

## **Unit V 36: An education account for all**

### **1. Summary**

Like other socio-cultural areas, education is increasingly subject to the pressure of globalization. However, globalization did not show up in the education sector until relatively late. Research has shown that good educational performance in a country leads to increased economic growth. Today, purely economic and rather short-term oriented understandings of education - as promoted by organizations such as the World Bank - are opposed to classical ideas of education - as represented by UNESCO. The pressure on national educational institutions to market their offerings like any other service and to make a profit has increased massively in recent years. Partly as a result of the international agreement on trade and services GATS, many educational institutions - and even state educational services - have been forced to pay greater attention to commercial criteria and to abandon or reduce support measures for the disadvantaged that are seen as trade restrictions. Given the increasingly international education market, it makes sense to standardize on the demand side as well. The still very unequal educational opportunities between rich and poor countries, but also within individual countries, could be significantly improved if all people had a kind of education account that guaranteed them access to education and also covered the corresponding costs.

### **2. Education as an economic variable**

At first glance, it may seem surprising that education appears as an economic issue. Economist Stefan C. Wolter (2013:229-232) reasoned as follows: First, inequality of opportunity in education means that people do not realize their educational potential and economic potential - e.g., in the form of productivity - is lost accordingly. According to Wolter (2013:229), "discrimination in access to education or even in the quality of education ... leads almost automatically to economic losses." Second - according to Wolter (2013:230) - inequities in education are not randomly distributed, but affect less talented people more. Therefore, societies with unequal educational opportunities are usually also societies with unequal distribution of employment opportunities, income, and wealth. Third, Wolter

(2013:231) suggests that economic inequality can be not only the consequence but also the cause of inequality of educational opportunity. Conversely, economic prosperity and good educational opportunities usually go hand in hand. This correlation can also be seen, for example, in the fact that residential areas with high real estate prices usually also have good schools - and vice versa. For all these reasons and connections, education and the postulate of equal opportunities are also a central concern of the national economy.

In his research, Amartya Sen (2003:55-57) points to the fact that all those countries in Asia that had a good education system experienced an economic "takeoff" much more easily than others: Japan, for example, even at the time of the Meiji Restoration in the mid-19th century, had a higher literacy rate than many European countries that had been industrializing for decades. China also had an excellent education system prior to its rapid economic boom after 1979: "Although China harbored a deep mistrust of the free market prior to its reform drive, its skepticism was not directed at education and a tightly knit health care network. When China turned to a market economy in 1979, the population was largely literate, especially the young, who had access to good schools in most regions. In this respect, China was not far behind the level of education in South Korea and Taiwan, where an educated population also played a large role in seizing the economic opportunities offered by the market economy" (Sen 2003:57). A counterexample was India, where half of the population could neither read nor write at the time the country opted for a market economy - namely in 1991 - and according to Sen, this has not changed much to this day (Sen 2003:57).

But the connection between education and economic growth also holds true in highly developed countries. A good education system leads to increased economic growth. Education economist Ludger Wössmann (in *Neue Zürcher Zeitung*, 21.10.2015:29) clearly states: "The better the educational performance, the higher the growth. If a country were to improve an educational performance by 25 Pisa points - as Germany or Poland have done in recent decades - this would lead to additional economic growth of about 0.5%. Even when other factors are included, such as openness to international trade, property security or capital, the impact of educational performance on economic growth remains. Yes,

Wössmann (in Neue Zürcher Zeitung of 21.10.2015:29) even speaks of a "causal effect of higher educational performance on growth."

However, not only the overall economic performance benefits from a good education system, but also the health of the population. For example, the life expectancy of those with a good education is significantly higher than for those with a smaller educational backpack (see Junker 2015:86).

Pierre Bourdieu (1982, 1983) has pointed out that the education system and schools generally reproduce existing social groups and classes. Schools teach values of the upper classes and the upper-middle classes. Educational content is "high cultural capital" and is formalized in the form of university degrees and passed on from generation to generation. As is well known, Bourdieu distinguishes four forms of capital: economic capital (wealth, income), social capital (relationships with influential people and groups), cultural capital (knowledge, craft skills, education, academic titles, etc.) and symbolic capital (personal recognition, prestige, good reputation, etc.; see Feldmann 2005:53). Education as a component of cultural capital can take three forms according to Bourdieu (cf. Feldmann 2005:254): First, incorporated capital such as body-bound, internalized dispositions, attitudes, and competencies; second, objectified cultural capital such as books, pictures, instruments, buildings, etc.; third, institutionalized cultural capital such as school degrees and other high-value credentials. To be sure, Bourdieu emphasizes that cultural capital passes primarily from parents to children, as evidenced, for example, by the relative impermeability of educational systems to members of different social classes or groups. Although the social permeability of the education system temporarily increased in the 1970s, this trend was reversed from the end of the 1980s. But it is certainly true to this day that, even if some underprivileged people manage to move up, "the most important groups ... remain relatively constant in their relations and the hierarchical order ... stable" (Feldmann 2005:255). Yes Bourdieu (cf. Feldmann 2005:255) speaks of "symbolic violence" (cf. also Kramer 2013:118ff.), which is exerted on educationally disadvantaged children in the education system. This makes it all the more important for all people, regardless of their social background, to constantly increase or at least preserve their educational capital. After all, cultural capital is still far easier to acquire than, say, economic, social or symbolic capital.

