

# LIFELONG LEARNING IN THE UK: A COMMENT FROM AUSTRIA

## A: The case of the UK\*

### 1. Concept

The concept of lifelong learning is not new. An *OECD* (1973) publication proposed lifelong learning (recurrent education) "to provide better opportunity for individual development, greater education and social equality, and better interplay between the education and other social sectors, including a better contribution to the potential for necessary economic growth" (*Recurrent Education Strategy for Lifelong Learning*, p. 48). But the context, in which the UK-Green Paper (February 1998)<sup>1</sup> *The Learning Age: A renaissance for a New Britain*, advances the concept, is new – it is an aspect of the UK strategy of adapting its socio-economic structures to the needs of a global economy and of an information society as part of the EU initiative of coordinated EU-employment policies. An earlier Government White Paper, *Excellence in Schools* (July 1997), which complements the Green Paper, had admitted that "The problem with our education system is easily stated. Excellence at the top is not matched by high standards for the majority of children. We have some first class schools and our best students compare with the best in the world. But by comparison with other industrialised countries, achievement by the average student is not good enough."

### 2. Objectives

The Green Paper develops a grand set of objectives as the basis for lifelong learning. The key and challenge in the new age will be "continuous education . . . and a transformation of the learning culture". The proposals aim at a "fair society" by improving the skills, creativity and employability of all – young and old, individuals, businesses and trade unions – leading to a "strong economy and an inclusive society" (p. 11). The Green Paper sets out targets "to provide a focus for action and a

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<sup>1</sup> Although the Green Paper is a public discussion paper and does not represent firm Government policy, the Government appears to have accepted a substantial part of the Green Paper's proposals as basis for policy.

benchmark for progress." These targets relate to the level of education to be reached by young people and adults commensurate with world-class standards.

Its 'vision' is built around a number of principles like: investing in learning to benefit everyone; lifting barriers to learning; sharing responsibility with employers, employees and the community; achieving world class standards and value for money etc.

In general, the vision and objectives of the Green Paper deserve consideration by the Peer Group countries, but the extent to which they may be adopted realistically will vary between countries. However, of particular interest are the proposed institutional mechanisms and the funding basis of these objectives

### **3. Institutional mechanisms**

Institutional arrangements are generally not easily transferable to countries having different historical and political backgrounds. Nevertheless, some concepts are promising routes towards the development of a knowledge society also in Austria.

Although universities and colleges of advanced education are not strictly comparable internationally, these institutions are readily understood and are accepted as the basis for higher learning.

The UK paper, while arguing for greater and wider participation in these institutions, draws special attention to the serious deficiency in basic (literacy and numeracy) and intermediate (vocational) skills (p. 12). It is in this area of serious deficiency that gives rise to longterm and/or frequent unemployment and low incomes. To remedy this deficiency, it is proposed to double, by 2002, the number of people having the opportunity to improve their basic skills. The White Paper sets its primary focus on literacy and numeracy "because they are fundamental to all future learning" (p. 19).

Of particular interest is the proposal for the establishment of a novel institution, the University for Industry (Ufi) to act as a one-stop-shop network for advice about the courses which are available and which would suit the learner's particular needs. The Ufi will be accessible through the various electronic media as well as by personal call in a variety of places. Extensive advertising will make this facility widely known and could be expected to stimulate the demand for learning. Its immediate priority targets will be basic skills, information technology skills, the management of SMEs, and the skill needs in specific industries and services (p. 18).

It is also expected that learners will be able to study at a distance through radio, TV and the websites, "at home, at work or in the local library or shopping centre" (p. 17). In addition a 'National Skills Task Force' will be established to assess the economy's future skill needs and to disseminate such information to the Ufi and other relevant institutions in order to overcome skill shortages. Further, it is proposed to establish employer led bodies in various sectors of industry

through the National Training Organisation with the task of improving training in their particular sections (p. 42). The Department paper refers to the setting up of Policy Action Teams to examine the main causes of deprivation/social exclusion and to make recommendations for change. The paper also refers to the proposal for the establishment of a single strategic body to facilitate 'lifelong learning partnerships' (p. 11).

However, in respect of the Ufl, the interesting paper by Malcolm Maguire points to a number of difficulties involved in applying the concept. The results of the pilot programmes are particularly instructive in appreciating the challenging problems which need to be resolved before the scheme can be satisfactorily implemented. These include a great deal more thought on the organisational, resources, expertise and funding requirements of the Ufl (p. 13), and also on the need for a significant cultural change in the inclination of individuals towards learning, and in the commitment of employers, particularly SMEs, to the concept. As might be expected, the challenge is greatest in relation to those in greatest need of further learning because of their motivational deficiencies and their lack of competence to access electronically-based material.

