

Education in the age of globalisation



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Introduction

What does education have to do with globalisation? The answer is simple: everything. The most recent wave of globalisation, which began in the 1980s, is being driven by the knowledge economy and, in turn, this knowledge economy is being facilitated by globalisation. Without education, the knowledge economy collapses. So anyone talking about globalisation is also talking about the knowledge economy and education.

First, globalisation. Sometimes the concept seems like a many-headed dragon (Giddens, 2000). To some, the phenomenon is as old as the world itself – just think of the great kingdoms of antiquity, the voyages of discovery, the great waves of migration in the 19th century, etc.. After the world wars, international institutions were created which were supposed to lead to “ global governance”, a type of world government which would establish a new world order. However, the most recent wave of globalisation has swept over this like a deluge. As a result of increasing internationalisation in production and distribution networks, sovereign states are suddenly being downgraded to water-carriers of international big business. The laws of the free market are imposed upon them, for fear of being ignored by investors. Some institutions that were supposed to guarantee the creation of the new world order are themselves preaching deregulation and worldwide competition. In other words, in debates about globalisation, we are not usually talking about the globalisation trend in its generic sense (the increasing trend towards worldwide interdependence, driven by telecommunications). The model of globalisation that is so controversial that it has become the target of fierce demonstrations, is one

that is coloured by neo-liberal ideology. It is the globalisation of the free market, driven by competition and the quest for profit.

Both heads of the monster also refer to the knowledge society. In the first definition, the Internet and the media play a key role: ideas move at the speed of light around the world and ensure that every innovation that “catches on” also takes on worldwide proportions. This means that anyone who can master the Internet and the media is at the source and acquires power. In the second definition, the establishment of the global neo-liberal market economy, knowledge, IT and information play just as important a role. A great many services that do not require physical proximity (such as information processing, accounting, financial services, translation, etc.) can indeed be produced anywhere in the world and delivered to the other side of the globe. Moreover, markets are connected across the world so that information about production, prices, innovations, etc., is distributed over the Internet in the blink of an eye. This significantly increases the transparency of the markets and boosts competition. Our leaders have also understood that our competitive advantage in the global market economy no longer rests on the possession of raw materials or manpower, but on our grey matter: knowledge.

The Lisbon Strategy: knowledge as both competitive weapon and social cement?

During the 2000 spring summit in Lisbon, EU leaders elevated the knowledge economy to the ultimate goal of the decade: making the EU into “the largest and most dynamic knowledge economy in the world, with more and better jobs and greater social cohesion”.

The exegesis of this text is a fascinating activity. At first sight, one sentence contains the most obvious contradictions: on the one hand, the desire to be a “winner” in the global competitive struggle is clear while, on the other hand, we find the desire to counteract the social and regional polarisation that results from the neo-liberal market economy, using the same investments in knowledge. It seems to be a typically political sample compromise between heads of state on right and left, all wanting to put their eggs in the EU basket without checking whether their agendas are in any way reconcilable.

The fact is that the Lisbon agenda can be taken in many different ways.

For the marketeers, it is first and foremost about playing out comparative advantages on world markets. According to the Heckscher-Ohlin theorems of international trade theory, free trade will spontaneously cause trading partners to specialise in producing those goods and services in which they have a comparative advantage. Where necessary, the government may lend a helping hand. If we assume that Europe is relatively poor in raw materials and labour, but rich in brain power, then investing in education, research and development is indeed the recipe for success. Investment in R&D has to be increased, up to 3% of gross domestic product. The innovative climate has to be nurtured, including by establishing innovation platforms, incubation centres, public investment in eco-technology, etc.. Information and communication technologies are key areas of economic development. The number of scientifically and technically educated people at secondary and higher levels must be dramatically increased. The connection between education and the labour market must be improved. The flow of unqualified

school-leavers must be cut by half. Participation in life-long learning must be increased and every adult must have access to basic IT skills.

By specialising in knowledge-intensive sectors – according to the forecasts of neo-classical trade theory – the European economy will grow further and the Third World will also benefit as a result because the flipside of the coin is that labour-intensive activities will be outsourced to low-wage countries. Both sides, North and South, can only benefit as a result.