However, one should not make the mistake of equating equality of opportunity in the education system with a lack of performance, as has been done by certain neoliberal education policy makers. The OECD (2001:1919f. and 2002:107) has shown that equality and high performance, but also inequality and low performance can go hand in hand, as the following matrix shows (note: the list refers to 2001/2002):

|                   | <b>High performance</b>               | <b>Low performance</b>     |
|-------------------|---------------------------------------|----------------------------|
| <b>Equality</b>   | Canada, Finland, Sweden               | Italy, Spain               |
| <b>Inequality</b> | Belgium (Flemish part), Great Britain | Germany, Hungary, Portugal |

Source: Feldmann 2005:266, according to OECD 2001:191f., OECD 2002:107.

Recently - probably as a countermovement to the educational reforms and reform pedagogy of the 1960s and 1970s - the pendulum has swung back in the other direction: Alleged or real performance is taken as the main criterion for the quality of educational offerings, although the educational system primarily produces selection. This is evident, among other things, from the fact that social mobility in education has declined significantly over the past 20 years.

Recent studies have shown that education and educational opportunities are extremely important for the national economy. This is evident, for example, in the availability of preschool care. For example, students who have previously attended preschool facilities for more than one year perform significantly better in the Pisa tests than their peers of the same age (cf. Müller in Neue Zürcher Zeitung, 10.8.2011a). Other studies found that the better the performance of a country's students in international comparative tests between 1960 and 2000, the higher the average growth in real gross domestic product per capita in the country concerned (cf. Müller in Neue Zürcher Zeitung, 10.8.2011a). However, one would have to object here that the better performance of students could also be the consequence of the better education system in countries with greater economic performance. It is undisputed, however, that a comprehensive range of early childhood care options in the non-family sector creates new jobs. In 2007, the State Secretariat for Economic Affairs estimated that about 20,000 additional jobs were "lost" as a result of the insufficient supply of childcare

places (see Rütli in Neue Zürcher Zeitung, 10.8.2011b). However, these daycare places must also be affordable and their costs must be in reasonable proportion to the additional wage income of the mother - or father, if the mother is the main wage earner - who is working during this time. This was and is not always the case. For example, if in 2011 a family in the canton of Zurich paid 36,000.- for a daycare place for their two children during three days per week and the additional net income generated during this time by an additional 60% part-time job of the second parent was - say Fr. 43,500.- per year - the remaining Fr. 7500.- was practically eliminated by the additional tax burden (cf. Rütli in Neue Zürcher Zeitung, 10.8.2011b).

OECD studies have shown that higher education diplomas and job-oriented further education usually lead to an increased income (cf. Rist in Neue Zürcher Zeitung of 26.6.2013). According to the OECD, the link between good education and income is clear: "A tertiary education generally not only provides more self-confidence and social prestige, according to the comprehensive survey it also clearly acts as a protective shield against unemployment and guarantees clear income advantages" (Rist in Neue Zürcher Zeitung of 26.6.2013). In this context, the advantages undoubtedly cancel out the opportunity costs - i.e. the lost income during the study period. However, the income benefits from a tertiary degree vary across countries - depending on the type of education system and the economic system (see Rist in Neue Zürcher Zeitung, 6/26/2013).

In general, access to higher education has improved in most highly developed countries, especially among women (cf. Müller in Neue Zürcher Zeitung of 10.8.2011a).

In principle, greater permeability of educational offerings is desirable. This applies to the entry requirements, but also to the age. Currently, between 7500 and 8500 or around 12% of all Federal Certificates of Proficiency (EFZ) and Federal Vocational Certificates (Eidgenössisches Berufsatteste, EBA) in Switzerland are issued to adults over the age of 25. Of these, a good 40% complete a regular basic vocational training program. And just under 60% attain their qualifications through educational pathways offered specifically for adults (see Giger in Die Volkswirtschaft 10-2016b:23). This development is undoubtedly positive given the increasingly widespread educational patchwork biographies.

## 2.1 Globalization of education on the supply side.

Until 1950, education systems were based on national philosophical and cultural content and goals. Since the 1990s, national education systems have become increasingly international and global, with a much greater emphasis on the international education market and business aspects of education.

