

Real Clear Education

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Achieving Universal Basic Skills

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Tennessee Gov. Bill Haslam compliments a group of 6th graders at John P. Freeman Optional School in Memphis, Tenn. Thursday, Nov. 7, 2013, after the State of Tennessee scored high on National Assessment of Educational Progress Tests, marking the best educational gains in any state. The students were at work learning about electrical current. (AP Photo/The Commercial Appeal, Kyle Kurlick)

RCEd Commentary

Broad economic development is in the interest of all nations. To this end, at the end of September, the United Nations ratified a new set of development goals that are designed to guide investments of both nations and international organizations. These development goals are acknowledged to be ambitious – for example, “end poverty in all its forms everywhere” by 2030. But they give short-shrift to the one action, providing quality education to all, that offers hope for achieving the many different goals.

The **Sustainable Development Goals** of the U. N. are a follow-on to its previous Millennium Development Goals and represent the culmination of two-years of international consultation. The 17 separate goals come with 169 targets that presumably enable tracking both investments and accomplishments. They cover poverty, health, hunger, gender equality, energy, and the environment.

Tucked in the middle is “ensure inclusive and equitable quality education” and, separately, “promote sustained, inclusive, and sustainable economic growth.” We argue that economic growth is what will ensure the other laudable goals *and* that quality education is the only way to achieve long run growth. Simply put, this economic growth goal and the means of achieving it through quality education stand at the top of the pyramid of the SDGs.

But it is more than rearranging the current goals and targets. The Millennium Development Goals that indicated objectives from 2000 through this year called for universal secondary schooling. And over this period, substantial gains were made in school attainment in the developing world. **Between 1999 and 2012**, primary school enrollment of children in low income countries went from 60 percent to 83 percent.

Unfortunately, we know from international testing that the expansion in seat time in school was frequently unaccompanied by learning. Vast proportions of students completing nine years of schooling cannot perform the most rudimentary math problems or read simple sentences. And it is knowledge and skills, not seat time, that yield the increases in productivity that translate into growth.

History shows that it is cognitive skills, which in the aggregate Ludger Woessmann and I call the knowledge capital of nations, that **drive economic growth**. But knowledge capital is not measured by simple school attainment, and access to schools alone turns out to be a very incomplete and ineffective goal for development.

The SDGs like the prior goals focus on universal primary and secondary schooling with only passing nod to achieving literacy and numeracy. This is far different from setting a measurable goal for the skills that are needed to participate in today’s worldwide competitive economy.

A straightforward and useful definition of basic skills is acquisition of at least **Level 1 skills** (420 points) on the OECD’s Programme for International Student Assessment. This level of skills corresponds to what might today be called modern functional literacy, and it provides a measuring rod for judging the skills needed for economic participation.

Instead of the vague SDG goal of “ensure inclusive and equitable quality education,” we have considered the implications of the measurable development goal that *all youth obtain basic skills*. This goal incorporates two components: full enrollment of youth in secondary school (the SDG) and the expansion to achievement that provides a basis for economic and social participation. Because progress on achievement can be readily measured on a consistent basis across countries, it can be used to direct attention and resources toward long-run economic development.

Combining knowledge of how skills affect economic growth with data about the current status of education for individual countries allows **estimation of the economic implications** of reaching the SDGs or our modified SDGs by 2030. The lowest income countries (such as Ghana, Indonesia, and

Honduras) among the 76 countries with international test scores have three-quarters of their children completing secondary school. Bringing the remaining quarter into school would yield substantial gains – a present value of increased future GDP that is on average double their current GDP. But bringing the skills of just those currently in school up to basic skills would yield three times these gains. Doing both – achieving universal basic skills – would be six times the economic gains of just universal access.

A development goal of universal basic skills would also have meaning for high income OECD countries. High income countries have generally been left out of previous development discussions. While most of these countries have achieved nearly universal access to secondary schools, all continue to have a portion of their population that fails to achieve basic skills. On average, these countries would see a 3.5 percent higher discounted average GDP over the next 80 years, which is almost exactly the average percentage of GDP they devote to public primary and secondary school expenditure. In other words, the economic gains from solely eliminating extreme underperformance in high income OECD countries would be sufficient to make school education free for all students. The present value of gains for the high income OECD countries averages a nontrivial 1.6 times current GDP (which for the U. S. would be some \$29 trillion).

