THE ILLUSION OF EDUCATION
Schooling unfulfilled promises

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Content

Motivation
Education as a silver bullet

Schooling ain’t learning (in LAC)
SDG5: Inclusive and equitable quality education

Schooling ain’t human capital (in Bolivia)
SDG8: Productivity and access to good jobs

Schooling ain’t helping (in Bolivia)
SDG1: Monetary poverty
SDG10: Income inequality

Conclusions
Education was (and still is) conceived (by many) as a **silver bullet** against all type of evil problems:

- early pregnancy, poor health and HIV, IPV, ...;
- low participation, unemployment, low productivity, low earnings, ...;
- informality, poverty, inequality, ...;
- corruption, low political participation, lack of democracy, ...;
- deforestation, climate change, ...;
- ... (you name it! I find some reference)
Education was (and still is) conceived (by many) as a **silver bullet** against all type of evil problems:

- early pregnancy, poor health and HIV, IPV, 
- low participation, unemployment, low productivity, low earnings, 
- informality, poverty, inequality, 
- corruption, low political participation, lack of democracy, 
- deforestation, climate change, 
- ... (you name it! I find some reference)

Therefore, substantial amounts of resources ($ among them) have been (and probably will be) devoted to it by

- families,
- governments, and
- international aid organizations

to *buy* the **silver bullet** in order to *kill* all evils.
But,

- What is education?
  The process of facilitating learning, or the acquisition of knowledge, skills, values, beliefs, and habits...
  which are supposed to be valued and generate individual and social returns.

- Going to school (a given number of years) is a necessary condition, but far from sufficient.
Are those being *schooled* actually learning anything valuable? Are we consuming or investing in *education*?
Countries being left behind
World distribution of learning scores, 2015

Source: Author’s calculations based on the Global Data Set on Education Quality (1965-2015). LAC TERCE scores.
Countries being left behind
World distribution of learning scores, 2015

Source: Author’s calculations based on the Global Data Set on Education Quality (1965-2015). LAC TERCE scores or last available.
People being left behind
Learning scores distribution per country, 2015

Source: Author's calculations based on TERCE.
Groups being left behind
SES learning scores gradient per country, 2015

Source: Author’s calculations based on TERCE.
Are there economic returns to schooling in the labor market? No, *guanxi* much more useful.
Schooling ain’t human capital anymore
Mincer schooling premium/penalty, 2000-2015

Source: Author’s calculations based on household data.

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Schooling ain’t human capital anymore
Schooling premium/penalty, 2000-2015

Source: Author’s calculations based on household data.
Labor market payment structure
Distribution of (residual) Wages, after controlling for experience

Source: Hernani-Limarino(2015) Sample of male full-time workers 15 to 65 years old
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Guanxi
Relationships and political affiliation in Bolivia

Guanxi
✦ the system of social networks and influential relationships which facilitate business and other dealings.

Political Guanxi
✦ Conditional average probability of voting for the incumbent local, or regional or national government given observed socioeconomic characteristics.
Guanxi is much more valuable than schooling.

Source: Hernani-Limario(2019) Sample of male full-time workers 15 to 65 years old. Returns to 1 s.d. change in the conditional average probability of voting for the incumbent local, or regional or national government given observed socioeconomic characteristics.
Are schooling gains associated with observed poverty and inequality reductions in Bolivia? No! Further schooling gains will not help under the current market organization.
Monetary poverty reduction in Bolivia

Income inequality reduction in Bolivia

Source: Hernani-Limarino (2018)
Schooling gains in Bolivia

Source: Hernani-Limarino(2018)
Contribution of schooling changes
What would be the observed poverty and inequality changes without schooling gains

## Conclusions

**Lessons from Bolivia**

1. **Schooling ain’t learning**
   - Almost everyone is being left behind in terms of learning

2. **Schooling ain’t human capital**
   - Schooling is not valued in the labor market. *Guanxi* much more valuable.

3. **Schooling ain’t helping**
   - ...reduce neither poverty nor inequality.

4. **More schooling ain’t usefull**
   - Please stop putting band-aids to dead bodies
     ...and think more about **structural** reforms of education and labor markets institutions in Bolivia.

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Thank you!
Social returns
Example. No productivity gains associated with schooling gains

Figure: Productivity & schooling gains

Source: Hernani-Limarino (2017). Productivity measures are GDP per worker (constant 2011 PPP $) from the WDI. Schooling measures from Barro-Lee Educational Attainment data.
Social returns
Example. NO productivity gains associated with schooling gains

Figure: Productivity & schooling gains

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Social returns
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