#### **4. Funding Principles**

The extent of Government funding varies between the different levels and forms of learning. Courses for basic skills and full-time education up to the age of 18 are to be funded fully by the Government. The cost of training young people in work (apprentices) is to be shared with employers. Financial help will be provided for adult learning on the basis of need to reverse the recent decline in funding in this area. Government funds are also to be made available for "family learning" to help the promotion of "lifelong learning and to raise the attainment of children" (See also White Paper, p. 54). The Government is putting L6m over 3 years into the Union Learning Fund to help trade unions "encourage workforce development" (DEE paper, p. 4).

An interesting funding concept advanced by the Green Paper is the development of Individual Learning Accounts (ILAs) to provide financial support for lifelong learning. In his instructive paper, Alastair Thomson elaborates and evaluates the operational problems of this concept. In principle, ILAs appear to be a sensible mechanism for accumulating private funds to finance lifelong learning – in particular, to widen access and participation in lifelong learning without imposing unduly on the taxpayer. Eligibility to the scheme is to be confined initially to those likely to need it most, in particular the young and those on low and middle incomes. And although the concept is market oriented in the sense that it imposes a substantial part of the cost of paying for learning on the individuals concerned, there are fiscal incentives in the form taxation and other subsidies. In principle, such subsidies can readily be justified on the basis of the collective benefits of learning. As always in such matters, the question is how much of such expenditure is consumption and how much is investment; and as to the latter, what proportion of the return accrues to society. Thus the extent of the subsidy is a debateable issue; and only experience will tell whether the subsidy is large

enough to provide the necessary incentive for a sufficient number of participants to justify the administrative cost of the scheme.

The problems of the ILAs as revealed by the pilot studies discussed by Thomson, will call more time and fine-tuning before a proper assessment of the concept's viability can be made. But the question may be raised whether there is a case for a more generous public input into the accounts, and a portion returned to the government on some sort of an income contingent basis.

On the matter of the cost of higher education, the Green Paper proposes that loans to students to be repaid progressively when graduates start earning £10,000 p.a. or more. The amount of tuition fees are to be based on a family means test, the maximum fee being £1,000 p.a. A family means test is also to be applied to loan entitlement for living costs and the portion of tuition fees to be paid.

This income contingent loan scheme has replaced the previous 'mortgage type' scheme which provided for half of living expenses (a notional amount being determined by the Government) which was to be repaid in 60 monthly instalments. Students were expected to rely on family for the rest of their living expenses. Students paid no tuition fees (*Barr and Crawford, 1998, Barr, 1999*).

This new scheme has much to commend it. While subsidising the cost of education (justified by the externality element in higher education), it imposes a greater part of the cost on the student. Given the large and rising proportion of the population receiving higher education, greater public funding may not be justifiable either on fiscal or equity grounds. It would involve higher taxes and/or reduction of other high priority expenditure. The income contingent scheme provides the basis for meeting both fiscal and equity requirements – it imposes a substantial part (student charges cover about 1/3 of the tuition cost) of the cost of higher education on those benefiting from it; but it collects the amounts advanced to students through income tax when they begin to earn a reasonable income.

## **5. Evaluation of the UK proposals**

Although many of the UK objectives and proposals are commendable, they have not been tested by experience beyond limited pilot studies. For any considered evaluation, what is needed is a progress report in due course on the operation of a number of schemes – in particular, the individual learning accounts, the University for Industry, income contingent loans, the adequacy of public funding, and the extent to which the various learning targets have been achieved. The ambitious programme of lifelong learning may call for a substantial increase in the supply of teachers at various levels, researchers and trainers if both the necessary quality and output are to be met. There is no mention in the Green Paper of how this increased supply is to be achieved although the White Paper argues that to raise the standard expected of schools and pupils, the standard of new teachers must be raised (p. 47).

## **B: The case of Austria**

### **1: Short outline of the Austrian education and skill structure**

There are two basic differences between the present outcome of the UK educational system and the Austrian: First: Austria's population has a higher share of intermediate skills and a lower share of tertiary education skills (*OECD*, 1998a); second: Austria's education/skill profile is biased towards vocational skills whereas the UK tends to promote general skills.

