

1. Executive summary

One year ago, with the publication of the document entitled "*España ante el nuevo paradigma de la competitividad*," Círculo de Empresarios initiated a series of publications relating to a phenomenon that represents a large part of Spain's economic problems: the progressive loss of competitiveness. Since then, the Círculo has analyzed a variety of spheres that determine the competitive position of the Spanish economy, as well as the broad lines of some reforms essential to ensuring that growth continues in the future.

This document deals with one of the keys to progress and prosperity in any society: the educational system. The extent of this undertaking made it advisable to discuss issues of a general nature and those dealing with compulsory education in this first instalment, while future documents from the Círculo will consider the specific problems of vocational training and university education in Spain, which are worthy of detailed study.

The quality of education is of paramount importance in any modern society. On the one hand, a high level of educational quality results in better educated, more critical, and more independent citizens who are more adaptable to any type of change, including changes in the economy. A quality education for everyone is also a key factor in social cohesion and in promoting equality of opportunities. On the other hand, **a better educated society is a more competitive society in the economic area.** Increased human capital results in gains in productivity and efficiency which favour both the individual and society as a whole.

However, in order to equip citizens with the adaptability they need to cope with change, the **educational system itself must have a flexibility that it is currently lacking.** This is one of the main challenges facing European educational systems, as the latter must be able to react to the multitude of changes in the environments in which they carry out their activities.

The first of these is demographic transformation and its evident impact on educational systems. Indeed, the drop in the birth rate has caused a pronounced decrease in the number of students in school, which means that new formulas must be sought to make better use of a greater abundance of resources. Likewise, the

decrease in fertility rates, together with an increase in life expectancy, has resulted in the ageing of the population, which means that more emphasis must be placed on lifelong learning, i.e., the constant updating of skills and knowledge throughout one's working life. In addition to these changes, there has been a heavy influx of immigrant students, whose educational and integration needs require specific resources suitable for these students' particular demands.

Secondly, in a context characterized by globalization and the relentless advance of information and communication technologies, Europe has seen new competitors appear, not only in unskilled-labour-intensive manufacturing sectors, but also in industries with a higher technological content. These circumstances are forcing the old continent to adopt strategies that will enable it to participate in the development and application of scientific and technological advances, but this will only be feasible with a quality educational system.

Thirdly, the fact that Central and Eastern European and Asian countries have very actively joined our globalized economy is also having an impact on education. Many of these societies, especially the Asian ones, highly value effort, initiative and individual self-improvement. This contrasts with many European societies, which have become less demanding in recent decades after having achieved high levels of well-being. It is evident that the educational system on its own cannot transform society, but it can help our young people begin to value the importance of constant effort, the desire to better oneself and the achievement of goals.

All of these changes are also taking place in a complex environment, in light of the decreasing involvement of society in the educational process and the breakdown of stability and order at schools, with serious discipline problems that interfere with the teaching effort.

Over and above the challenges common to Europe as a whole, the Spanish situation is characterized by a series of specific problems. Since the mid-1970s, a tremendous effort has been made to remedy the notable deficiencies that existed in Spanish education. The results have undoubtedly been positive, as the educational system has been able to assimilate a large number of students. This huge effort to absorb more students has meant that nearly all of the resources available have been devoted to increasing staffing and system infrastructures; thus, it has not been possible to concentrate educational expenditure on improving areas in which other countries have been investing for some time, such as in-service training for teachers or the

integration of immigrant students. However, this is only one of the factors that explain the insufficient quality of Spanish education, evidenced by the high school drop-out rates and the poor results that Spanish students achieve in international tests. This insufficient quality, in conjunction with other issues, such as the scant attention given to vocational training, results in a clear gap between the education future workers receive and what is demanded by companies.

Therefore, Spanish education is in need of significant reforms which will make it possible to focus on qualitative problems once quantitative issues have been dealt with. This is not an easy task, as demonstrated by international evidence; **improving the quality of the educational system requires more than a mere increase in expenditure.** Reforms must also be made, with the links between education, society and the economy being kept very much in mind. Students leave school to find a world and a labour market that are increasingly dynamic and competitive, in which flexibility and adaptability will be essential components for the training of the future. As in other spheres of life in a country, there are no unique formulas in this case that ensure the success of the reforms. Furthermore, because it is inextricably interwoven with important sociological issues, the educational system will condition and will be conditioned by everything that surrounds it, from the prevailing system of values to sociocultural institutions as a whole; for example, there is no doubt that the formation and transmission of values take place more in the family environment than in the academic setting, and that the latter has only limited influence on these values. An additional complication is the fact that the results of any reform take time to become evident, precisely because of the complexity of these interrelations. Based on these premises, **an essential first step in reforming education would have to be raising the awareness of society as a whole and achieving its involvement, and political consensus and stability would decisively contribute to this.**

While there are no magic formulas, international experiences have made it possible to identify three horizontal elements that might constitute the key areas of reform. The first would be to **monitor the results obtained by students through universal standardized examinations**, so that assessment systems would exist outside of the schools themselves. These systems should also have the broadest possible geographic scope, because when students join the labour market, they will compete with those from other geographic areas; in this regard, international comparisons are very relevant, because of the globalization of the conditions of competition. Finally, the mechanisms for monitoring results should not be conceived of as mere systems for selecting students (to judge whether they can go on to higher

educational stages), but as an early detection method for insufficiencies in their education, so that the latter might be remedied in time.

The second area is the **autonomy of schools** with regard to curricular content, teaching methods and organizational formulas. This autonomy would lead to increased flexibility so that each school could adapt to the specific demands of its students, more actively involving them and the teachers in the learning process. Only in this way can the cultural change needed to provide the educational system with the true ability to adapt to changes in its environment be brought about.

The third area, **the transparency and availability of more information about the evolution and results of schools**, is a key issue and one which should complement the greater autonomy that was mentioned earlier. Thus, gains in efficiency resulting from this increased autonomy will only come about if it is accompanied by a transparency that will increase the accountability of the schools (and the teaching staff), enabling parents, students and society as a whole to be more demanding.

Using these fundamental areas as a starting point, reforms can take place through other **elements of a horizontal and vertical nature**. The former include improvements in teaching and learning methods (with the application of new technologies, early assessment and individualized student support), the professionalization of school administration and teacher motivation and training. The education financing system can be improved, to strengthen its effects in terms of demanding more of the schools; however, it should be pointed out that a mere reform of school financing is not sufficient in itself to ensure an improvement in education, as good results can be achieved with very different financing mechanisms.

From a **vertical standpoint, more attention** (in terms of human and economic resources) **must be devoted to pre-primary education**, because of its important effects on the child's motivation, willingness to learn and future academic results. **In the case of primary and secondary education**, it is important that **greater emphasis be placed on developing basic competencies** that will enable students to acquire learning in later stages of their academic or working lives. This would entail developing their abilities to acquire and process information (i.e., reading); to transmit and apply the knowledge acquired (oral and written expression); to analyze and solve problems (mathematical language); and to develop foreign language skills (at least in English).

The aforementioned elements make up the core of every educational system; thus, when students have completed compulsory education, they should have solid basic knowledge that will enable them to either directly join the labour market or go on to higher education. These higher levels (vocational training and university) suffer from specific problems that merit individual analysis, as mentioned at the beginning of this paper. This will be the course that the Círculo de Empresarios will take in future documents.