The globalization of education systems has been decisively driven by technological development and standardization, by increasing international trade, by the emergence of transnational production networks within and between transnational corporations, and not least by international migration.

Surprisingly, international economic globalization agencies such as the World Bank and the OECD in particular are also heavily involved in education (cf. Spring 2009:29ff). The World Bank, for example, has its own definition and agenda for "knowledge economy" and "lifelong learning".

### **Definition of "Lifelong Learning" by the World Bank**

These include basic academic skills, such as literacy, foreign language, math, and science skills, and the ability to use information and communication technology. Workers must use these skills effectively, act autonomously and reflectively, and join and function in socially heterogeneous groups.

Quelle: Spring 2009:49.

Die Globalisierung im Bildungsbereich blieb allerdings nicht unwidersprochen. Aus postkolonialer Sicht, aber auch vor dem Hintergrund der Kulturalisierungsproblematik wurden Kritik und Vorbehalte gegen die Globalisierung von Bildung formuliert.

The OECD also has four core education and training programs, namely:

- Centre for Educational Research and Innovation (CERI);
- the Programme on Institutional Management in Higher Education (IMHE);
- the Programme on Educational Building (PEB) and

- the Programme for International Student Assessment (PISA) (according to Spring 2009:56).

The globalized educational structures and content have been countered in particular by progressive educational models, religious educational concepts and indigenous ideas of education (cf. Spring 2009:18/19) - albeit with very different degrees of success.

The official leader in the coordination of global education is UNESCO. This organization coordinates the Education for All program with a number of other organizations, including the following:

- International Bureau of Education (IBE), Geneva, Switzerland,
- International Institute for Educational Planning (IIEP), Paris, France, and Buenos Aires, Argentina,
- UNESCO Institute for Lifelong Learning (UIL), Hamburg, Germany,
- Institute for Information Technologies in Education (IITE), Moscow, Russian Federation,
- International Institute for Higher Education in Latin America and the Caribbean (IESALC), Caracas, Venezuela,
- International Institute for Capacity Building in Africa (IICBA), Addis Abeba, Ethiopia,
- European Centre for Higher Education (CEPES), Bucharest, Romania,
- International Centre for Technical und Vocational Education and Training (UNEVOC), Bonn, Germany,
- UNESCO Institute for Statistics (UIS), Montreal, Canada.

Quelle: Spring 2009:32/33.

In contrast to organizations such as the World Bank or the OECD, which often understand and instrumentalize education in narrow economic terms and mean by education nothing more than "short-term retraining and adaptation" (Singh 2002:18, cited in Spring 2009:67), UNESCO puts the emphasis on the development of the individual and on lifelong learning. Madhu Singh (2002:18) criticizes the other organizations that they and most national governments are more concerned about national competitiveness and economic growth than about the development of the individual. In contrast, UNESCO focuses on the unity of cultures and political organizations based on human rights. The goal is a learning society and lifelong human learning based on human rights. A second focus is on democracy building. And as a third focus, UNESCO formulated personal, individual development as opposed to

economic development: the report of the International Commission on the Development of Education put it this way: "the aim of development is the complete fulfillment of man, in all the richness of his personality, the complexity of his forms of expression and his various commitments - as individual, member of a family and of a community, citizen and producer, inventor of techniques and creative dreamer" (Faure et al. 1972, cited in Spring 2009:67).

In 1998, the UNESCO World Conference formulated its intention "to forge and confirm 'the values and principles laid down in the constitution of UNESCO for the intellectual and moral solidarity of mankind'" (cited in Spring 2009:101).

## 2.2 Education and free trade agreements

In 1995, the World Trade Organization (WTO) was established. It emerged from the 1948 General Agreement on Tariffs and Trade (GATT), which became known as the "Third Institution" along with the World Bank and the International Monetary Fund. The main objective of GATT was to eliminate national tariffs and promote free trade in goods. International negotiations under the Uruguay Round of 1986-1994 resulted in the WTO, GATS and TRIPs agreements. GATS transferred the idea of free trade from goods to services. Article 28 of GATS paraphrases services as follows: " 'Supply of a service' includes the production, distribution, marketing, sale and delivery of a service" (quoted from Spring 2009:84). Educational activities are included in this definition.

In contrast to GATS, TRIPs defined the protection of trade-related aspects of intellectual property rights.

But which education activities are covered by GATS? First of all, cross-border demand for education such as eLearning, distance learning and virtual universities. But far beyond that, the agreement also applies to internationally active educational institutions, to institutions that recruit international students and - ultimately - to all educational activities of a country.

