

Forthcoming OECD and Statistics Canada publication:

**“Learning a Living – First Results of the Adult Literacy and Life Skills Survey (ALL)”**

Embargoed until 11<sup>th</sup> of May 2005, 14:30 (Paris time)

(Note: the e-book only will be released on the 11<sup>th</sup>)

Summary
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The Organisation for Economic Cooperation and Development and Statistics Canada have published *Learning a Living: First Results of the Adult Literacy and Life Skills Survey*.

The report presents data for seven populations: Bermuda, Canada, Italy, the Mexican State of Nuevo León, Norway, Switzerland and the United States. The Adult Literacy and Life skills study adds to the understanding of adult skill afforded by the International Adult Literacy Survey (IALS) that was conducted in the 1990's.

The report provides a wealth of new and interesting findings, including:

The study confirms the existence of significant skill loss in adult populations in several of the world's most economically advanced economies. The International Adult Literacy Survey data provided hints that education did not “fix” skills for life. The fact that the Adult Literacy and Life skills survey confirms the existence of skill loss carries important implications for policy. First, it erodes the return on investments in education and learning, thereby creating large opportunity costs for economies and individuals. Second, it suggests that it is not enough to pay attention to policies and programmes that foster increases in skill supply. Public policy must also consider measures that serve to increase the social and economic demand for skill, particularly within jobs. In the absence of adequate levels of demand additions to the supply of skill could evaporate almost as quickly as they are created. Finally, the presence of skill loss in adulthood confirms the need to assess adult skills directly – while useful assessments of students’ skills are not enough.

The report also documents interesting changes in the distribution of prose literacy and document literacy skill in those countries where such comparisons can be made. Two positive changes include an improvement in the average skill level of the bottom 5% of adults and a drop in the percentage of adults in Levels 1 and 2, the lowest skill levels identified by the study. The largest improvement in skill is observed in Switzerland and Norway, countries that targeted public resources on the least skilled. This finding that suggests that thoughtful public policy can influence the level and distribution of adult skills in a positive way.

The study also identified a decline in the average skill levels of the most skilled 5% of adults, a finding that mirrors a decline in the intensity of reading by this population. This result provides further confirmation of the “use it or lose it” hypothesis that suggests that skills, like muscles, require exercise to be maintained.

Findings presented in the report confirm that the skills assessed by the Adult Literacy and Life skills survey play a central role in the wage and income determination process with high skilled workers working longer, experiencing less unemployment and having significantly higher wages than lower skilled workers. Thus, differences in skill play a large role in creating social inequality in the labour market outcomes experienced by different population sub-groups.

The Adult Literacy and Life skills survey data also suggest that the use of information and communication technologies (ICT's) amplify the wage and employment effects of skill. Heavy use of these technologies appears to depend upon high levels of literacy and numeracy skill and greatly increase adults probability of working in a high wage job. These effects are large enough to suggest that differences in literacy, numeracy and information and communication technologies skill will drive increases in wage inequality in the future. It is widely accepted that rapid adoption of information and communication technologies by labour, consumer, educational and health markets is a key to remaining competitive in global markets. Investments in basic literacy and numeracy may be required to realise the economic benefits that accrue to workers and economies from the use of these technologies.

Analyses also suggest that differences in skill, as measured by the Adult Literacy and Life skills survey, are associated with large differences in individual health. This suggests that investments in basic literacy and numeracy skill might improve worker productivity while reducing the demand on health systems, the cost of treatment and the associated costs of replacing lost income. These would be important benefits at a time when many governments are struggling to finance the cost of providing health services to aging populations.

The report documents a significant increase in the rate of participation in adult education and training. This is an important finding because adult education and training systems are one of the key means by which economies meet rising skill demands that cannot be satisfied by the initial education system. Unfortunately, the share of employer-supported adult learning is not always sufficient and what training is supported goes largely to highly skilled workers (the Matthew effect). It is reasonable to assume that differential access to employer-supported adult learning will further amplify existing wage and productivity inequality. If these inequalities are of concern then ways must be found to get employers to offer more training to low skilled employees.

Finally, the Adult Literacy and Life skills study shows a clear trend in several countries towards the selection of more educated immigrants. Thus, immigrants have the potential to meet some of the rising skill demands of the economy. The study provides evidence that this potential will be slow to be realised. Despite having literacy and numeracy skills that are higher than established immigrants, recent immigrants possess lower levels of these skills than equally qualified non-immigrants. This fact will delay the pace of their social and economic integration. Government investment in enhanced language, literacy and numeracy training might speed this process.

This document provides a brief summary of a few key findings presented in the report *Learning a Living: First Results of the Adult Literacy and Life Skills Survey*.

Readers interested may order it from the OECD bookstore at: [www.oecd.org](http://www.oecd.org)

The full report can also be downloaded at no cost from either of the following URL's: [www.oecd.org](http://www.oecd.org), [www.statcan.ca](http://www.statcan.ca) or [www.nald.ca](http://www.nald.ca)

Readers interested in tabulating the underlying Adult Literacy and Life skills survey data may access the entire dataset at: [www.statcan.ca](http://www.statcan.ca)

Readers interested in the theory and methods underlying the Adult Literacy and Life skills study are referred to the document Measuring Adult literacy and Life Skills: New frameworks for Assessment. Copies of this report are available for free download it at: [www.statcan.ca](http://www.statcan.ca)

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