

# The education quality imperative

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Particularly in times of recession, all political attention is focused on immediate concerns of unemployment, particularly youth unemployment. While these are legitimate concerns, they are frequently allowed to overshadow more significant economic issues related to long run economic wellbeing. The human capital of nations, which can be measured by the quality of education, determines the long run growth of economies. Differences in long run growth lead to much larger economic impacts than business cycle fluctuations, even of the magnitude of the 2008 recession. Economic growth also provides a solution to the current fiscal struggles. Improving human capital and increasing skills of the population demands attention to school quality, and the key element of school quality is teacher quality.

## **1. Long run growth rates are the key determinant of future economic well-being**

From 1960 to 2000, GDP per capita grew on average by less than 1.5 per cent per year in New Zealand and Switzerland, but by more than 4 per cent per year in Ireland, Japan and South Korea. As a consequence, the average Korean was about 10 times as well off in 2000 as in 1960, and the average Irish and Japanese about 5 times. By contrast, the average New Zealander and Swiss were only 1.6–1.8 times as well off than 40 years before.

## **2. Long run growth impacts dwarf business fluctuations**

While all attention is focused on the immediate implications of the 2008 recession, the magnitude of lost output across the recession is very much smaller – roughly one-tenth the size – when compared to the impact of an increase in the long run growth rate of 0.5 per cent. While the current

concerns are real and must be dealt with, they cannot be allowed to obscure the importance of long run improvements.

### **3. Improved long run growth solves the fiscal imbalances**

The current discussions of fiscal imbalances are necessary to demonstrate attention to making long run decisions that are supportable and sustainable. Nonetheless, most of the on-going deficits – particularly those due to future health and retirement costs – would be manageable with higher long run growth.

### **4. Long run growth is determined by human capital**

The skills of workers are very closely related to productivity improvements and to long run growth. However, it is important to be very clear about how to measure and produce more relevant skills. After two decades of research on differences in economic growth across countries, it is now clear that years of school attainment is not a good measure of human capital. Students with the same amount of schooling show very different performance on international examinations of math and science (e.g., PISA and TIMSS). Differences in achievement (as opposed to years of schooling) have very large impacts on growth rates. According to evidence on growth rates from 1960-2000, 25 points on the PISA test translates into a 0.5 percentage point higher long run annual growth in GDP per capita.

### **5. Improving schools is the key to increasing human capital**

While many factors contribute to student outcomes – including parents, neighborhoods, and other students – the only feasible way of improving achievement is through improving schools. The international assessments show that much higher achievement is feasible than most countries are producing. School quality is the instrument of improvement that can be changed by governments.

### **6. Teacher quality is the key indicator**

Teacher quality is the most important factor determining school quality. Extensive research now demonstrates that teacher quality is the one key element in determining school quality and ultimately student achievement.

The difference between a highly effective and a highly ineffective teacher can dramatically affect not only a student's life chances but also contribute to overall differences in a country's performance. At the same time, teacher quality cannot be measured by the standard measures of teacher experience, teacher credentials, teacher training, and teacher degrees. These background measures bear little resemblance to effectiveness in the classroom, or the "value-added" of teachers. At the same time, it is possible for administrators, other teachers, and parents to make reliable judgments about who is in the top category and who is in the bottom category of effectiveness.

### **7. Adding more resources will not ensure higher quality schools**

While it is conventional to measure "investment" in schools simply by the resources provided, this approach proves to be very inaccurate and misleading. Across OECD countries, for example, there is no relationship between PISA performance and the amount spent on schools. The same finding holds for detailed research within a wide range of countries. How resources are used is much more important than how much is available. Simply providing more resources to existing school institutions does not predict improved student outcomes and the long run changes in human capital that are desired. Moreover, just increasing overall teacher salaries, covering both effective and ineffective teachers, will not yield desired outcomes.

### **8. Performance incentives are the best way to improve quality**

International research indicates that providing better incentives can lead to improved student performance, most frequently by leading to improved teacher effectiveness. Individual countries and their policies and institutions differ significantly, but some generalizations come from comparing performance across countries. The research suggests that the following can lead to better student outcomes: the use of comprehensive examinations; a strong school accountability system; direct rewards for the performance of teachers and other school personnel; and more local school autonomy in decision making (particularly when accompanied by a good accountability system). Additionally, high quality preschool helps to prepare students better for schools and particularly to close initial achievement gaps that result from varying parental inputs.

## **9. The education quality imperative**

Many “improvement policies” of the past have proved ineffective; gains come only from actually improving student outcomes. Simply declaring new policies, even if they sound good, has no effect unless there are actual improvements in achievement. For example, a wide range of intuitive resource policies such as reduced class size or added remedial programmes has proven ineffective in the past. Decisions must be continuously made to adjust programmes – expanding those that are effective and discarding those that are ineffective. Because most policies gain their own political support over time, putting schools on an improvement path takes strong and insightful leadership.

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