Gita Steiner-Khamsi (in VPOD Education Policy 200/March 2017:16) has pointed out that a global education industry significantly influences worldwide education provision - especially

at the top level - and subjects it to the logic of profit. Thus, investors in education are constantly looking for ways

- to reduce the running costs of goods and services,
- to sell educational products and services to an ever-increasing number of private buyers,
- to obtain long-term contracts - and often gagging contracts - for services to sales,
- to enforce fee schedules for educational goods and services that are commensurate with varying financial capabilities, especially at the top; and
- to create new needs for educational services, and - last but not least -
- to propagate or promote the dissolution of the public education system.

This means that worldwide and in many highly developed countries, an attack is underway on the public education system, which, if successful, will abolish education as a public good and commercialize educational services as private services. This could ultimately lead to a reduction of access to education to a limited - compared to today even more limited - group of people, namely those who can still afford education.

### **2.3 Education as a private or a public good?**

In the last 30 to 30 years, there has been an increasing privatization and monetarization of educational services. This was exemplified in the United Kingdom, particularly in the area of university education.

On December 9, 2010, the British House of Commons decided to massively increase tuition fees. Universities were then able to charge up to 9,000 pounds per academic year (up to 10,500 euros or 14,000 Swiss francs). Considering that until 1998, students at universities did not have to pay tuition fees, it is possible to assess the paradigm shift that has taken place since then. In the 1980s and 1990s, more and more young people flocked to universities, and the previous funding model reached its limits. After Tony Blair became Prime Minister in 1997, he adopted the Conservative model of a "single tuition fee of about 25% of the average cost of higher education" (Nowell-Smith in *Le Monde Diplomatique*, March 2011:16), which at the time was equivalent to about 1000 pounds. However, while the

Conservative government's draft had envisaged charging the fee at the end of the course, the government now decided to collect the money right at the start of the course. In 2004, the Labor government then introduced a grant for those in need and moved the collection of the fee back to the end of the study period. From then on, however, universities were allowed to charge a "flexible fee" of up to 3000 pounds (4285 euros at the time). The controversial law passed the vote with a majority of just 5 votes.

A regulation then came into force on December 9, 2010, under which teaching was no longer financed through taxes, but exclusively through tuition fees. Universities were empowered to charge tuition fees of 6000 to 9000 pounds, with the fee being paid only after graduation. The minimum income at which repayment is due was raised from the original 15,000 pounds to 21,000 pounds. Up to an income of 21,000 pounds, interest is charged only at the rate of inflation. For incomes above 21,000, interest increases. Debts that cannot be repaid for 30 years are forgiven (Nowell-Smith in *Le Monde Diplomatique*, March 2011:16). This has effectively transformed the previously public higher education system into one financed by private fees and a government loan system. This means that higher education has been transformed from a free good to a private good that must be financed and paid for individually.

Because, in the eyes of many politicians, higher education "must have demonstrable benefits for the economy and society" - after all, this is the criterion by which 25% of research funds are allocated in the UK - subjects such as the humanities are increasingly losing importance, while economics and, in particular, business studies, but also natural sciences and engineering are being pushed. According to political scientist Alan Finlayson of Swansea University in South Wales, "By cutting back on the social sciences and humanities, the coalition is manipulating the market in which it claims to believe and, by design, drying up those areas of education most likely to contribute to the overall understanding of our social, economic and political situation" (quoted in Nowell-Smith in *Le Monde Diplomatique*, March 2011:16). This logic of funding exclusively profitable and instrumentalizable education instead of basic research in the social sciences and humanities and education in the interest of the general public will sooner or later have disastrous consequences for society - at the latest when ethical issues and fundamental problems of the general public have to be

solved. Moreover, this situation could lead to ruinous competition between individual universities and, in the long term, lower the standard of education in the UK. In addition, access to higher education for the less well-off segments of the population is likely to deteriorate significantly.

In addition to general education areas such as literacy, general education and vocational training, so-called "financial literacy" has gained in importance in recent years.

**What is Financial Literacy?**

"Financial literacy" refers to basic competencies in dealing with finances.... In terms of application, financial literacy - similar to existing standards in the U.S., for example - can be divided into areas such as earning money, spending money, getting into debt, saving and investing, and managing risks (protecting oneself from risks). The competencies required in these areas include not only financial knowledge, but also the ability and willingness to use it to solve concrete problems. They can be divided into professional, social and personal competencies as well as knowledge (knowing), skills (being able) and attitudes (wanting)."

Source: Manz in Die Volkswirtschaft 6-2011:58.

