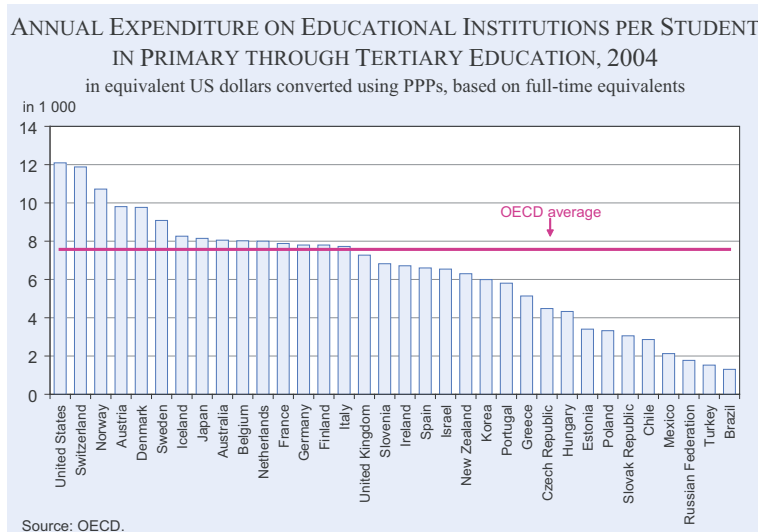


FINANCIAL RESOURCES INVESTED IN EDUCATION

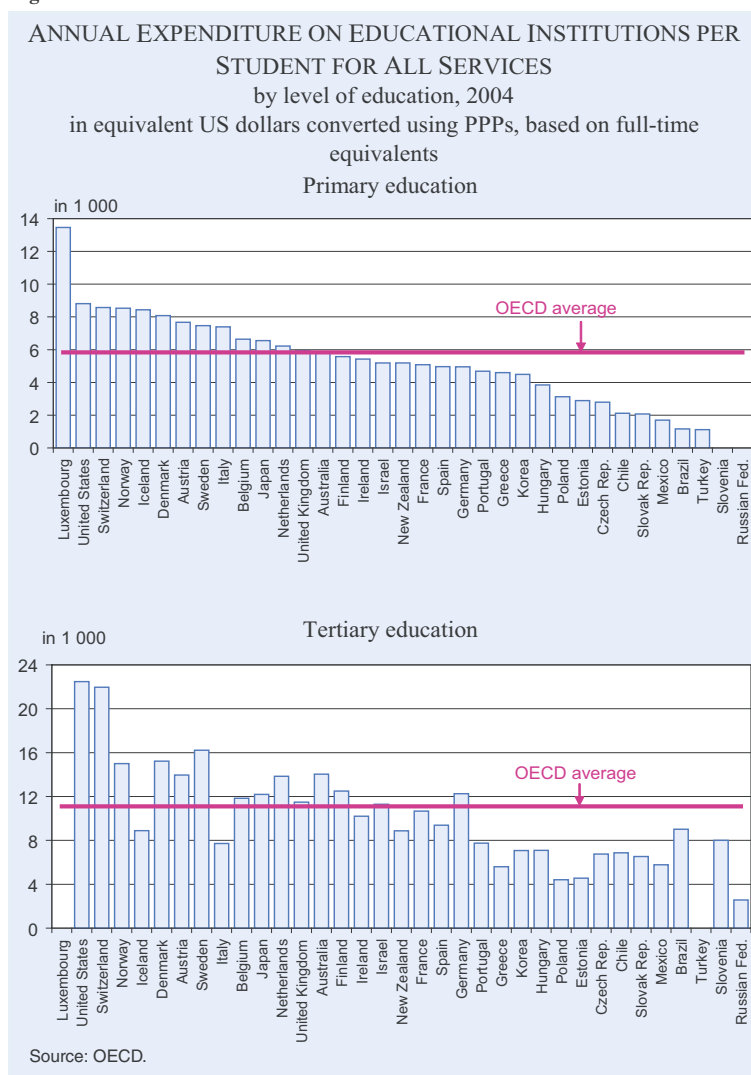
Education is one of the major determinants of the economic performance of countries. Policy makers and academics alike are intensively searching for improvements in the education system, not least because of the increased competition for well-educated workers and because of the latest comparison of education policies based on various student performance tests. The search for effective policies requires evaluating a country's education system in

Figure 1



the light of other countries' policies. The comparison should include publicly and privately provided education systems which co-exist in most countries. The

Figure 2



OECD project "Education at a Glance" has contributed significantly to this objective. As part of the project, Figure 1 shows the expenditure on primary, secondary and tertiary education in relation to the number of full-time equivalent students, all expressed in US dollars. Most notably of importance for tertiary education, the data does not include subsidies for student living expenditures as including expenditures on these programmes would undermine the comparability of the expenditure data. As shown in Figure 1, OECD countries spend on average USD 7,572 per student as of 2004. Country expenditure levels differ remarkably. Per-student expenditure is highest in the US while being lowest in Brazil. More specifically, countries like the US, Switzerland, Norway, Denmark, Austria, and Sweden spend more than the average amount per student, while countries like Italy, France, Japan, the UK, and Germany spend only slightly more or less on education than the average OECD expenditure level.

A partial break-down of the data according to the type of education (primary and tertiary) is provided in Figure 2. The upper panel depicts the per-student expenditure on primary education. Expenditures are above average in most countries which have above average total per-student expenditures such as the US, Switzerland, Norway, and Denmark. The most notable exception is Iceland which also belongs to the “top” group for primary education. Turning to tertiary education (see the lower panel in Figure 2), Iceland, however, drops sharply below the average value. A similar pattern can be observed for Italy, which spends above average on primary education, but below average on tertiary education. The OECD data for Italy only includes public institutions for tertiary education which, given the dominant role of the public sector for tertiary education in Italy, should not undermine the comparison significantly. A common conclusion which can be drawn from both panels in Figure 2 is that per-student expenditure on tertiary education exceeds that of primary education in all OECD countries. The finding may not be too surprising since “input factors” used in primary education are mostly teachers, who typically have lower wages than university professors or researchers.

One should note that the expenditure data in Figures 1 and 2 have their limitations. No inferences can be drawn about the working conditions of school teachers and university professors, nor do they provide insight into the structure of spending, i.e. whether resources are spent on salaries, buildings or on research and development. Also, the data are uninformative as to how the educational spending relates to the wealth of a country. For instance, education expenditure as a percentage of GDP is above the OECD average of 6.2 percent (as of 2004), e.g., in Israel, Iceland, the US and Denmark. Below average values can be found in Italy, Japan, Spain and Greece. A more disaggregated view on the financial resources invested in education is provided in OECD (2007).

M.K.

Reference

OECD (2007), *Education at a Glance*, Paris, 167–254.