The World Bank looked and saw that it was good: according to the Bank, the “ new globalisers” – a group of 23 developing countries that have opened up their borders (China, India, Brazil and others) – saw average economic growth in the 1990s (per head of population) of 5% per year. In the rich countries, where globalisation was promoted, this growth was 2% per year, while the stragglers, countries that sealed themselves off, experienced negative average growth (World Bank, 2002). At the same time, the OECD and the EU learned from research that the knowledge economy was once again to set them on the path of sustainable growth. Temple (2001) found that every additional year of education by the working population increases national income by about 10%. This effect can be broken down into a level effect and a growth effect: the former means that the working population is more productive and therefore generates more income. The growth effect can be attributed to the fact that the more highly educated have also “ learned to learn”: even after leaving the classroom they continue to behave creatively and flexibly under changing circumstances, producing a “ snowball effect” as a result. As far as investment in research and development is concerned, the figures are just as telling: Sakurai et al. (1996) estimate the

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average rate of return from R&D activities at 15%, with exceptions up to 40-50% in some countries and sectors. In other words, every euro a company or government invests in R&D is fully recovered in an average of 7 years. The observation that few investments are as profitable as investments in education and research is perhaps one of the most important findings to come out of social sciences in the past decade. The European Commission has also received this message loud and clear (de la Fuente & Ciccone, 2002).

So much for the good news. However, the way in which globalisation and the knowledge economy can be reconciled with social cohesion within the EU is not specified anywhere. Even the built-in pattern, that the global free market actually undermines social cohesion within Europe, is not discussed anywhere in EU documents. Indeed, the associated specialisation in knowledge-intensive sectors boosts the demand for highly specialised scientists and technically educated labour. The increasing shortages in these labour market segments will exert upward pressure on the wages of these workers. On the other hand, the outsourcing of low-skilled, labour-intensive production processes leads to reduced demand and a structural surplus of unskilled labour, which means that the wages and working conditions of these groups are also gradually undermined (Wood, 1994). Whether this polarisation on the labour market is caused by globalisation itself or by technological evolution or the “tertiarisation” of the economy is more like a discussion of the gender of the angels: the three trends are after all dimensions of the same knowledge economy.

Inequality in Europe, even in the whole of the rich North, has been systematically increasing since the mid-1980s (Förster, 2000). According to Pontusson et al. (2002), some countries are still managing to curb inequality by a strong trade union movement and/or public employment, but these counteracting forces are coming under increasing pressure.

The Lisbon strategy therefore seems like trying to square the circle. The more the member states encourage it, the less social cohesion there is. The EU does have structural funds available to promote social cohesion (both between regions and between the highly skilled and unskilled). Since the enlargement of the EU, however (itself also a stage in globalisation), these structural funds themselves have lost some of their influence because they have not grown in proportion to the size of the Union, certainly not in proportion to the drastically wider gap within the EU28.

In our opinion, the only way to reconcile the knowledge economy with the objective of greater social cohesion and is through mass investment in education. The difference between this approach and the previous is that investment in education influences the supply side of the labour market, while globalisation and intensification of the knowledge-intensive production sectors influence the demand side. This difference is essential: perhaps it requires some explanation.

R&D investment and specialisation in knowledge-intensive trade (IT, financial services, pharmaceuticals, eco-technology, etc.), as we have said, boost the demand for highly skilled workers, while the outsourcing of unskilled production sectors causes a decline in the demand for unskilled workers. All

other things being equal, this shift in the demand for labour causes a reverse redistribution of employment and income, from unqualified to highly qualified. Rather than stimulating this (spontaneous) trend, policy must be geared towards bringing about similar shifts on the supply side of the labour market. Education and vocational training are actually geared towards converting unskilled workers into more highly skilled workers: if this process can (at least) keep pace with the shifts on the demand side, inequality can be kept in check, or even reduced. It is a race against time and, if we claim that “ large-scale investment in education” is needed, the distribution of this investment itself among the various sections of the population is also of great importance. The deeply ingrained Matthew effect in education and life-long learning actually threatens to undermine the effectiveness of this strategy. From a social perspective, the first priority in education policy is to eliminate the flow of unqualified school-leavers from education; the second priority is the literacy plan and the third is to increase the supply of engineers and those with scientific and technical skills. Not everyone will agree with this ranking. It is a question of social choice.

The Lisbon strategy does not actually contradict this approach but nor does it lead automatically to the desired result. As we wrote in the introduction to this section, it seems like a sample compromise between diverging national priorities. Anything is possible with such compromises. We can characterise the contrasting policy alternatives described above as “ knowledge-intensive” versus “ knowledge-extensive”. The knowledge-intensive path, which gives priority to the development of advanced technology, will boost economic growth in the short term, but gradually become bogged down on

the labour market, further dualisation of society and social unrest. The knowledge-extensive path, which gives preference to a raft of basic skills for as many people as possible, will perhaps deliver less visible results in the short term but, in the longer term, lead to more sustainable growth. The debate surrounding the correct mix has, to our knowledge, not yet been explicitly pursued.

