CORA Cork Open Research Archive
Cartlann Taighde Oscailte Chorcaí

Title	Symposium on the economic returns to education
Authors	Hyland, Áine
Publication date	1998-02-19;1998-02-19
Original Citation	Hyland, Á. (1998) 'Symposium on the economic returns to education', Journal of the Statistical and Social Inquiry Society of Ireland, Vol. XXVII, Part V. pp. 129-138. Available at: https://www.tara.tcd.ie/tara8/server/api/core/bitstreams/09ba8bdf-2ca4-4ad3-be16-238beb1e80ac/content (Accessed: 9 June 2025)
Type of publication	Article (peer-reviewed)
Link to publisher's version	https://www.tara.tcd.ie/tara8/server/api/core/bitstreams/09ba8bdf-2ca4-4ad3-be16-238beb1e80ac/content
Rights	© 1998, Statistical and Social Inquiry Society of Ireland.
Download date	2026-11-02 03:27:31
Item downloaded from	https://hdl.handle.net/10468/17637

UCC
University College Cork, Ireland
Coláiste na hOllscoile Corcaigh

Journal of the Statistical and Social Inquiry Society of Ireland
Vol. XXVII, Part V

SYMPOSIUM ON THE ECONOMIC RETURNS TO EDUCATION

ÁINE HYLAND
University College, Cork

(read before the Society, 19 February 1998)

The Second Programme for Economic Expansion, published in 1963, was the first public acknowledgement by the Irish government that expenditure on education was an investment in the nation's future. The following quotation summarises the then emerging thinking of government in this regard[1]:

> *"A society which rates highly spiritual and moral values and seeks to develop the mental and physical well-being of its people will devote a substantial part of its resources to education. There are, in addition, social and economic considerations which reinforce the claim of education to an increasing share of expanding national resources. Improved and extended educational facilities help to equalise opportunities by enabling an increasing proportion of the community to develop their potentialities and to raise their personal standards of living. Expenditure on education is an investment in the fuller use of the country's primary resource - its people - which can be expected to yield increasing returns in terms of economic progress."*

It was to be many years before those so-called increasing returns were to be quantified. The two previous speakers here this evening have given striking examples of the economic return on education both in this country and in countries of the OECD. It is not my intention in this short input to repeat the points that they have already made. Nor do I intend to provide a smug, self-satisfied résumé of the success of our education system in achieving these outcomes. Without in any way taking from the successes of the system, my focus this evening will be on the underachievers and the so-called 'failures' of the system and on the moral and economic imperative facing us in the years ahead to eradicate the factors which have contributed and continue to contribute to this problem.

A recent report shows that in OECD countries generally higher levels of educational attainment are clearly associated, for individuals, with higher earnings, lower chances of unemployment and more skills that yield advantages to people as consumers and active citizens[2]. For example, university educated people in their thirties and early forties are up to five times less likely to be unemployed than the average person in that age range. As regards earnings, university educated men and

women earn more on average in mid-life than those with upper secondary education only. The situation is particularly marked in relation to women - university educated women earn sixty-one percent more on average than those with upper secondary only. As regards the situation in Ireland, Table 1 indicates the increasing returns in terms of earning differentials according to the level of qualifications obtained[3].

Table 1 Earning Differentials by Educational Level and Age-Group, 1987 (primary education = 100)

Category	Age group			
	ALL	15-32	33-49	50-65
Junior secondary cycle	117	115	111	120
Senior secondary cycle	148	142	139	162
Diploma	184	173	160	229
Degree	246	269	218	223

Source: OECD, Economic Survey of Ireland, 1995, derived from ESRI and DKB (1992)

At the other end of the scale, those who leave school early are particularly vulnerable to high unemployment. A 1994 OECD study stated that the evidence on youth employment in the 80s and early 90s showed that young people with inadequate skills and competencies face a growing threat of low income or complete economic marginalisation[4].

A number of reports in Ireland in recent years have focused on the link between education and unemployment and between unemployment and social class. These include the Green and White Papers on Education (1992 and 1995), the *Report on the National Education Convention* (1994), reports from the National Economic and Social Forum, particularly their *Early School Leavers and Youth Unemployment Report* (January 1997), and various reports from the Combat Poverty Agency and the Conference of Religious of Ireland among others. The *Report on the National Education Convention* states that[5]:

> *"The educational system cannot and should not be held responsible for the high level of socio-economic inequality in society nor for the level of unemployment present in the economy. These are due to much more deep-seated, historical, structural causes. Nevertheless the system can both reinforce and even make worse, a problem that is already there and the most recent evidence indicates that it can intervene effectively in children's lives to reduce or increase their levels of education achievement and consequently substantially affect their life chances."*

The European Commission's White Paper on Education and Training, *Teaching and Learning - Towards the Learning Society* (1995) pays particular attention to the need for measures to combat social exclusion[6]. It states that Europe must invest in

education to raise the general level of skills of employees and the working population. It expresses concern that social exclusion has become widespread in Europe in recent years and states that there is an urgent need to avert a rift in society. Towards this end, the White Paper emphasises that "a special effort has to be made for the most vulnerable sections of population, particularly in the urban areas hardest hit by unemployment". This effort, it states, depends on initial and continuing education as well as on measures to give young people leaving school with no qualifications a second chance.