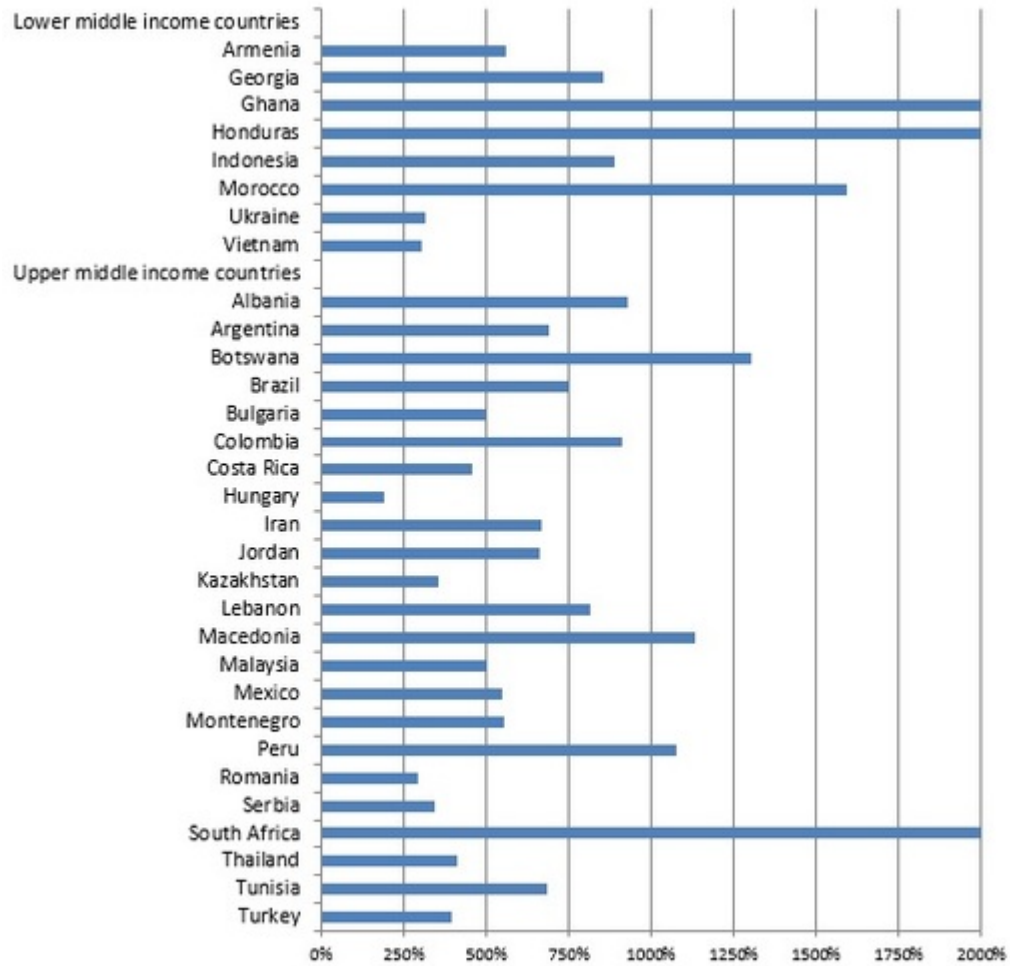
The economic impact of achieving universal basic skills is displayed in Figure 1. The figure shows the average present value of the increases in discounted future GDP, expressed relative to the country's current GDP.