Especially in view of the increasing privatization of more and more financial service areas and previously state regulations, financial literacy is becoming more important. For example, someone who runs a private retirement savings scheme will definitely have to deal with financial issues - which was not necessarily the case with a purely state-run pension scheme. Studies have shown that people who deal with (their) financial planning have more savings. However, the question arises whether this is not because these individuals also have larger incomes. However, several studies confirm the connection between financial literacy, planning and saving (Manz in Die Volkswirtschaft 6-2011:59). The increasing debt problem among young people in particular shows the importance of financial knowledge and skills. A study on youth debt in the city of Basel (Hieber/Probst/Wüthrich in Die Volkswirtschaft 6-2011:61) found that 20-30% of the youth have debts, and 50% of them 100 francs or more. Beat W. Zemp (in Die Volkswirtschaft 6-2011:66), president of the Dachverband Schweizer Lehrerinnen und Lehrer, even called for "financial literacy" to be included in upper secondary school curricula.

## 2.4 The financing problem

While in the 1970s most highly developed countries fought for free education accessible to all and a multitude of educational reforms - despite various setbacks - improved the permeability of education systems, this development was reversed from the late 1980s under the influence of neo-liberalism.

In the U.S., between 1989 and 2014, government education costs increased nominally from \$37.5 billion to \$83.5 billion, an increase of 7.9% when adjusted for inflation (see Braunschweig in Neue Zürcher Zeitung, April 6, 2016:29). However, the number of students increased by 50% with a simultaneous increase in costs by 50%, which means that in the past 25 years, government contributions to education per person had fallen by 24% net (cf. Braunschweig in Neue Zürcher Zeitung of 6.4.2016:29).

The U.S. is the country with the largest annual education costs per student, \$26,000. Thus, the education costs during four years - without living expenses - amount to more than 100,000 dollars per student. Also still very high, but significantly lower, are the education costs - at over 20,000 dollars per year - in Canada, Denmark, Sweden and Switzerland (cf. Braunschweig in Neue Zürcher Zeitung, 6.4.2016:29).

Not only in the USA, but also increasingly in Europe, the costs of education were increasingly imposed on trainees and students. While in 1989 in the USA the still significantly lower costs of education were borne by the students themselves at just under 25%, in 2014 the burden on students and their families was 47% of the significantly higher costs of education, i.e. over \$12,000 per year - not including living expenses. As a result, 12 million of the approximately 20 million new students took out student loans in 2016, and the number is rising. This usually has to be repaid over a period of 10 years (cf. Braunschweig in Neue Zürcher Zeitung, 6.4.2016:29).

While in Switzerland, for example, public scholarships were hardly or only slightly increased after 1985, student loans, which have to be paid back by the students after graduation, were

massively expanded. At the same time, private firms emerged that promoted private student loans as an investment.

It seems that liberal economist Milton Friedman's 1955 proposal that students pledge a certain percentage of their future income above the subsistence level to a creditor in order to obtain a loan, which he then repays after entering his professional life, is increasingly becoming fact.

In the U.S., where privatization of education costs is much more advanced, student loan debt surpassed credit card debt for the first time in 2012 (see Eisenring in *Neue Zürcher Zeitung*, Aug. 24, 2012). Many young families in the U.S. are groaning about paying back their student costs. Often parents at the age of 40 still have debts from their own student days, when they should actually already be saving money for their children's education. For example, even President Barack Obama and his wife Michelle paid off their last student loans only four years before he was elected to the presidency (see Eisenring in *Neue Zürcher Zeitung*, Aug. 24, 2012).

In the U.S., tuition has been growing almost unabated for years. In 2010, Americans had to pay 26% of the average salary for education fees, in 1980 it had only been 11% (cf. Eisenring in *Neue Zürcher Zeitung* of 24.8.2012).

By 25 years, former students in the U.S. would have to repay their loan debt. Although after that, if the loan is not fully repaid, the rest is forgiven, the debt burden is oppressive. Add to that the fact that not every graduate gets a paying job after graduation by a long shot - Generation Internship says hello - and you can imagine the burden. In 2012, for example, more than 10% had more than \$39,000 in U.S. debt after graduation. In 2015, the share of student debt was still 10% of total household debt (cf. Lanz in *Neue Zürcher Zeitung*, Feb. 13, 2016:29). Possible consequence: a lifetime of debt for a significant part of the population: credit card debt, student loans, house mortgage, children's education costs and later no money or even impoverishment at retirement age. In 2015, student debt in the U.S. increased by 10% or \$75 billion U.S., almost as much as auto loans (increase \$100 billion or 11%) (see Lanz in *Neue Zürcher Zeitung*, Feb. 13, 2016:29). Student loan repayment defaults

are also substantial - and significantly larger than in other credit areas. For example, at the end of 2015, 11.6% of all student loans were more than 90 days behind in repayments, compared with only 3.4% of car loans (see Lanz in *Neue Zürcher Zeitung*, 13.2.2016:29).