In the Irish context the existence of inequality in education is well documented[7]. A recent CORI document states that bearing in mind that in any one year about twenty-five percent of school leavers have educational qualifications which leave them disadvantaged in the labour market, the extent of the inequality can be seen in the following figures[8]:

- Over 85 per cent of the approximately 3,500 young people who leave full-time education with no formal qualification (before reaching Junior Certificate level) have working class backgrounds;

- A young person whose father is in a professional managerial occupation is seven times more likely to attend a third level college than a young person from a family where the father is an unskilled or semi-skilled worker;

- 43 per cent of men and 36 per cent of women in the adult population left school before fifteen years of age;

- 75 per cent of families in poverty are headed by an adult who has no educational qualification;

- An adult with no educational qualifications is nearly nine times more likely to be poor than someone with third level education;

- The cost to the State of educating a third level graduate is more than twice that of educating an early school leaver.

At least a quarter of the population in OECD countries, and in some countries as many as a half, do not perform at the level considered by experts as a minimum for coping with the complex demands of modern life and work[9]. In the case of Ireland it was estimated that between 1991 and 1993 over a quarter of the age cohort left school each year with inadequate or no qualifications. The extent of educational disadvantage and early school leavers is clear from the following details[10]:

- Up to 1,000 young people did not progress to second level school at all;

- 3,000 left second level school with no qualification whatsoever (1,970 boys, 1,030 girls);

- 7,600 left school with Junior Certificate only (4,900 boys, 2,700 girls), of whom 2,400 failed to achieve at least five passes;

- 2,600 young people left school having completed the Junior Certificate and a vocational preparation training course only (1,400 boys, 1,200 girls);

- Around 7,000 did not achieve five passes in the Leaving Certificate (around 4,000 boys, 3,000 girls).

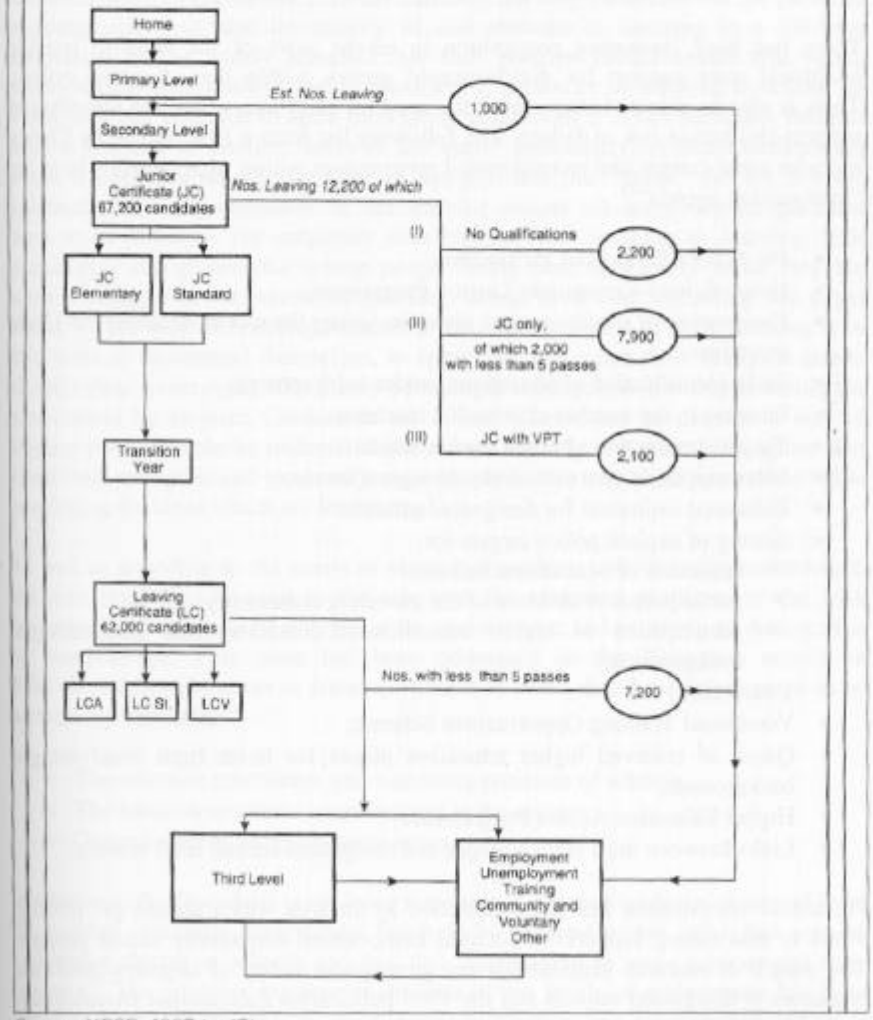
By 1995 the situation had improved somewhat as can be seen from the diagram from the National Economic and Social Forum Report[11] shown across.

