

Conference for the dissemination of results from the OECD Thematic
Review on Tertiary Education
“Tertiary Education for the Knowledge Society”
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Speech by Aart de Geus, OECD Deputy Secretary-General

From policy analysis to successful implementation

Minister Mariano Gago, President Reto, Mr Chairman, Honoured guests,
Ladies and Gentlemen.

On behalf of the OECD I would like to thank

- the Ministry of Science, Technology and Higher Education of Portugal
- the Science and Technology Foundation
- and the Instituto Superior de Ciências do Trabalho e da Empresa

for hosting and sponsoring this conference on *“Tertiary Education for the Knowledge Society”*.

Today we are releasing this important OECD report on tertiary education policies.

This report is very timely. Many countries are embarking on wide-ranging reforms of tertiary education:

- Last year Portugal passed a new Higher Education Act. This Act puts in place a new loan system, new quality assurance processes and allows a new legal status for universities. I am especially pleased to note that this reform was developed on the basis of OECD recommendations.
- Just three weeks ago, Australia announced its “Higher Education Revolution”. This is a complete system re-think to create “a productive, prosperous and modern Australia”.
- The Czech Republic, France and Spain are also overhauling their tertiary education systems in different ways. And there are others too.

Why so much action on tertiary education policy around the globe? Well, one reason is that we are in the middle of a historical revolution – the knowledge revolution that affects our lives and those of future generations.

Tertiary education matters for economic development.

Globalisation has intensified competition and there are important new players in the world economy. Knowledge, skills and know-how have become the key for economic success and better living standards. Innovation requires access to new technologies, knowledge and skills. What does this really mean? It means that people, well-educated people, are critical to success.

And education really makes a difference. We have calculated that each extra year of education can lift a country's output *per person* by around 6%.

So if countries want to compete in the global knowledge economy, their tertiary institutions must provide education that is both high quality and what the labour market needs.

Tertiary education also matters for individuals.

Tertiary education is becoming the baseline standard for success in the labour market. Without it, you are more likely to be unemployed and you will earn a lot less. Here in Portugal, for instance, tertiary graduates earn on average 80% more than their peers with just an upper-secondary diploma.

And tertiary education is much more than higher wages. If you have a tertiary education you will also enjoy better health and be more likely to take part in community service and be an active citizen.

The world is moving forward... and so must tertiary education systems.

There are increasing demands on tertiary education nowadays:

- to satisfy the needs of the economy and society,
- to become more accountable and
- to build closer links with a range of stakeholders.

Ignoring these pressures is simply not an option. Tertiary education must adapt and rise to the challenge.

To a large extent, tertiary education systems are already changing. Let me just mention a few trends:

- Participation rates have increased dramatically. In the OECD a generation ago, just one in five young people got a tertiary degree. Today it is one in three.
- But all these extra students put pressure on the public purse at the same time as governments face rising pension and healthcare costs. For several countries, the way out of this budgetary squeeze has been to require students to bear a larger share of the costs.
- Tertiary education has also diversified. It is responding to new demands such as lifelong learning or re-training. Many countries have developed vocational institutions at tertiary level, module-based provision, and so on.

- And tertiary institutions are increasingly open to the world. In programme content and with more international students. But there are also demands to align qualifications, to make them easier to compare and to make it easier for students to move – think about the Bologna Process...

All these changes mean that tertiary education has to modernise. But is not always easy. Universities have traditionally safeguarded traditions and have treasured knowledge for the sake of knowledge. Some universities here in Europe have been around since the Middle Ages – the University of Coimbra here in Portugal dates back to 1290.

This is a tough challenge for policymakers in two respects.

The first challenge is to identify what policies can deliver the best results. The OECD is well known for this. By pooling efforts, by sharing experience, and by amassing evidence and analysis, we can identify which policies work best, and in which circumstances.

There is no “one-size-fits-all” approach to tertiary education policy. The report we are launching today provides a formidable menu of options for policymakers to consider in their national context. It is a comprehensive report. It has involved 24 countries around the world and it proposes wide-ranging policy measures to help the sector rise to the challenge. This is already an achievement.

But if we are serious about promoting economic growth and well-being, then we need to go further.

The second challenge for policymakers is to actually make changes happen.

Hence our report also explores the challenges of policy implementation. We often call this the “political economy of reform”. It is about generating the political commitment to reform. And it is about identifying the obstacles and how to overcome them.

Of course, we can look at success stories and draw lessons from them:

- For instance, the Bologna Process illustrates how international pressure can help push national reform agendas forward.
- In Japan, big-bang tertiary reforms were made easier by a widespread sense that change was needed to keep up with international standards. This climate was critical to success.

But we can also think of examples where reforms have failed. Reforms have come unstuck when faced with opposition from students, or from academics, or from tertiary institutions themselves. One policy that always runs into strong opposition from students is the introduction of tuition fees – and of course they will resist, just as we would have when we were students.

If I may share some lessons I have learnt – as a policymaker in the Netherlands and from what I have seen in other OECD countries – I would emphasize three main points on tertiary education reform:

- First, we have to build the case for change: to analyse the present and the future, to make clear the costs of inaction, and to design the reform with the input of all stakeholders. If we don't help tertiary institutions to adjust, we risk seeing our countries lose out in the global race for skills. And this imposes a penalty on future generations.
- Second, whenever possible we should identify who is going to gain or lose from the reforms, and consider to what extent compensation might be appropriate.
- And third, we need to sell the reform, and this includes spelling out the costs of inaction, not just for the tertiary system, but for the economy and society at large. And we need to be realistic about capacity constraints and carefully manage the roll-out.

We are now paying more attention to these aspects at the OECD – because we know that our advice is only useful if it leads to better policies being put in place.

Tertiary education reforms can deliver great benefits. But they can also be costly – financially and politically. So we need to convince stakeholders and to build momentum for reform. And because dialogue is so important, I am happy to see that we have here today so many different players in the tertiary education arena.

In this spirit, I look forward to our discussions today and tomorrow and I want to hear from you on how to meet the challenges of the knowledge society.

I want to close by thanking the many people who have contributed to this work. This is a collective effort. It has involved cooperation across the OECD Secretariat, and contributions from hundreds of experts and country representatives. The OECD is proud of what they have achieved and is proud to make this contribution to achieving better tertiary education outcomes in all countries.

Thank you.