#### **Ad 1: the skill structure of the population and work force**

The following comparative statistics<sup>2</sup> for the age group 25 to 64 are of interest:

- Less than upper secondary education:  
UK 24 percent      Austria 29 percent
- Upper secondary education as their highest educational attainment:  
UK 55 percent      Austria 63 percent
- University plus non-university tertiary education:  
UK 22 percent      Austria 8 percent

The labour force participation rate increases with educational attainment level as shown by the following:

As a proportion of the work force, those

- With less than upper secondary education  
UK 19 percent      Austria 23 percent
- With intermediate skills  
UK 57 percent      Austria 68 percent
- In tertiary education  
UK 25 percent      Austria 9 percent.

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<sup>2</sup> The data is taken from *OECD* (1998a), they are derived from National Labour Force Surveys and refer to 1996. International comparison of attainment profiles follows the definitions of the International Standard Classification of Education (*ISCED*, 1976).

As Austria did not participate in the International Adult Literacy Survey of 1994-95 (OECD, 1998a, 1999) it is not possible to assess directly the literacy skills of Austria's population relative to other countries. However, an international comparison of mathematics scores of 13 year-olds shows that there is a qualitative element in education, which puts Austria ahead of the UK in mathematics for secondary pupils (DfEE, 1997, p. 83/84). Even if the literacy test in Austria is assumed to be below that of the UK, this deficiency is offset by the higher Austrian numeracy level. Overall then, the level of competence of Austria and the UK may not be significantly different. Accordingly, on the basis of the IALS level 1 literacy test<sup>3</sup>, it would not be unreasonable to conclude that Austria is not far behind the UK (UK: 23 percent).

In order to assess the thrust of more recent educational policies in the UK and Austria, the development of the educational attainment level of youth (15 to 24) between 1989 and 1995 may be compared (OECD, 1998b). The percentage of the 20 to 24 year-olds whose highest level of educational attainment is lower secondary school (ISCED 0-2) was 19 percent in Austria in 1995, showing little change since 1989 (then 20 percent), while the UK-share was 11 percent in 1995, compared to 19 percent in 1989. This goes to show that the UK has been more successful than Austria in reducing the proportion of low skilled youth in the population in the course of the first half of the 90s. However, by 1997 the share has declined to 16 percent in Austria (men: 13.7 percent; women: 18 percent). Thus, although the UK share of 1995 has not yet been reached, significant progress has been made recently.

One aspect of the educational policies of Austria in the EU-employment policy context (articulated in the National Action Plan) is the focus on the reduction of the number of low skilled youth. Therefore, rapid inroads into the low skill segment of youth labour can be expected as new apprenticeship programmes (Vorlehre, new institutional arrangements for vocational training) are put into practice.

On the other hand, a lot remains to be done in the area of access to and participation in tertiary education in Austria. While the UK ranks amongst the countries with the highest entry and survival rates in tertiary education (OECD, 1998a), Austria is far behind. This is the result of a relatively small number of 'short' university degree programmes, and a high drop-out rate from long first university-degree programmes (Diplom, equivalent in total duration and academic level to second university degrees in countries such as the United States, UK or Australia). Graduation rates of long university degree programmes (postgrad) average 9 percent across OECD countries, compared to 11 percent of the typical age-cohort in Austria (1994/1995), and are thus close to the figure for the UK, USA and Australia (about 12 percent).

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<sup>3</sup> The adult literacy indicator distinguishes between level 1 to 4; the survey tested knowledge and skills required to locate and use information contained in official forms, timetables, maps, charts. Performance at literacy level 3 is considered desirable to cope with economic and social life in a modern industrial society.

## Ad 2: vocational orientation of the educational policies

The ratio of students in vocational training courses to general education in upper secondary education varies significantly between countries. Germany has the highest share of 16 to 19 year-olds in vocational schools/apprenticeship training (80 percent in 1992), closely followed by Austria (76 percent) and Switzerland (73 percent), and, at the other end of the spectrum, countries like New Zealand and Australia have 19 percent and 25 percent of students respectively in vocational schools/apprenticeship training. The UK is close to the average, 58 percent (1992; OECD, 1995, Table P03). The high vocational orientation of the Austrian education system reflects a low share of university education, since non-university degree tertiary education is rather limited in Austria.

Austria has fared well so far with its strong vocational orientation of education, as shown in the above average rate of economic growth and GDP per capita. This educational policy provided the Austrians with a high medium and upper medium skill level, which allowed the adoption of medium to high tech technology. It is, however, not oriented towards research and development. Part of the research personnel may be recruited from the medium skill segment, personnel with the highest skill level, in particular in the engineering field, is, however, scarce. This factor may hamper the innovative capacity of the Austrian economy and economic restructuring towards high-tech economic sectors (Lassnigg, Pollan 1996).