Free movement of education services

The education sector is not only an “involved party” in the globalisation process; it is itself also partly the subject of it. In the 1990s, the WTO (World Trade Organization) launched an offensive (in the Uruguay round and again in 2001 in the Doha round) to involve a number of subsidised services in the negotiations about trade liberalisation as well. In principle, every service over which the government does not have a genuine monopoly can be discussed at the negotiating table. Education services are included here as soon as private organisers of education are admitted, even if they are 100% subsidised by the state. This is certainly the case in Belgium, given that the free education network alone is larger than the two official networks combined. International trade in education services can take various forms: from distance learning across national borders, international student or lecturer mobility, to the establishment of campuses abroad (Knight, 2002).

Of course, it is up to the members themselves to decide, through free negotiations, whether they want to open up their education sectors to international competition. The EU commissioner for trade, who acts during the GATS negotiations on behalf of all EU member states, had given undertakings during the Uruguay round for “privately financed education”

(in other words the commercial – or at least unsubsidised – education circuit). All compulsory education and most higher education therefore fall de facto outside the scope of GATS. Only entirely private schools and commercial initiatives in adult education were liberalised. What does this mean in practice? We are not used to talking about trade in educational services, even less about their liberalisation. After all, import tariffs are never charged... Trade barriers do not, however, consist solely of import tariffs, but also of what are known as non-tariff obstacles (e. g. quota restrictions, quality standards, recognition procedures for foreign qualifications, etc.). Once a party has opened up its borders, it must at least apply the general principles of GATS in this respect. “ Market access” means that no quantitative barriers may be imposed, such as a ceiling of x foreign students or y branches of foreign schools. The “ most-favoured clause” means that no privileges can be denied to one member if they are committed to another member of the WHO.[1]The principle of “ national treatment” implies that, when there is free access to foreign service providers, no different standards or subsidy rules can be imposed on provisions of domestic or foreign origin. Furthermore, undertakings are irrevocable and WHO members hand over “ jurisdiction” over any conflicts to a panel of international trade experts.

The GATS initiative was not exactly welcomed with great enthusiasm. Its intentions were good: to increase prosperity by bringing burgeoning service sectors out of their national cocoons and to allow matching between demand and supply to take place across national borders. Liberalisation means diversification, greater freedom of choice, more efficiency and quality incentives and perhaps also less of a burden on the government budget.

On the international stage, the major Anglo-Saxon countries were clearly in favour of the initiative. After all, they have had a strong comparative advantage right from the start because the working language of their education systems is the most important world language. E-courses, whether or not supported by specialist call centres, are very attractive as an export product because they are associated with huge economies of scale.

However, the reception of foreign students can also be a lucrative business. For example, Australia is making big bucks with the tens of thousands of Asians attending university there. Even if this export education is partially subsidised, return effects can still be gained from other spending by foreign students and, if the best brains can then be retained in the host country, the picture is even more favourable.

As importers, some major developing countries, led by China, can also make money from liberalisation. Thanks to the meteoric growth of its economy, the Chinese government cannot satisfy the increased demand for higher education. Hundreds of thousands of Chinese students begin their studies abroad every year, possibly with a grant from their government. Most of them come back with Western qualifications and join the country's scientific and technological elite. The Chinese government saves on higher education because most migrants pay for their studies abroad themselves. In some cases, multinationals investing in China establish their own colleges to train suitable executives.

By contrast, in the European education sector, liberalisation and commercialisation meet with great reticence, not entirely without justification (O'Keeffe, 2003; Hanley and Frederiksson, 2003). Not for nothing

do governments curb market effects in education because of the risk of “market failure”. A free, competitive market also requires homogenous goods (a nursing qualification in country A should have the same value as in country B); at the same time, all those involved must be well-informed about the quality and cost price of the goods. Power concentrations (e. g. of large universities or associations) are out of the question, etc.. None of these conditions for healthy competition is truly fulfilled. Education is a very complex, opaque “market”. If all this applies to domestic provisions, how much more then to foreign provisions? Will liberalisation not lead automatically to privatisation and price increases? Does globalisation of the education sector not open the door to the suppression of national culture?

It is not actually clear to what extent all these objections are founded. It is a fact that the EU pursues a somewhat ambiguous strategy in this area. It portrays itself to the outside world as the defender of a regulated, protected education sector but, internally, despite its subsidiary role regarding education, it promotes liberalisation by all means available. The Bologna process and the Copenhagen process should create a “European educational space” for higher and vocational education respectively, in which supply and demand can move freely. Harmonisation of structures, recognition of qualifications obtained elsewhere and the development of a uniform, transparent European Qualification Framework should help to enable EU citizens to brush up or refine their skills in other member states. Erasmus grants should boost student mobility and, last but not least, the EU services directive (the infamous Bolkestein directive) has led to the free

movement of educational services within the EU, which that same EU is fighting at the GATS negotiating table.

