potential commodification of learning is shared by others. We are also very interested in exporting our educational expertise, however, and we are aware that public policy concerns, when properly addressed, can be alleviated. With rational discussion about the merits and challenges involved with international trade in educational services, and clear rules about how a government can protect the educational rights of its citizens without being targeted as a builder of non-tariff trade barriers, then perhaps this integral activity of national and local governments can be opened to international liberalization. But there remains an important caveat: governments should not be punished if their system of education is more closed than open; nor should they be faulted for wanting their students to examine, explore and learn, rather than simply consume. In short, in any negotiations over trade in educational services, a government’s right to establish the best possible system of public education - clearly, a universal endeavour - should not be sacrificed in the name of increased trade.

The debate over opening up education systems to the international market is muddied even further when one attempts to define public education - the social program many governments want to protect. In Canada, as in most of the world, education is primarily supported by government. Yet within most public school systems a degree of private investment can be found. This is particularly true in the postsecondary sector, where a number of Canadian universities have sought to increase their endowments substantially, in the fashion of the larger American universities. There is also an increasing enthusiasm for corporate partnerships, as postsecondary institutions seek to increase revenue through the private sector.

Even in the elementary-secondary sector, for a long time funded exclusively by government, the presence of private-sector instruction is being felt. In some Canadian jurisdictions, education departments have looked to private developers to establish public/private partnerships in order to save costs in the establishment of new schools.

Anecdotal evidence supports the idea that private sector participation in Canadian education is well established, at every level of education delivery. In our universities, most business schools are now effectively privatized, and aggressively promote their expertise to corporations in Canada, while encouraging their students to take a work term internationally. Indeed, within public universities there may be several “profit centres.” In the elementary-secondary sector, western provinces
such as Alberta and British Columbia have been providing direct education funding to private schools for years.

Beyond the anecdotal evidence, the statistical data suggest that private-sector presence in Canadian education is above the OECD average. According to data taken in the mid-1990s, for every one hundred dollars spent in funding across all education sectors in Canada, the total investment originating from the public sector is eighty-two dollars. From the private sector, the total investment is eighteen dollars. In the United States, the ratio has been 75:25 public-private, while the OECD mean is 86:14.5

Obviously, these sorts of investments make the very definition of public education a blurred one, and that adds to the complexity of any international negotiations dealing with education. An ongoing discussion on this issue is presently being held within the Council of Education Ministers, Canada. We may conclude that we need to address the very definition of public education - both within our own countries and around the world - in order to have a more transparent dialogue on how education should be provided for the future. And in defining what public education is, we should be cognizant of the principles about education enunciated in the UN declaration. I suggest this because e-learning and global education markets will no doubt continue to grow at an exponential rate over the next few years: if governments do not take the time now to determine how these initiatives shape education, then governments may become irrelevant to learners seeking to achieve their greatest potential in the twenty-first century.

My personal view is that, despite - or even because of its ambivalence about trade in educational services - Canada may well be able to make a unique contribution to this new era of learning. Canada's unique contribution is a result of our attachment to two important, if occasionally competing, ideas: the idea of the public good, from which civil society benefits under current methods of state-provided education delivery, and the potential of increased living standards, which is associated with trade liberalization in all sectors. In Québec, Canada's second most populous province, the possible contradictions between the public good and freer trade have been addressed by the following popular maxim: yes to the market economy, no to the market society. If we extend this principle to international trade in education services, we can ensure that the liberalization of education does not translate into the commodification of most aspects of learning.

Embracing the market economy does not mean that governments should abandon long-held strategies designed to encourage human development. To reflect this belief, each step in trade liberalization should be accompanied by a conscious effort on the part of international policy-makers to protect the universal right to education. Specifically, we must ensure that each country is enabled to utilize education as a directed element of social and economic development, and that the current digital divide between OECD and non-OECD nations is lessened, and not enlarged, by such trade. Knowledge-sharing, which has been the key to so much of human progress, must continue both within classrooms and across borders.
With the advent of e-learning, a number of jurisdictions within Canada have developed resource networks to further the potential of online instruction, in essence providing a concrete infrastructure for “knowledge-sharing”. Tele-Education New Brunswick and the Ontario Knowledge Network for Learning are just two current initiatives among many. There have also been Canadian pioneers in the field: Alberta's Athabaska University and Québec's Télé-Université, both institutions that operate almost entirely online, have set important Canadian precedents in online knowledge-sharing. Knowledge-sharing is also integral to proposed innovations to Canada's growing online community. The advisory committee on online learning has suggested that within the next few years there should be a Pan-Canadian Online Learning Service, linking prospective students to postsecondary institutions across the country.

These Canadian initiatives, in effect “knowledge networks”, are related to similar online structures emerging globally between universities and in the private sector. Perhaps it is time, both within the OECD and in other international forums, to establish more concrete linkages between state education providers, and complement the already established global “knowledge networks” currently providing e-learning opportunities in every corner of the world.

By establishing common priorities for global “knowledge networks” now, we can ensure that e-learning and international trade in education services not only benefit OECD member states, but also bridge the digital divide. These priorities should not be seen as optional, but instead, when taken as a whole, should be considered as a critical element that would accompany every step in the liberalization of the global education sector. Such global priorities would include measures to:

- Share best practices in e-learning.
- Support the research and development of cost-effective technologies in e-learning, for the benefit of developing countries.
- Improve connectivity in order to increase access to e-learning (through internet kiosks in schools, libraries, public buildings, etc.).
- Create centres of excellence (already established in Canada), that would focus on teaching and learning in the electronic environment.
- Decrease the digital divide through the construction of new infrastructure.
- Co-ordinate the activities of NGOs and corporations, PSE institutions and village schools, already established in the field of online learning.
- Collect relevant data on online learning in every country.
- Set international goals for online learning, and work with the emerging e-learning community to achieve attainable results.

These necessary steps, taken in parallel fashion to the liberalization of trade in education services, are consistent with a final principle which should be considered fundamental to all aspects of globalization. Just as globalization will inevitably lead to the sort of desperation witnessed in the streets of Seattle and Québec City if
it is shaped by market forces solely and not human hands, the globalization of learning can create inequalities of knowledge, unless governments decide to put in place a learning strategy that will benefit every corner of the globe. With insight, foresight, and leadership from the OECD among others, I am confident that this can be done.

Thank you, and I look forward to the discussion ahead.

1 OECD Education at a Glance, 2000
2 Ibid., p.209.
3 Trade Update 2001: Second Annual Report on Canada’s State of Trade (Ottawa: Department of Foreign Affairs and International Trade, 2001)
4 Progress and Promise: The AUCC Report on Internationalization at Canadian Universities (AUCC, 2000)
5 Education Indicators in Canada: Report of the Pan-Canadian Education Indicators Program 1999 (Ottawa: Canada Education Statistics Council, 2000) p.214