## 2. Implications for educational policy in Austria

Education and training are important factors for economic and social development; insufficient education/skills contribute to economic deprivation and socio-economic exclusion on the one hand and a slackening of economic growth on the other. Research shows that 'throwing money on schools' (Hanushek, 1986, Weiß, 1996) does not suffice to obtain desirable socio-economic effects. Educational policy has to be focused on specific problems of a country. The overview of the Austrian educational attainment and orientation of educational policy raises a number of issues which are also addressed in the UK paper.

- The appropriate learning targets – the particular areas to be stepped up; any institutional changes etc. – Austria seems to be well on its way to improving the educational attainment level of youth at the lower end of the skill structure. The integration of adults in recurrent (modular) training measures along certified national standard vocational qualifications has, however, not yet become an issue of public concern. Recent estimates of the participation rate of the adult work force in 'organised' further education and training (specific on-the-job and off-the-job training measures) put the figure at 26 percent. According to this survey, 58 percent of the work force are active in some sort of further education<sup>4</sup>. The results of the household

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<sup>4</sup> This data (Fessel + GFK, 1996, Ofner-Wimmer 1998., are drawn from a national survey (sample specification and questionnaire not coordinated with similar international surveys).

survey (LFS, microcensus) on further education and training are not as optimistic – they come up with a rate of 10 percent of the work force per annum for 1992 (OECD average for 1992: 35 percent) and a significant social selectivity (*Fraiji-Lasnigg et al, 1992, Lasnigg, 1996*). There appears to be room for improvement, in particular in co-ordinating training by firms, by the Labour Market Service (LMS – training of the unemployed in skills needed in the labour market), and institutions certifying acquired skills along national vocational standard qualifications.

- The case for applying the University of Industry concept: Although the UK context is different, the idea of a hub for an information network is most appealing for Austria. A one-stop shop for advice on skills needed on the labour market, on institutions (schools, colleges, universities) which can provide the needed skills and on the sources of funding, appears to be an appropriate institution to promote publicity on and give encouragement to learning and individual empowerment by participating in lifelong learning in a mature industrial society. The network could become an integral part of the present territorial employment pacts<sup>5</sup>. However, as the UK pilot studies show, it will be necessary to tailor such a scheme to the particular problems which are likely to arise in the Austrian context. In this connection and cognisant of the electronic age, there is also a strong case for serious consideration to be given to distance education, including the open university concept.

The Individual Learning Accounts:

Although funding through ILAs should not be dismissed out of hand, it may be wise to watch its operation in the UK for a little longer before a positive step should be undertaken in Austria

- Tertiary Education Funding issues:  
Austria has, by international comparison, a relatively small share of the population with tertiary education. To what extent this is due to lack of investment in university infrastructure and limited rigour in course structure, i.e. supply side factors of the education system, and to what extent it is due to limited financial support of students by the state is an open question in Austria. Higher education is, in theory, costless to the individual. This means that no fees are charged. However, living costs are mainly borne by the individual, but grants are given to students from low income families.  
There is no doubt that Austria has to take a hard look at its system of higher education. Apart from the issue of the structure of higher education, the question of income contingent loans to promote the growth of tertiary education has so far not gone beyond the level of general discussion. The question of the balance between fiscal and equity matters deserves fuller consideration (*Biffi, 1997*). Given the objective of increasing the proportion of higher

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<sup>5</sup> The EU-employment policy promotes in guidelines 1, 3 and 12 local employment initiatives, which have the objective of promoting local infrastructure in cooperation with regional economic and political actors (social partners).

education output, there is a good case for introducing an income contingent loan system for maintenance scheme in Austria along the lines of the UK scheme or those of the Australian and New Zealand models (Barr, 1999 and Barr & Crawford, 1998). A number of questions need to be debated, however: What proportion of the cost of higher education should be charged in the form of fees? Should there be a means test for fees or should all students be charged the same fee for the same course? Should loans carry a positive near-market real interest rate or should real interest rate charged be zero, as it appears to be at present? Should graduate students also be entitled to income contingent loans?

Although to charge fees for university education would be seen as incompatible with current Austrian commitment to free access to all Austrian citizens to tertiary education, it is clearly necessary for a fresh consideration of such an issue along with other learning issues, in the light of EU current thinking and practices.

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