So what effects should we expect? To begin with, remember that compulsory education is also not subject to the services directive or the GATS rules, so that a great deal of movement should not be expected at this level.

Secondly, higher education will also remain largely subsidised in the future. Free movement in this sector will perhaps lead to a downwards levelling off of subsidies (or an upwards levelling off of registration fees). After all, in an open educational space, a member state cannot allow itself to offer cheaper education than its neighbouring countries for very long. In the long term, thousands of students from other member states could benefit from this transnational generosity. After all, different prices cannot be charged to EU students and to domestic students. In higher and adult education, an increased registration fee is not actually undemocratic: it counteracts the misplaced redistribution currently ravaging these segments because the better-off make disproportionately more use of education which is partly funded by less well-off taxpayers. The democratisation of higher and adult education is not threatened if increased registration fees are coupled with higher study grants.

The creation of a more transparent, uniform European educational space can, we believe, only be regarded as a positive phenomenon. It is the task of the government, where the market fails, to ensure that the educational supply is more transparent. This allows the user to choose more freely. The competition between provisions is also heightened as a result, which should lead to better quality and/or lower cost price.

Nonetheless, the impending “commercialisation” of higher education may also have detrimental effects: in this context, education is gradually reduced to its most utilitarian dimension. As the student himself finances a larger share of the cost of education, he will also be more likely to choose the more lucrative studies. In particular, humanities and cultural sciences could come under pressure as a result. If society attaches importance to an adequate balance between courses of study, it will also have to build in the required incentives for this (e. g. by differentiated registration fees). Another risk – the intensification of the brain drain – is covered in the final section of our paper.

Last but not least, at international level, the risks of any forms of market forces in education are of course present, specifically increasing polarisation in quality and prestige among educational establishments. The Cambridges, Paris VIs, Munichs and Stockholms are undoubtedly becoming even more of a major draw within a unified European higher education space. It will not be long before they increase their registration fees and tighten up their entry conditions in order to cream off the European elite. Regional colleges, by contrast, will see a weakening of the target audience as a result of the same mechanisms. If access to higher education (and, even more so, adult education) is to remain democratic, European directives will also have to be enacted, as was also necessary for the liberalisation of other public welfare services. For example, Flemish higher education is already feeling the consequences of entry restrictions in the Netherlands. The question is whether this will be sustainable in a context where international student mobility is on the increase.

On the whole, the “ free movement of educational services” does not look as scary as many make it out to be. It is important that a distinction be made between compulsory education, on the one hand, which belongs to the field of basic social rights, and further education and training on the other hand. In these latter segments, partial commercialisation should not automatically lead to social breakdown. It can even contribute to a more balanced financing mix, which is necessary to cope with the growing participation trend in the future. EU legislation will still have to ensure the required limit conditions to prevent negative social side effects.

Education and Third World development

In the above sections, we have largely confined ourselves to the European perspective. What do education and the knowledge society mean for the Third World?

Curiously enough, the theory regarding the social role of education in the development literature is much richer and more subtle than in Western education literature. Whereas the Chicago economist Becker (1964) labelled education as an individual investment in human capital, with a financial return in terms of future income, the Bengali Sen (Sen, 1999) teaches us that education can also be regarded more broadly as an investment in “ capabilities” which subsequently enable higher levels of functioning to be attained at the levels of health, family life, social participation, etc.. Empirical research underpins this position and demonstrates that a higher level of education also leads to better nutrition, health (e. g. AIDS prevention), housing, sex education, etc. (MacMahon, 1999; Saito, 2003).

Moreover, investment in education generates many spill-over effects on the wider society. People learn from one another. Education also has a positive influence on security (prevention of high-risk and delinquent behaviour), social commitment, civil responsibility and the quality of democratic decisions. Research increasingly points to the role of education in the development of social capital (de la Fuente and Ciccone, 2002). These positive social effects are most clear in the context of gender-specific anti-poverty programmes. For instance, more education for women is associated with better family planning and better nutrition, health and training for children (for a summary of the results, see Behrman, 1997). In order to break through the vicious circle of poverty and disease, education and training programmes for girls and women are essential. In this context, UNICEF talks correctly of the multiplier effect of education for girls (UNICEF, 2004). These positive external effects are an additional reason for government intervention in education and training.