In terms of investment priorities in education in the future decade, it is clear that under-achievers and early school leavers must be high on the government's list. It is sobering to realise that a child who leaves the education system after primary school has had only £11,400 spent on him/her by the State. This compares with £15,850 spent on the pupil who leaves after two years of secondary school and is in sharp contrast to the £37,525 spent by the State on a student who completes a four year programme at third level[12]. Since these figures relate to 1995 and since university fees have been abolished since then the current figure for the latter category is likely to be a good deal higher. In terms of minimum equity, it is reasonable to ask that priority be given to investment in the former group of young people. Such investment also makes sense from a social point of view as stated in the Report of the National Education Convention[13].

> *"The cost of correcting educational failure has to be put against the price the economy and society eventually pays for it anyway in social welfare and health costs; as well as in the social and general welfare costs of effectively creating an unemployed urban underclass"*.

It has recently been estimated that it costs approximately £46,000 to maintain a prisoner in Mountjoy prison for one year. Other figures suggest that young people committed to residential detention centres can cost the state up to £70,000 per annum.

Box 1
Pathways and Transitions 1995



Source: NESF, 1997 (p.47)

The 1995 Annual Report of the Health Research Board showed that a high proportion of those seeking treatment for drug abuse were teenagers. The statistics also showed exceptionally high levels of unemployment and of crime among drug abusers. Unemployment also increases stress levels significantly for young people, with some evidence that the increase is slightly greater for the least qualified and those with poorer prospects of employment. Recent suicide figures also suggest that levels of suicide are higher among lower qualified and unemployed young men[14].

There has been increasing recognition in recent years of the need to provide additional state support for disadvantaged groups within the education system. There is also an acknowledgement of the need for early intervention to identify and support children at risk of failure. The following list from a 1996 article by Clancy includes some current and recommended programmes within what he refers to as the "intervention agenda"[15]:

- Pre-School Early Start Programme;
- Home-School-Community Liaison Programme;
- Designation of disadvantaged areas, including the recent Breaking the Cycle initiative;
- Early identification of educational under-achievement;
- Increase in the number of remedial teachers;
- Targeted reduction of pupil-teacher ratios;
- More emphasis on a school psychological service;
- Enhanced capitation for designated schools;
- Setting of explicit policy targets for:
  - reduction of educational failure;
  - participation of children of the travelling community:
  - participation in higher education of students from disadvantaged backgrounds;
- Youthreach;
- Vocational Training Opportunities Scheme;
- Quota of reserved higher education places for those from disadvantaged backgrounds;
- Higher Education Access Programmes;
- Links between third level colleges and designated second level schools.

Pre-school intervention has been identified as an area which should get priority. There is also strong support for focused home-school-community liaison projects. The weight of research supports current government policy of targeting additional resources at designated schools and the 1995 publication *Educational Disadvantage in Ireland* by Kellaghan, et al. puts forward nine specific recommendations for consideration in formulating national policy relating to schemes of assistance in schools in designated areas of disadvantage[16]. These recommendations include proposals for very specific targeting of a limited number of schools in which there is

a high concentration of pupils from disadvantaged backgrounds. The *Breaking the Cycle* scheme which is based on the recommendations of this report is now in its second year and it is planned to continue the pilot scheme for a total period of five years. The scheme is being carefully monitored and evaluated.

International research makes it clear that policies to increase equity and efficiency in education and training should consider carefully not only the incentives for pursuing on-going study but also the quality of and attitudes to learning in a life-time perspective[17]. It is widely accepted that such policies should ensure that young people should gain positive and constructive experiences of learning in school on which they can continue to build throughout adulthood. It is not sufficient that our schools continue to provide "more of the same" particularly for those students for whom it has been abundantly clear in the past that this "same" did not provide satisfactory learning outcomes. In our learning society all our young people must learn to be learners. The emphasis must change from teaching to learning. It is increasingly recognised that young people learn more effectively when they are actively engaged in the process of planning, doing, reviewing, recording and target setting[18]. One way of enabling students to take more control of their learning is to help them to understand themselves, to appreciate and value their strengths and to identify their weaknesses. The theory of multiple intelligences developed within the past decade by Howard Gardner in the United States, can be used as a way of helping young people to understand their own learning process, to recognise and value their strengths, and to identify ways in which they can build upon these while developing the areas which are less strong[19].