Even if the debt burden and the repayment obligation are reduced - as for example in a decree of Barack Obama, who issued a limitation of the repayment to a maximum of 10% of the annual income and during a maximum of 20 years - the indebtedness of students during their studies cannot be the solution for the financing problem of the education system. All the more so, as more and more private education providers are trying to make big business out of education. Perhaps the proposal of the ultra-liberal ideologue Gerhard Schwarz (in *Neue Zürcher Zeitung*, 4.2.2017:13) aims in a similar direction: namely, he demanded that instead of state-financed initial education, which is largely free for citizens, as it has been an undisputed achievement in Switzerland and in many other countries for decades, it should be replaced by user-financed initial education. So instead of education for all, only education for the rich! That this would represent a step behind the liberal federal constitution of 1848 should only be mentioned in passing. Especially in a living democracy, a basic education accessible to all is indispensable, as the recent successes of populist parties and politicians show. Only well-educated people are able to recognize demagoguery, lies and contradictory statements by politicians.

An interesting proposal for financing personal continuing education has been made by the GLP Lab - a think tank of the Green Liberal Party of Switzerland: In a 2017 paper, they proposed to expand the third pillar of old-age provision, i.e. private savings for old age - by a new pillar 3w (cf. Hehli in *Neue Zürcher Zeitung*, 26.8.2017:15). According to this proposal, all persons of working age would be able to pay a certain maximum amount each year, e.g. Fr. 3000, into the retirement savings account, which they could then withdraw to finance further education. This savings capital would be exempt from income tax. If the saved continuing education capital has not been drawn upon retirement, it should - according to GLP Lab - flow into the education system. However, this proposal has two disadvantages: On the one hand, this further education savings is only possible for people with considerable income. On the other hand, it is not understandable why an amount saved individually but not spent on further education should be transferred to the state upon retirement and not

be credited to the individual retirement savings capital of the saver - especially since the amount saved for further education was set aside exclusively from the personal earned income. In its present form, this regulation would be nothing but an additional tax.

## **2.5 Access to education as a right of all people: An education account for everyone**

In view of the fact that education has become globalized in the last 20 years on the one hand, but on the other hand the rising costs are increasingly imposed on the individual - and in view of the extremely different financing systems of education and training in the individual countries - the question arises whether not only the supply side but also the demand side should be standardized worldwide. The right to education is one of the human rights. Unfortunately, a comprehensive right to education has so far been achieved only for a small part of the world's population, and for many people even in developed countries only partially.

In the field of education and training, there are two fundamental problems that are interrelated: First, people have and receive very different levels of education depending on their social status, financial means, and socio-cultural environment. The differences are both qualitative and quantitative.

Apart from some incorrigible neo-liberals, probably no one today believes that differences in individual educational attainment are due solely to differences in learning performance and talent. Whereas in the 1960s and 1970s of the 20th century education was understood and propagated as an opportunity for social advancement, in the last 25 years education has been subject to increasing commercialization pressure. As had long been the case in the United States, education - especially higher education - was increasingly becoming a normal market product in the rest of the world as well, requiring economic resources on the part of the person demanding it. The ideal of a general right to education independent of economic performance was increasingly being punctured.

On the other hand, educational services are becoming more and more standardized, certified and unified - as, for example, the Bologna system introduced throughout Europe in

the higher education sector shows very nicely. Gita Steiner-Khamsi (in VPOD Education Policy 200/March 2017:17) pointed out that this is also the consequence of the increasing transfer of the education system and continuing education offerings into a global education market in order to reach ever larger groups of demanders.

It is unfortunate that many educational and adult education associations are dutifully following this trend. At the same time, it is becoming increasingly difficult to bring new, innovative educational offerings, educational content and methods to the market. At the same time, everyone is only calling for recognized certificates or diplomas, but these are only awarded - if at all - through superficial, quantitatively standardized procedures. They say nothing at all about the quality of an offering - and yet they are used, for example, as a prerequisite for subsidizing educational offerings. One example in Switzerland is the requirement that teachers in adult education must have at least the SVEB 1 certificate, or that those working in education management must have the Federal Certificate of Qualification for Trainers. There is nothing wrong with standardization as long as it is done openly and flexibly, but in my experience this is not the case at all in Swiss adult education, which is monopolized by SVEB.

The ever increasing commercialization and economization of education is especially - but not only - evident in the tertiary education and training sector. When an MBA at a renowned business school costs 80,000 or 100,000 francs or more, education very quickly becomes an exclusive right of the well-heeled.

It also fits in with the fact that, for example in Switzerland, studies on further education have shown that precisely those people who have no or little education subsequently also attend the least further education, while the best educated people also attend the most further education.

Something should be done about this - not least for economic reasons. It has been suggested that everyone - regardless of their intelligence, regardless of their previous education, regardless of their economic resources or social affiliation - should be entitled to education

and training over the course of their lives, with a minimum duration that applies to everyone.

