

Impacts of education in subsidy literature review sample

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According to Card (1850), education is the centre of all policies and it is a necessity for both developing and developed countries. Without education, people can't keep up with the technological changes in this fast moving world, thus it is a necessity which we can't do without. Education is also crucial in promoting development, thus it is needed by both wealthier and developing countries. In fact in United States and United Kingdom, the returns of education have been established to be very high and important for the noted recent economic growths. Actually education is the way out from poverty for many individuals. In addition, education is the way out from crimes as well as a means of welfare. With these good rewards of education, many countries have established working education systems like United States. To better these systems and ensure access to education for all, most nations have come up with compulsory education level and age. For instance, in United Kingdom, an individual must go to school and complete secondary and two years post secondary studies. Whereas in United States, students must learn up to secondary school levels since this is a requirement by government. However, to better these policies, nations have noted school dropout and lack of participation as the major hindrance. Hence to improve on the completion rates and college enrolments most nations have considered extending subsidies. The leading in this case is the United Kingdom where students are given education maintenance allowance (EMA). United States through grants and loans have established systems of ensuring increased enrolment rates, but these have not been enough to retain the students in school (OECD).

Many nations use subsidies to improve participation and enrolments in

schools. This has made subsidies to become popular in schools. But it has been questioned whether subsidies wholly lead to enrolments in schools or not. According to Rosenbaum (50) subsidies can't be ignored in improving education through increased enrolments and improved participation. When subsidies are introduced in countries where it hasn't been used before, the education participation has been observed to improve significantly. In deed with subsidies Feinstein (60) has noted that there is high likelihood of student's retention in schools beyond the high school. This is because, in Unites States the government has established and legitimized high school education as the least and compulsory education level that must be attained by citizens. Even with this effort, the school dropout has been noted more so when recession sets in, pointing at the lack of conditional cash transfers to the needy families and students. However, OECD (33) has established that it can't be conclusively stated that lack of incentives is the major reason for students dropping from school, even though it do play a role. Study by Feinstein (36) to establish the impacts of Education Maintenance Allowance revealed that the program was very successful in United Kingdom. He noted that before the introduction of the EMA the school completion rate after the compulsory studies was very low. But with the incentive that provides the conditional cash transfers, more students were noted to participate in school and education activities, and at the long run, completion rate of students was noted to have improved. In fact the impacts of the programme were so good that it was rolled out nationally (OECD, 60).

These results mean that subsidies have got a great role in ensuring education success, both for the needy families whose children can't study

beyond high school due to lack of financial support on education matters. In addition, subsidies have been established to be very beneficial in increasing the school stay rates amongst the students from the needy and well off families alike. In fact the impacts have been found to be very great for students beyond 16 years, who are mostly in collages by this time and are in need of financial assistance to go through the education system. This implies that the subsidies motivate students to continue with education beyond the compulsory education level. In other words, the students are motivated to continue with the remaining part of the programme since they find the course very interesting and easy, which motivate them and increase student's willingness to stay through the whole programme.

Making secondary education free has been established to have positive outcome in students. Research conducted by Schultz (220) revealed that free education is a good step towards reducing school dropout and ensuring completion rate. Subsidies have been considered even in countries with reforms to increase the school leaving age. In addition, these countries, both developed and developing have seen the potential in free education which is important in motivating students and parents. In United Kingdom, conditional cash transfers have been incorporated as part of the reform policies to hinder school dropout rates. Indeed it has been reported in the schools that completion rate increased from the time of their introduction to date. Thus since 2004 a policy to ensure that conditional cash transfers are given to student s has been implemented and it has worked so well.

Some researchers have established that students drop out is dependent on a number of factor. And therefore it can be so wrong to rely on one factor as

the major cause. Studies by Vandenbussche (45) have noted that returns on the programs targeting subsidies must be researched further to find out if they are really beneficial if rolled out on a large scale. This is because there are no conclusive studies which have been done to affirm the contribution of conditional cash transfers and subsidies. Indeed, Todd (30) has observed that “ conditional payment to 16 and 17 year olds can significantly reduce school dropout rates”. However, he has also noted that a number of questions have not been resolved. For sure the first question that remains unsolved is whether liquidity constraints experienced by students are key determinants of their dropping out. The second reason for doubting subsidies as an effective way of ensuring increased completion rate is the fact that it is not known whether the students given the subsidies or the families given the conditional cash transfers will have things to enjoy. And if there are any satisfactions or enjoyment they derive, it is not known what is important for men and what is important for women.

Work Cited

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