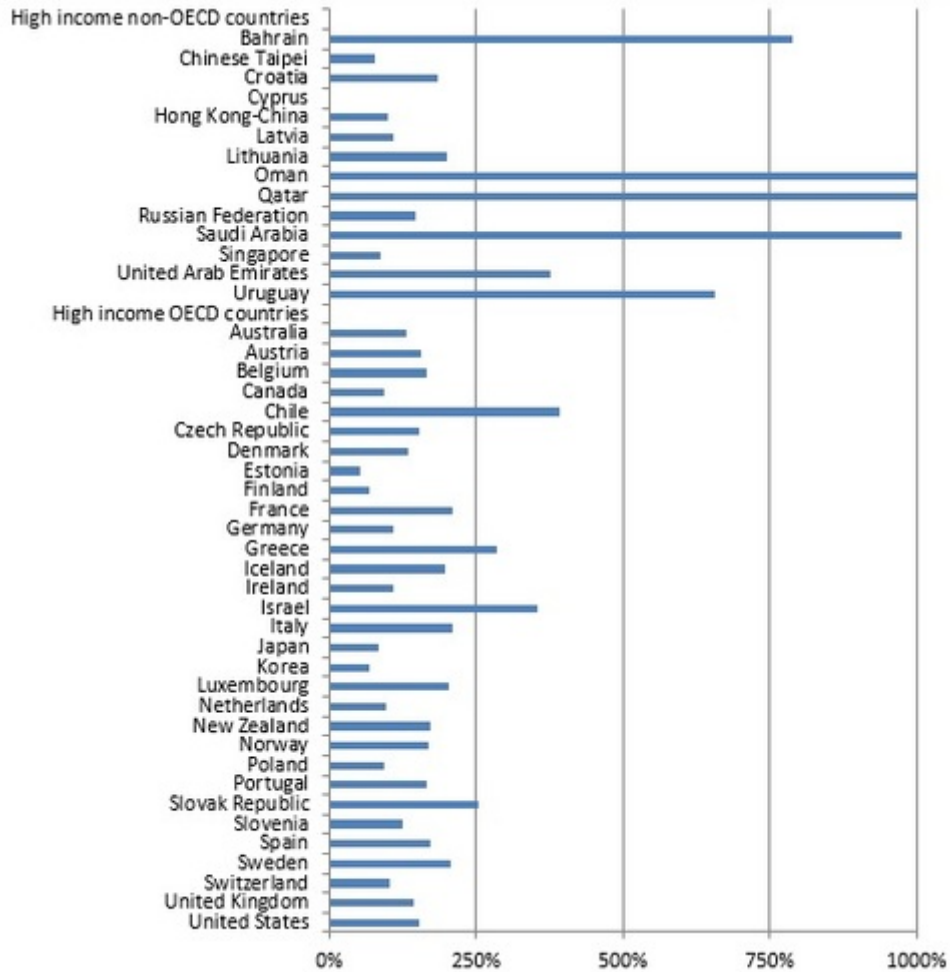
The **evidence of improvements in achievement** over the past decade and a half shows that many countries could feasibly meet the goal of universal basic skills over the next decade and a half, assuming they duplicate the record of the best performers. For example, Poland was able to reduce the share of underperforming students by one-third from 22 to 14 percent within just a decade. Shanghai in China reduced the share of underperforming students between 2009 and 2012 alone from 4.9 to 3.8 percent.

The inclusive growth made possible through universal achievement of basic skills has tremendous potential as a way to address issues of poverty and limited healthcare, and to foster the new technologies needed to improve the sustainability of growth. No substitute for improved skills has been identified that offers similar possibilities of facilitating the inclusive growth needed to address the full range of development goals.

It is in the interest of countries, both individually and collectively, to expand economic growth. Economic growth leads to social cohesion, an improved income distribution, and a healthier world economy.

Figure 1: Effect on GDP of Achieving Universal Basic Skills





Our analysis considers only the 76 countries that have participated in international assessments. For these countries the magnitude of the challenge is apparent, but for the many countries – generally at the low end of the income distribution – that have not participated, the challenges are likely to be even greater. Importantly, no country classified as lower income is included in the analysis because they lack the necessary data. Without data on either achievement status or challenges, it is unlikely that these countries will be able to improve at a satisfactory rate.

It is not always true that “what gets measured gets done”. But, it is more universally true that “what does not get measured does not get done.”

*Eric Hanushek is a senior fellow, at the Hoover Institution of Stanford. His recent book with Ludger Woessmann, *The Knowledge Capital of Nations: Education and the Economics of Growth* (MIT Press) documents the role of quality education in growth.*

http://www.realcleareducation.com/articles/2015/11/04/achieving_universal_basic_skills_1238.html