Two scholars at the University of Fribourg, Reiner Eichenberger, professor of the theory of finance and economic policy, and Anna Maria Koukal, assistant professor in the Department of Economics, have proposed that every resident of Switzerland should receive an education account of between Fr. 40,000 and Fr. 70,000 upon reaching the age of majority (see Fischer in *Neue Luzerner Zeitung*, Jan. 6, 2014). Thereby, the education account is to be successively increased and a certain amount is to be credited to each child annually. On the other hand, subsidies - some of which vary greatly in amount - are to be reduced and tuition fees increased. What is not claimed in education credits by the time of retirement is to flow into old-age provision. To finance the education capital, the two scholars propose an education cooperative, which would be endowed with saved assets and entitlements of Switzerland or state-owned enterprises, for example Swisscom, Swiss Post, surplus reserves of the National Bank, federal property holdings and the gigantic reserves of SUVA of currently 42 billion francs (cf. Fischer in *Neue Luzerner Zeitung*, Jan. 6, 2014). The education contributions are to be financed from the proceeds of these assets. As a weakness of this concept, the two initiators cite the fact that foreign students - who contribute to the quality improvement of the education system - fall out of it. Therefore, they should also be supported from the general state funds, the two scientists believe. Eichenberger and Koukal justify their model, among other things, with the fact that real incomes in Switzerland today depend far less than in the past on economic policy, but in the future will be determined almost exclusively by individual skills and formal education (Fischer in *Neue Luzerner Zeitung*, Jan. 6, 2014). One may stand by this prediction as one likes - in any case, the proposed model is worth considering.

In principle, **every person should be given an education account at birth**, which he or she can exhaust in the course of his or her life. The education account should be filled with a time-defined education credit. With each education and further training, the education account is debited accordingly. The education capital accumulated in the education account must be financially secured by state contributions.

The temporal scope and financial amount of the education credit, which is the same for everyone, must be negotiated and regularly redefined as part of the political discussion.

The liberal think tank Avenir Suisse once worked out the idea of an education account in concrete terms. It proposed crediting each child - around the age of 4 - with an equal amount on an education account. According to Avenir Suisse, such an education account should work as follows: "This account can be used exclusively to finance educational services that are to be defined and which are now subject to a charge. The prices are set by the education providers, who compete with each other. Until the child reaches the age of majority, the parents decide how the money is used. The account may not be transferred to anyone else, nor may it be used for outside purposes (e.g., childcare services). The funds come from the general budgets of the levels of government, but the central difference from today's conditions is that the power of disposal changes from the providers to the demanders of educational services. In principle, the endowment of the account should be calculated in such a way that, in the final analysis (and with the same size cohorts), the state pays the same amount for educational services as it does today. In 2009, excluding basic research, a good 29 billion francs (or 5.2% of GDP) of public money flowed into education. The simplest variant of an education account is to divide this total amount equally among the members of a cohort. However, in view of very different educational careers, this would lead to massive redistributions, because this endowment is exactly enough for the "average career." While students at universities would be confronted with a massive funding gap, graduates of a vocational apprenticeship would be left with a considerable portion of the funds" (Avenir Suisse 2013, quoted from the text <http://www.avenir-suisse.ch/23678/ideen-fur-die-schweiz/?article=book&id=23728>).

Although the establishment of such education accounts raises a number of questions - such as how expensive education such as medical studies, engineering education, etc. can be financed, especially for students from less financially strong families, how to prevent too many expensive educations from being chosen without corresponding job opportunities on the labor market, without restricting the free choice of profession, and how the concrete administration of these accounts should be done (bureaucracy!) - the idea of education accounts is definitely worth considering.

Avenir Suisse (2013) wrote on the concrete equipment and organization of education accounts:

A pragmatic and viable solution is thus to stagger the account provision. The first tranche, "Basis," is earmarked for the compulsory school years. For these first eleven school years (including kindergarten), an amount of 200,000 francs is to be budgeted. Almost 95% of a cohort goes on to post-compulsory education at secondary level II, be it an apprenticeship (65%), school-based vocational training (5%), a grammar school (20%) or a specialized secondary school (5%). For this large majority of young people, the education account is topped up by a further 50,000 francs at the start of these programs ("build-up" tranche). It should be noted that - depending on the apprenticeship occupation - many apprenticeship graduates will not use up this amount completely. The operational part of the typical apprenticeship does not incur any costs for the training company; instead, over the apprenticeship period, the company is left with a net return from the productive efforts of the apprentices. In view of the increasing organizational complexity, the costs for the school-based part of the apprenticeship and the inter-company courses have risen in recent years, but they are still significantly cheaper than the expenses for a high school. Gymnasium students will have to bear a small part (about 15%) of the costs privately. The same is true for some full-school vocational programs. Graduates of a vocational apprenticeship who do not attend a university of applied sciences can use the unused funds of the "Aufbau" tranche for higher vocational education. This includes, on the one hand, federal examinations (federal professional examinations, higher professional examinations) and the corresponding preparatory courses, as well as higher professional schools (UAS). This branch of tertiary education (tertiary B) is today predominantly privately financed. Vocational education and trade circles have long criticized unequal treatment: while the state pays almost entirely for the education of high school graduates up to the doctorate, apprentices after compulsory schooling hardly receive any state education subsidies. By including the same amount of funding for everyone in the "Aufbau" tranche, a certain equalization is created here. Those who gain entry to a university also receive the "tertiary" tranche. For those attending a university of applied sciences (UAS) or a university of teacher education (PH), the endowment is 80,000 francs; those enrolling in a university (UH) receive 100,000 francs. Although the annual cost to the public purse per student is roughly the same for the two types of higher education institutions, this differentiation is justified because vocational baccalaureate students will generally only partially use up the "Aufbau" tranche. The amounts mentioned are sufficient to complete a bachelor's degree in the planned standard period of study of 3 years. The master's program and the doctorate are to be financed privately as a matter of principle.

Source: Avenir Suisse 2013, quoted from <http://www.avenir-suisse.ch/23678/ideen-fur-die-schweiz/?article=book&id=23728>.

In addition to education accounts, there are other ways to promote and finance education and training (see Frey/Morlok in Die Volkswirtschaft 10-2016b:19). These include education

vouchers, which can be redeemed by recipients at their own choice. Further education vouchers could be issued to individuals or to companies.

Further education funds, from which further education costs can be (co-)financed for companies or private individuals, can also be helpful. Sector funds already exist for certain economic sectors. The advantage of sector funds is that they are strongly geared to the labor market. However, this can also be a disadvantage, for example, if they focus too strongly and too narrowly on current occupations. Moreover, these funds are limited to only a few industries.

Finally, there would be the possibility to finance qualification measures via contributions from the state unemployment insurance (see Frey/Morlok in Die Volkswirtschaft 10-2016b:19).

### **3. Control Questions**

1. What is the relationship between high educational performance and a country's economic growth?
2. How did globalization show up in education?
3. How does the World Bank define "lifelong learning"?
4. What does UNESCO mean by education?
5. Explain Bourdieu's understanding of education as "cultural capital".
6. What criticisms have been made against the globalization of education?
7. Why is education in principle also subject to GATS?
8. What is meant by financial literacy?
9. What would be the advantages, but also the disadvantages of an education account for everyone?
10. What could such an education account look like in concrete terms?
11. What other instruments are there for promoting continuing vocational training - and how should they be assessed?

#### 4. Links

**Die Zeitschrift für Erwachsenenbildung - Stichwort: »Bildung und Globalisierung«**

[http://www.diezeitschrift.de/22006/schemmann06\\_01.htm](http://www.diezeitschrift.de/22006/schemmann06_01.htm)

**Globalisierung, Nationalismus und (Elite-)Bildung**

**Text von Christoph Butterwegge**

<http://www.christophbutterwegge.de/texte/Globalisierung%20und%20Bildung.pdf>

**UNESCO**

<http://www.unesco.org>

**Deutsche Unesco-Kommission**

<http://www.unesco.de/?&L=0>

**Die Weltbank**

[www.worldbank.org](http://www.worldbank.org)

**Individuelle Bildungskonten: Von den europäischen Nachbarn lernen**

[http://www.google.de/url?sa=t&source=web&ct=res&cd=8&ved=0CDIQFjAH&url=http%3A%2F%2Fwww.bibb.de%2Fveroeffentlichungen%2Fde%2Fpublication%2Fdownload%2Fid%2F789&rct=j&q=Bildungskonto&ei=4wXjS\\_GPFcmPsQb9-Owz&usq=AFQjCNHpcVPRsXDc2LBMJNlqQuwaZ3U8Kg](http://www.google.de/url?sa=t&source=web&ct=res&cd=8&ved=0CDIQFjAH&url=http%3A%2F%2Fwww.bibb.de%2Fveroeffentlichungen%2Fde%2Fpublication%2Fdownload%2Fid%2F789&rct=j&q=Bildungskonto&ei=4wXjS_GPFcmPsQb9-Owz&usq=AFQjCNHpcVPRsXDc2LBMJNlqQuwaZ3U8Kg)

**Wiener ArbeitnehmerInnen Förderungsfonds: Bildungskonto**

<https://www.waff.at/de/service-fuer-beschaefigte/foerderung-fuer-weiterbildung/bildungskonto/>

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