

Improved Learning: The Educational Transformation that the Region Needs

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Although initial theories regarding growth in the 1950s saw it as a process of accumulation of physical and tangible capital, experience showed that much more was needed to grow. The theories' focus shifted to concentrate on the role of the world of work, and not just on the tangible number of workers, but instead on their skills and competencies, on what they could do and how good they were at doing it – in conjunction, of course, with physical capital and technology.

Since the 19th century, in many countries there was broad consensus regarding the fundamental role of education for prosperity and development, but starting in the 1960s, some economists “rediscovered” this issue and incorporated it into theories and mathematical models on growth (Becker, Mankiew, Weil, Romer and others).

Thus the concept of “human capital” was developed, which considered education and training to be not only a cultural and humanistic experience, but also an investment, and not just by each person to improve their human development, but by society so as to improve its growth, productive development and level of per capita income. This means that decreasing, or even steady, yields are not what predominate in modern knowledge-based societies; instead, innovation and new ideas are capable of generating a world of growing yields, as in rising growth that is cumulative in productivity. That is why in modern knowledge-based societies, and under the new technology-intensive productive paradigms, the role of education and job training is more important than ever. And using this line of thinking, societies have focused attention on educational coverage and quality as part of their development and productive transformation strategies.

That said, what do we know and what don't we know about when and how education drives or causes growth, and when it does not? What type of educational policies can facilitate a major productive transformation? This was the topic that economist Lant Pritchett addressed during a keynote lecture held last March for ECLAC's 75th anniversary. The responses to those questions, according to Pritchett, can be summed up in the following way.

The starting point is to recognize, as Pritchett said, that “the expansion of schooling since 1950 has been one of the most striking successes of humankind of the late 20th and early 21st century.” However, there is a great deal of mystery regarding the relationship between education and growth. Many countries have had massive expansions in their educational systems and have not experienced high and sustained growth, which suggests that the expansion of education in terms of enrollment rates is not a sufficient precondition for growth. Part of the explanation of this mystery is that education does not produce growth unless it produces learning.

In Latin America and the Caribbean between 1950 and 2015, the number of years of schooling of young people between 25 and 34 years of age rose from 3.0 to 10.2. What's more, nearly all the region's countries in 2015 had youth with more schooling than what developed countries had in 1950. The conclusion is that none of LAC's failure to converge in labor productivity with the leading countries can be attributed to failing to expand educational enrollment as quickly as developed countries.

According to Pritchett, the reasons why more schooling does not uniformly lead to greater growth can be placed into two categories: i) that schooling is not producing the learning outcomes (skills, competencies, capabilities, characteristics) that lead to a more productive labor force; or ii) that the economy is not structured in such a way that, even when the expansion of education is producing a workforce with more productive potential, this higher “human capital” is not being harnessed and deployed in dynamic sectors with high productivity.

With regard to the first category, the evidence is clear: countries’ economic growth is indeed strongly associated with education when indicators for students’ learning outcomes are used. When an index for Learning Adjusted Years of Schooling is used, the correlations between education and growth and between education and levels of per capita income are significant. In other words, the deficit in growth in Latin America is due largely to its lag in learning outcomes. That is where the failure lies.

The second category of reasons why more schooling, even when it has better learning outcomes, does not lead by itself to greater growth is that spaces for opportunity do not arise to productively employ this more skilled and potentially more productive labor force. Expanding those spaces is precisely the goal of the productive development policies that we at ECLAC are advocating for.