"The Only Way We'll Have Economic Development in Some Parts of the World Is to Improve the Schools"

Yidan Prize winner Eric Hanushek on human capital

ERIC HANUSHEK, senior fellow at the Hoover Institution at Stanford University and a longtime *Education Next* contributor, is the 2021 recipient of the Yidan Foundation Prize for Education Research. The prize honors Hanushek's work linking the fields of economics and education and comes with an award equivalent to nearly $4 million, half for research and half for the recipient. Andreas Schleicher, chair of the Yidan Prize committee, noted that Hanushek has made a wide range of education policy areas amenable to rigorous economic analysis, thereby connecting better learning outcomes to long-run economic and social progress. *Education Next's* senior editor, Paul Peterson, recently spoke with Hanushek.

Eric Hanushek

CATHY GREGORY, PHOTOGRAPHY/ DESIGN STUDIO

Paul Peterson: As an early pioneer in the economics of education, how do you assess the progress the field has made? Is the quality of the research today better than it was when you began?

Eric Hanushek: The quality has improved enormously, not just in the use of economics in education research, but in education research overall. Much of this is related to having better data about student outcomes and linking that data both to what goes on in schools and to household and family factors, and also linking performance data to subsequent gains in the labor market and national economy. With the data that have become available, we have seen enormous progress in research—research that's overturned a lot of strongly held beliefs.

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If the quality of research has improved—the data, the analysis—does education research have a bigger policy impact today?

I think so, but this is where politics comes in. There are lots of forces pushing to resist any change in education, and people bemoan the fact that legislatures don't devote more attention to education issues. But, in fact, the results of education don't appear until many years after kids leave school, so politicians seem to be able to write it off. I think that started to change during the pandemic. With the widespread school closures and hybrid instruction, parents have become more attuned to what's going on in the schools.

In the developing world, at least the focus has changed. I'm proud of the influence I had in changing the United Nations Sustainable Development Goals in education. Starting in 1990, the goals of the UN and the World Bank said that all kids should get at least a lower secondary school education—but they never said anything about the quality of that education. So there was more education provided around the world but not much sign that people were learning a lot more. In 2015, the agencies added a quality element to those goals, and I think it is helping to focus attention on what students are learning in many countries.

Andreas Schleicher, as head of the Program on Individual Student Assessment, has played an important role in that regard. By administering the PISA in the developing world, not just developed countries, he's highlighted the very low level of educational achievement in so many developing nations.

The differences across the world are astounding. And I believe the only way we'll have economic development in some parts of the world is to improve the schools. We can invest in bridges and improve the infrastructure, but that won't have a long-term development effect unless we can improve the skills of the people. And that's a matter of schooling.

There are places where we have already seen the results of improved schools. East Asia is the obvious example, where education has dramatically changed the character of those places in the last 50 years. After the Korean War, the average education level of Korean parents was about two years. Now Korea is one of the most educated societies in the world, and you see the results in their industry and their ability to interact globally in ways countries that have not emphasized education haven't been able to do. China has made some dramatic strides

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in education. Along the developed East Coast they have created top-notch schools, and that's leading to the development of science and engineering that is making the country a world force.

Turning to the Yidan award, I understand that you plan to use the research money for a project in Africa. There's no place that could benefit more from your emphasis on school quality and raising the level of human capital. What's your agenda?

I want to try to find ways to take research and evaluation and apply it in sub-Saharan Africa through the kind of work I've been doing elsewhere—trying to understand the patterns of student outcomes and the quality of schools. Africa, Latin America, and South Asia stand out as being way behind the developed world. The World Bank and other development agencies have focused on trying to improve schools, but in many places, it hasn't happened. The idea I'm pursuing is that you need local people who have the skills to evaluate and read data and research and analysis, and then try to transform that knowledge into policy.

I plan to develop a fellowship program that would give local people in Africa a yearlong crash course in evaluation methods, research, and policy development, so they can go back to their countries and start to introduce modern, rigorous thinking into education policy. It's akin to what you and I are doing in the States with the Hoover Education Success Initiative, taking what we know from research about good education policies and disseminating it, with the goal of affecting the policymaking process in states and localities.

How would you quantify the impact of the Covid pandemic on the learning of this generation of Americans?

I've done estimates with Ludger Woessmann of the University of Munich. Looking at the school closures from March 2020 through that summer, we estimated that students would earn, on average, 3 percent less income throughout their lifetimes. That was based on the assumption that schools would return to their old quality state in September 2020. But in many places, the closures continued, relying on hybrid learning that just wasn't as effective as in-person schooling. We now estimate that if the 2021–22 school year returns us to the schools we had in 2019, the average student will lose 6 to 9 percent of their lifetime earnings.

That will also have a huge impact on the U.S. economy. I would estimate that the GDP will be 3 to 4 percent lower than it would have been without the pandemic. If we could improve the schools, we could hope to ameliorate some of those economic losses.

The Biden and Trump administrations have dedicated a total of more than a trillion additional dollars to education over the next three years. Won't that massive infusion of resources make a difference?

This touches on a debate in the economics of education. If you just drop a lot more money on the schools, will achievement go up? In effect, we're now getting a natural experiment that can shed light on that. I worry that many school systems, finding themselves awash in money, will just increase teacher salaries. Then two or three years from now, when the federal money goes away, they'll find that they can't afford those teachers. So that money could actually make schools worse off in the long run. On the other hand, if schools use the funds to enhance the abilities of their teachers, to provide technology to expand the reach of their most effective teachers, and to allow them to individualize instruction, it could make schools better. The current discussion doesn't make me very sanguine about the possibilities, but perhaps it will be better.

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The latest information is that school enrollments are down, especially in big cities. Juniors and seniors are not coming back to school, and many young kids aren't coming to school either. There are a lot of kids—probably concentrated among disadvantaged groups—who are not getting any education at all.

Absolutely. And this group will end up much worse at the end of their schooling career, and it will follow them throughout their time in the labor market. It's also going to follow the United States, because our workforce will be less skilled, less qualified. That has ramifications for the growth rate of the GDP and incomes in the future. We're going to be noticeably worse off and poorer unless we can find ways to improve the quality of schools.

Many states are thinking of abandoning the accountability systems that were in place. When do you think we will return to accountability and regain the ability to track what is happening in our schools?

It's worrisome, because teachers unions and others have opposed having any accountability for some time, and many have used the pandemic as an excuse to justify doing away with tests. In March 2020, for instance, the Massachusetts Teachers Association argued for permanently eliminating the accountability tests in the state as a response to the pandemic. People are now promoting the idea elsewhere, saying maybe we don't need the testing—but how can you improve schools if you don't know where you are and whether you're getting better or not?

This is an edited excerpt from an Education Exchange *podcast, which can be heard at educationnext.org.*