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The present government is planning to increase compulsory education to age 18. Why is such a measure necessary? What are the reasons for the state to implement such a law? The proposed policy of changing compulsory schooling from 16 to 18 clearly shows the governments vision in how to they intend take a stronghold grip on economy and its problems. Governments aims have always been to raise attainment for all children and “ to close the gap between the richest and the poorest” (Lemieux, 2006:).

From the late 1970s to 1991 the disposable income of the top quintile group increased form 26 to 42 percent, whilst the bottom quintile group fell from 10 to 7 percent (www. statistics. gov. uk), and this has increased further in current times. A possible reason for this increased inequality is the shifts in industry from non-skilled workers to skilled workers over the past 20 years, and educational systems failures to meet these changes.

Raising education therefore would help create the supply of labour that industries demand, and help increase economic growth and GDP; both vital requirements in order for the country to come out of the recession, which is an integral part in all government policy. With record levels of unemployment, it is without doubt that this proposed policy intends to target and reduce the unemployment rate, especially amongst young individuals, as more education leads to better job opportunities in the future.

Increasing education requirements would therefore theoretically solve the problem of increasing pressure by economists to cut costs and solve the ever-growing dependence of many on welfare. It is important to first define the human capital theory as it plays an integral part in the following points.

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Human capital theory is that the more educated and individual, the greater earning potential for that individual as he/she is more productive due to the skills they have attained. Belfield's definition of human capital is the most commonly accepted as "an individual's embodied skills above their raw ability" (Belfield, 2000: 17).

Based on this idea, raising the schooling age to 18 would therefore make young students obtain more skills, becoming skilled and more productive leading to greater job prospects and greater earnings potential. In the long run this would lead to increased consumption, less dependence on welfare due to less unemployment, increase GDP and help boost the economy out of recession. The proposed policy is necessary because it directly tackles youth unemployment that is crippling the current economy. With recent figures stating that as of September 2010, 2.45 million people are unemployed (www.bc.co.uk), it is important the government aims to reduce this to help boost the economy, and improve national morale. By increasing the schooling age, the government hopes to solve the increasing number of young people unemployed. NEET is a government term that shows the number of people not in education, employment, or training. Recent figures show that "183,000, 9.2% of young people aged 16-18 in England were NEET at end of 2009" (www.publications.parliament.uk). It is an alarming figure as it is one of the worst in the OECD countries, and needs to be tackled.

This is because being NEET at a young age is associated with negative outcomes in later life, each having a cost not just for the individual but also

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for the economy as a whole (www. publications. parliament. uk). By implementing the proposed policy, this figure of 9. 2% of 16-18 year olds being NEET would be eradicated, and improve their chances of finding employment after leaving school. Greater human capital, revised outlook on goals and better decision-making are the result of more education, and as a result, in the long run, unemployment would fall, and there would be less strain on the welfare system.

However, such a law is only effective if it helps meet the needs of the labour market. Labour market patterns and trends have played an important role in the decision to implement the proposed policy. Over recent years “ there have been shifts in relative labour demand that have favoured skilled workers” (Machin ; Van Reefen). The 1980s saw radical developments in technology and is often referred to as “ the information age”. Computers, advanced machinery, and other technical change “ has had a clear effect of increasing the relative demand for skilled workers” (M ; Van R).

This intuitively has led to a decrease in demand for non/semi-skilled workers in the labour market. This phenomenon is enhanced by the globalisation of many industries, and the membership of the EU, leading to many industries using alternative cheap labour in other countries; “ increased foreign competition has damaged the position of less skilled workers” (M ; Van R). Hough put forward the argument that the education system and its role is often “ far from what the industry requires” (Hough, 1987: 15).

Although this was not directly to do with the school leaving age, it is still relevant in this argument because it is clear that now skilled labour is what <https://assignbuster.com/the-present-government-is-planning-to-increase-compulsory-education-to-age-18-why-is-such-a-measure-necessary-what-are-the-reasons-for-the-state-to-implement-such-a-law-assignment/>

industry requires, and by increasing the schooling age to 18, the education system would help create more skilled workers through greater human capital accumulation and allocative efficiency, leading them to be more adaptable to work in such skilled professions. Therefore the increasing of the compulsory schooling age could be used to reduce unemployment rates.

This is because labour supply of youths would meet the requirements of labour demand, something that hasn't been the case over past years. This in turn would increase productivity and output, and help boost the economy, which is another important government aim. Therefore the proposed law can be seen as a way of tackling unemployment. Industries have been crippled by the recession, and the economy is growing at a very slow rate. By making young individuals more educated, it is widely accepted that this would lead to increased productivity and greater economic growth.