Sufficient evidence exists that educational investment in developing countries produces a higher return than in developed countries (Psacharopoulos and Patrinos, 2004). This difference is a direct indication of the need for education in the acquisition of basic skills. In addition, Behrman (1997) points out that, as far as subsequent educational investments in their children are concerned, basic education or basic literacy for women is more important than achieving higher levels of education. Sen (2002) also emphasises the role of basic education and the role which this plays in increasing the required human security and further human and social development. Cost-benefit analyses have demonstrated that investments in

pre-school education and basic education have a higher rate of return than spending on secondary and higher education – particularly in developing countries (Psacharopoulos and Patrinos, 2004; Cunha et al., 2006).

In multilateral development cooperation, these findings have been well received. At the World Conference in Jomtien (Thailand), in 1990, the “Education For All” (EFA) initiative was launched under the auspices of UNESCO. All parties agreed with the position that universal, compulsory, free, public and good-quality basic education is the cornerstone of an education strategy which also includes secondary, further, vocational and adult education. During the international Education Conference in Dakar (2000), the importance of education for all was again underlined and 6 objectives were formulated, two of which were later adopted as millennium objectives (completion of basic education by all young people and equal educational opportunities for girls and boys at all levels by 2015). The key target groups of the EFA campaign are the 80 million children who have never been to school and the 800 million illiterate adults in the world. Every developing country participating in EFA draws up a national education action plan that fits in with the national poverty reduction strategy (Poverty Reduction Strategy Paper) and gives priority to basic education. This action plan is tested on all relevant social actors. A set of indicators is envisaged which can be used to test effective implementation. Monitoring and evaluation are entrusted to one single financier by the international community, per receiving country.

In an attempt to accelerate the EFA train further, in 2002 the Fast Track Initiative (FTI) was launched, encouraged by the World Bank, which both

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international financial backers and receiving countries can join on a voluntary basis. In addition to endorsing the EFA principles, donors are asked for an additional commitment to long-term financing and receiving governments are asked to commit to transparent evaluation.

The least that can be said about EFA and FTI is that they have the wind in their sails. Participation and invested resources are rising phenomenally. Since 2000, official development help for education worldwide has more than doubled. Nonetheless, the challenges are still considerable: the major enemies of education are poverty (and, associated with this, child labour), war, the debt burden, migration, mismanagement and disease. In crisis regions, education simply grinds to a halt. In some countries, the ravages of AIDS on teaching staff are so severe that it is barely possible to replace sick and deceased teachers.... In addition, it has to be said that the interests of financial backers and receiving countries, even if both groups have noble objectives, do not always coincide. The governments of developing countries are happy to make use of international support so that they can spend some of their own budgets on other priorities. On the other hand, the leading role of the World Bank in the FTI is not totally altruistic. One of the conditions for support, specifically, is that the national EFA action plans be linked to poverty reduction plans (PRSP): the latter are the World Bank's key aid instruments. This means that multilateral educational aid serves as a lever to reinforce the influence of the World Bank on its customers. It is known that this external pressure is not always popular. Along with development aid, pro-globalist, liberal policy ideas are also dished out to receiving countries. In

the past, for example, they were often obliged to reduce their import tariffs or food subsidies, which hit farmers and consumers particularly hard.

Brain drain

One of the reasons why the return on higher education in developing countries is relatively low has to do with the brain drain from developing countries to the rich North – a phenomenon that does not exactly mesh with the predictions of international trade theory. In the first section of our paper, we referred to the theory of comparative advantages: every country will specialise in exporting goods and services for which the production factors are present in relative excess. Robert Mundell (1957) demonstrated that the international mobility of production factors can be regarded as a substitute for trade in goods, and with the same effect. In specific terms, this would mean that if developing countries have a surplus of unskilled labour and rich countries relatively large numbers of highly skilled people, we would expect a South-North migration of unskilled workers and a North-South migration of highly skilled workers. In both cases, migrants are attracted by the fact that, in the host country, they are relatively better paid than in their own countries because they are relatively scarcer there.

In reality, the dominant pattern is a South-North migration of both unskilled and highly skilled workers. In 2005, around 4 million legal migrants (and an unknown number of illegals) flooded into the rich OECD countries (OECD, 2007). These figures do not include temporary migration. Upon closer inspection, the contradiction between theory and practice can be explained by a series of factors, of which we highlight only the most important. Firstly, the rich North dominates the world economy to such an extent that it also

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depresses demand for highly skilled people in the Third World. Secondly, governments in the North do not pursue a liberal policy when it comes to immigration. When push comes to shove, they place restraints on the laws of neo-classical trade theory, erect barriers to unskilled immigrants and are even actively recruiting the more highly skilled workers to fill existing bo