As well as attending to the needs of individual students and of individual schools, attention must also be paid to the role that the structural problems in the Irish educational system may be playing in the maintenance and probably in the creation of disadvantage. This issue has been addressed in the Kellaghan report on *Educational Disadvantage in Ireland* where it is stated that three issues seem to be particularly important[20].

- The selection procedures and streaming practices of schools;
- The focus on academic examinations in the system;
- Commitment to an anti-poverty strategy.

In relation to the first, there is evidence that there is a strong tendency at second level for students of similar achievement levels to be grouped within individual schools and within classes in schools and that this is damaging to some schools and their students.[21] The grouping together of students of low levels of achievement has been found to have negative effects on students' motivation and achievement and so is likely to reinforce rather than solve the problems of pupils from disadvantaged backgrounds. It goes without saying that young people who associate school with continuing failure will be more likely to leave school early and are unlikely to be

enthusiastic about opportunities for life-long learning. In relation to the second point, the focus on academic examinations, a system of public examinations which defines achievement in narrow academic terms and undervalues the knowledge and skills of a great many students, leads to disaffection among those who are not likely to perform well[22]. This issue is currently being addressed to some extent with innovative forms of assessment in the Junior Certificate Elementary and the Leaving Certificate Applied programmes. Both of these programmes are impressive in the way in which they attempt to address the difficulties experienced by young people in the traditional Junior Certificate and Leaving Certificate courses. It will be important during the coming decades that employers and those involved in determining entry criteria for further and higher education institutions look seriously at new and innovative approaches to assessment and be fair and open minded in their appraisal of them. It would be unconscionable if innovative modes and techniques of assessment were dismissed or rejected out of hand simply because employers and others were unprepared to reconsider their traditional approaches to selection and were unwilling to give young people an opportunity to prove that a different approach to learning and assessment might well be as successful as what we have become familiar with, if not more so.

The challenge ahead is considerable for schools, teachers, parents, employers and policy makers. Investment in education has paid off in Ireland during the past thirty years or so. Many of us or of our families have been beneficiaries of this investment but as I have attempted to show in this paper there are still too many who have remained unaffected by the investment. It is incumbent on us in the decades ahead to refocus our energies and investment to ensure that the imbalance in educational outcomes is redressed to a greater extent than has been the case in the past.

Footnotes

1. *Second Programme for Economic Expansion*, 1963, quoted in **Á. Hyland and K. Milne (eds.), 1991,** *Irish Educational Documents*, Vol. 2, Dublin: Church of Ireland College, p.36.
2. **OECD, 1997.** *Education Policy Analysis*, Paris: OECD/CERI, p.5
3. **National Economic and Social Forum, 1997.** *Early School Leavers and Youth Unemployment,* Forum Report No. 11, Dublin: NESF, p.26.
4. **OECD, 1994.** *The OECD Jobs Study*, Paris.
5. **Coolahan, J., (ed.), 1994.** *Report on the National Education Convention*, Dublin: Stationery Office, p.106.
6. **European Commission, 1995.** *Teaching and Learning - Towards the Learning Society*, EC White Paper on Education and Training, Brussels, p.25.
7. **Conference of Religious of Ireland, Education Commission, 1997.** *Religious Congregations in Irish Education: A Role for the Future?* Dublin: CORI, p.21.
8. *Ibid*.
9. **OECD, 1997.** *Policy Analysis*.
10. **National Economic and Social Forum**, *op. cit.*
11. *Ibid.*, p.47.
12. *Ibid.*, p.49.
13. **Coolahan, J., (ed.),** *op. cit.*
14. **National Economic and Social Forum,** *op. cit.*, p.30,
15. **Clancy, P., 1996.** "Investment in Education - The Equality Perspective: Progress and Possibilities", *Administration*, Vol. 44, No. 3, Autumn, p.38.
16. **Kellaghan, T., et al., 1995.** *Educational Disadvantage in Ireland*, Dublin: Educational Research Centre.
17. **OECD, 1997.** *Policy Analysis*.
18. **Chamberlain, V., B. Hopper and B. Jack, 1996.** *Starting Out the MI Way - A Guide to Multiple Intelligences in the Secondary School*, Bolton: D2.
19. **Gardner, H., 1993.** *Multiple Intelligences: The Theory in Practice - A Reader*, New York: Basic Books.
20. **Kellaghan, T., et al,** *op. cit.*
21. **Hannan, D.F. and S. Shortall, 1991.** *The Quality of Their Education: School Leavers' Views of Educational Objectives and Outcomes*, Dublin: ESRI.
22. **Kellaghan, T., et al**, *op. cit.*