Education for growth

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SOUTH KOREA DEMONSTRATES clearly that investing in education and improving the skills of its people are the foundation for making a country rich. Since the 1970s it has given the highest priority to education, making large investments especially in secondary and higher education. As its education system rose in rank in international comparisons, its economy has become highly competitive, exporting annually billions of dollars in high-value-added goods such as cars and machinery.

Having begun by copying technology from developed countries, it is now producing its own technology.

Brazil has made some advances in education, introducing universal fundamental education (up to 9th grade) in the 2000s; creating the Fund for the Maintenance and Development of Fundamental Education and Valorization of Teachers (Fundef); and defining educational indicators, such as the Brazil Test for Fundamental Education and the National Secondary Education Examination (Enem), which serve as benchmarks for formulating public policies. However, Brazil still has to cover a lot of ground to catch up since the “lost decades” between the 1970s and early 1990s, when average years of schooling country stagnated at 2.8 years, while Korea recorded 8.3 years and China 5.6.

Prescription

Rodrigo Leandro de Moura and Fernando de Holanda Barbosa Filho, researchers at IBRE, are convinced that Brazil still has a long way to go in education if it wants to escape the middle-income trap. It has to address three major issues: improving the quality of education at all levels; pushing up enrollment in secondary schools (grades 10–12), which is currently at only 51%; and raising the share of resources for fundamental and secondary education to reach parity with higher education.

Barbosa explained that “Brazil’s average years of schooling were very low in the 1980s, when other emerging countries had begun to reduce their educational deficiencies. As a result, unlike the Asian Tigers, we are not able to create new technologies and have no ability to copy existing ones. If nothing is done, we will continue to have minimal human capital, and hence low productivity.”

The farther a country is from the technological frontier, the more important is investment in basic education (grades 1–12) to support economic growth, Moura and Barbosa explained, since basic education is what qualifies students for copying technologies.

Although basic education was not a priority in Brazil in past decades, gradually the situation is changing. According to the National Institute for Educational Studies Anísio Teixeira (INEP), while in 2000 public spending per student in higher education was 11 times greater than in basic education, it is now only 5 times greater, gradually reducing a major distortion in the Brazilian educational system.

Improving the quality of education is another challenge for Brazil. “It is one thing to put children in school, and quite another to keep them studying and raising the quality of teaching. It is possible, but it is much more difficult,” Barbosa said.

China has been doing its homework more diligently than Brazil. The Global Competitiveness Report 2013–2014 of the World Economic Forum shows that tough both countries are far from the top in the list of most competitive countries in terms of education, their situations are very different in terms of the qual-
ity of primary and higher education. Of 148 countries surveyed, Brazil ranked 129th in the quality of primary education and 121st in the quality of higher education; China’s rankings were 56th in primary education and 54th in higher.

In China, though the education situation is less critical, it still requires attention. Since reform of the Chinese educational system in 1978, which was linked to a strong investment policy and the opening of the economy, the number of students who completed higher education rose from 165,000 to 5.7 million in 2010, according to the 2011 China Statistical Yearbook, while graduates of secondary and technical schools jumped from 6.8 million to 10.3 million, though the number that completed primary education recorded a slight drop, from 2.2 million to 1.7 million.

However, Chinese education still has considerable shortcomings, such as the difference between urban and rural areas in quality of and access to education, especially in the secondary and higher levels. Liang Jun, associate professor of the Faculty of Economics, of Qufu University in Shandong Province, has noted that the education gap between urban and rural areas is explained by the imbalance of economic growth, the movement of people from the country to cities, and differences in regional educational policies.

**Change**

“Even with the enormous advances made to avoid the middle-income trap, it is essential to change our economic development model. It needs to rely less on increased gross investment, and more on increased efficiency. And education is the basis of development driven by innovation,” Liang commented. For this it is necessary to invest more in education so that the country can achieve the scientific and technological innovation needed to become more competitive globally.

Liang’s research shows that in China every rise by 1 percentage point in the level of educational development increases GDP on average by 0.48 percentage point. The lack of resources is considered the most vulnerable point in education. According to *Education at a Glance 2012* of the Organization for Economic Cooperation and Development (OECD), Chinese per capita spending on education was US$1,593 in 2008, below that recorded in Brazil, US$2,416, and Russia, US$4,878.

According to Liang, in 2012 even though almost one-sixth of Chinese government revenues were allocated to education (US$350 billion), the share of educational spending in GDP is only 4%. This fact is due in part to a lack of understanding of the importance of education for a country’s development. “Although [the Chinese government] frequently publicizes the importance of education and prioritizes educational strategy, when it comes to allocating resources, education is neglected,” he said, commenting that the government needs to prioritize education more forcefully by investing more in it.

Andrew Kipnis, an anthropologist specializing in Asia at the Australian National University, believes that China should not follow in the footsteps of Korea, which sends a much larger number of young people to college than any other developed nation. However, the desire for education is already becoming an obsession that transcends borders in China. Costs of overseas education have put pressure on Chinese family budgets. A recent survey by Mintel consultants found that 87% of parents surveyed are willing to finance the education of their children out of the country because they believe it is a shortcut to professional success.

Kipnis believes it is more important that China focus on increasing investments in vocational and technical schools—something that some provinces are already doing. While recognizing the danger of the middle-income trap to China, the researcher believes that it is too early to say if China will be stuck in it because the Chinese economy is still growing at high levels—the Central Bank of China is projecting 7.5% GDP growth in 2013. In the opinion of Kipnis, “I believe that pollution, corruption and the aging of population are greater dangers to continued economic growth in China than the problems with education.”