It is based on the assumption of human capital theory: more education leads to increased productivity levels. Therefore by feeding the labour market with more skilled individuals (which is what the market demands), productivity and output within industries would increase. As the policy would increase education levels, wage levels will rise as individuals who pre-policy implementation would enter semi-skilled work, enter more skilled professions, leading to an increase in national income.

With more skilled labour entering the labour force, industries will be able to undertake more skilled/capital intensive practices as they now have more able workers to carry out such operations. This leads on from the previous

point, as productivity will increase as well as output. In the long run this <https://assignbuster.com/the-present-government-is-planning-to-increase-compulsory-education-to-age-18-why-is-such-a-measure-necessary-what-are-the-reasons-for-the-state-to-implement-such-a-law-assignment/>

would lead to increased consumption therefore the economy will grow. By increasing the schooling age to 18, the government are taking a direct approach to stimulate economic growth in the long run and increase output.

Since the introduction of new labour in 1997, recent governments have constantly tried to reduce inequality in society; “to close the gap between the richest and the poorest” (Lemieux, 2006:). Inequality in wages have risen dramatically in the UK over the past 20 years, with wage growth “more evident at the upper tail of the distribution” (Slemrod, 1996: 99). The increasing of the schooling age can be seen as another instrument in solving this. It can be linked to the previous point of meeting the demands of the labour market.

It is often the case that when a child leaves school at 16, the opportunities for that individual to obtain high earnings are very limited, as they do not have the skills to compete with more educated individuals and therefore are often limited to low paid, non/semi-skilled professions. Hence by increasing compulsory schooling age to 18, individuals who would normally find themselves at the lower tail of the wage distribution would have potential increased earnings due to the more human capital accumulated, and reduce the gap between the two ends of the wage distribution.

A counter argument to this is similar to the problem induced by the implementation of the minimum wage in affecting wage distribution with the wages of the those at the top end of the distribution also increasing. As a result inequality would be unaffected. Having said that, the fact that

earnings prospects for young individuals would be greatly enhanced by the <https://assignbuster.com/the-present-government-is-planning-to-increase-compulsory-education-to-age-18-why-is-such-a-measure-necessary-what-are-the-reasons-for-the-state-to-implement-such-a-law-assignment/>

policy, shows that reducing inequality in the sense of bettering individuals standard of living, shows that this proposed policy would still be very effective in tackling the issue.

The government is under great pressure to reduce the welfare state in order to help reduce the huge deficit of the country. The welfare system used to be a safety net for individuals, but unfortunately has now turned into a fishing net with many abusing it. Increasing the compulsory schooling age to 18 could be seen as a way to reduce the potential dependence people could have on welfare. By allowing students to develop their skills and have greater human capital, the prospects of them finding employment are that much greater, therefore reducing the possibility of unemployment and hence claiming off the state.

One of the biggest strains on the state is teen pregnancy as it can lead to a vicious cycle of future offspring going through the same direction of life. Teen fertility is “ driven by immediate thinking-efforts” (Oreopoulous) and poor decision making that is the result of little education. Conception rates for England was “ 40. 5 per 1000 girls aged 15-17” in 2010 (www. dcsg. gov. uk), which although is down on previous figures, is still regarded as to high by government officials.

Oreopoulous states that education leads to better decision-making and eradicates the present orientated preferences of individuals (Oreopoulous, year :). Increasing the schooling age by two years therefore can only be a positive step in trying to reduce teen fertility, and hence reduce the strain on

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the welfare state; and as a result can be shown to be another reason why the government are opting for such a policy.

Finally, one must discuss the alternative approaches that the government could have taken instead of increasing the school leaving age. ALMPs are a government tool used to “ raise output and welfare and reallocate labour between sub-markets” (Boeri & Ours, 2008: 261)). However, it is viable to say those ALMPs such as training and activation programmes will be used in conjunction with the new law; therefore strengthening the possible success of the proposed law further in tackling the problems of the labour market.

After analyzing and evaluating the proposed law of raising the school leaving age, I have come to conclude that the government have felt that such a measure would: tackle youth unemployment, help create the supply that labour markets demand, increase production and output leading to economic growth, reduce wage and social inequalities, and reduce the dependence many might have on welfare. All these points help build towards the bigger picture the government has: to get the country on the right path to get out of the recession.

It is a law that will reap rewards in the long run and will make inroads into changing the “ careless and unambitious culture” of today’s youth. The law will be more beneficial to the country if it is worked in conjunction with alternative labour market policies such as training, and activation policies that will help those who leave school at 18 unemployed. It can be seen in broader aspects boosting the countrys moral and self belief and help Britains labour market and industry compete greater internationally. In my opinion is <https://assignbuster.com/the-present-government-is-planning-to-increase-compulsory-education-to-age-18-why-is-such-a-measure-necessary-what-are-the-reasons-for-the-state-to-implement-such-a-law-assignment/>

it is a necessary measure, and such a law will go a long way in helping stabilise and boost the economy.

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