**Education and Economic Recovery**

**Message Framing**

**Education is essential for economic recovery, growth and job creation.**When a country is recovering from an economic downturn, investing in the next generation of innovators, makers and creators through quality education is the best way to jump-start an economy. The changing nature of work and the shifting landscape of the job market makes education an even more important tool to help young people not just re-enter a new labour market, but also re-skill and reimagine their futures.

**Key challenges**

* **Education cuts after an economic crisis can hurt learning and future growth.** In the US, when school spending was cut by 10% after the 2008 recession, test scores fell by nearly 8% ([Jackson et al.](https://www.nber.org/papers/w24203), 2019).
* **Post-pandemic economic recovery depends on strong education systems.** Predictions estimated that the current pandemic would wipe out 6.7% of working hours globally in the second quarter of 2020, equivalent to 195 million full-time workers. Some jobs will never return and others will cease to exist. Education prepares young people to enter into a new and changing workforce ([ILO](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_743036/lang--en/index.htm), 2020).
* **Economic recovery following a pandemic is dependent on investment in strong education.** Without immediate remedial education when school resumes, some estimates suggest today’s cohort of learners could face a US$10 trillion loss in future earnings over the next generation ([World Bank](http://pubdocs.worldbank.org/en/798061592482682799/covid-and-education-June17-r6.pdf), 2020).

**Making the case**

* **Education spending is more effective at job creation than tax cuts.** A study found that spending on education created almost twice as many jobs as would be expected from tax cuts of equal value and also resulted in better paying jobs ([Pollin et al.](https://www.peri.umass.edu/fileadmin/pdf/other_publication_types/green_economics/economic_benefits/economic_benefits.PDF), 2009).
* **Education is an important source of economic growth.** Increased educational attainment, especially for girls and women, accounted for about half of the economic growth in OECD countries over the past 50 years ([OECD](http://www.oecd.org/employment/50423364.pdf), 2012).
* **Education is strongly associated with GDP.** Worldwide, each additional year of schooling has been linked to an increase in GDP per capita of around 18% ([UNICEF](https://www.unicef.org/publications/index_78727.html), 2015).
* **Investment in education can yield high returns**. Each dollar invested in education can yield more than US$5 in additional gross earnings in low-income countries and US$2.50 in lower-middle-income countries ([Education Cannot Wait](https://www.educationcannotwait.org/download/ecw-case-for-investment/?wpdmdl=2888&ind=RUNXX0Nhc2VGb3JJbnZlc3RtZW50X3dlYi5wZGY), 2019).
* **Higher education leads to increases in productivity and earnings that feed back to governments through higher taxes.** Over a 34-year period in the US, states that invested more in education ended up having higher per-capita income ([Contemporary Economic Policy](https://onlinelibrary.wiley.com/doi/abs/10.1093/cep/byh020), 2008).
* **Better educated individuals are more resilient in the labour market.** In the US, unemployed workers with at least a high school degree are 40% more likely to find a job again within one year compared with those who did not complete high school. Each additional year of schooling increases the chance of re-employment by about 6-7 percentage points ([Riddell & Song](https://econpapers.repec.org/paper/ubcclssrn/clsrn_5fadmin-2011-18.htm), 2011).
* **Most of the new jobs created in the previous economic recovery went to college-educated workers.** After the 2008 recession, in the US, jobs for college graduates have sharply rebounded and increased by 8.4 million, but jobs for those with a high school diploma or less only increased by 80,000([Carnevale et al.](https://cew.georgetown.edu/wp-content/uploads/Americas-Divided-Recovery-web.pdf), 2016).
* **Early childhood education and increased childcare availability helps parents, especially mothers, re-enter the workforce**. A low-cost, universal childcare programme in Quebec increased labour force participation by 12.3% ([MacEwan](https://www.peri.umass.edu/fileadmin/pdf/published_study/ECE_MacEwan_PERI_Jan8.pdf), 2013; see also [Lefebvre & Merrigan](https://ideas.repec.org/p/cir/cirwor/2005s-09.html), 2005).
* **Investment in education is urgent to meet future skills demand.** It is estimated that 42% of core skills required for existing jobs will have changed by 2022.By 2030, more than half of youth worldwide will not have the necessary skills for what the workplace of the future requires ([Education Commission](https://report.educationcommission.org/downloads/), 2016; [World Economic Forum](https://www.weforum.org/agenda/2020/01/reskilling-revolution-jobs-future-skills/#:~:text=In%20the%20next%20two%20years,human%20resources%2C%20care%20and%20education.), 2020).
* **Investment into STEM education and jobs will boost recovery.** Cities with more STEM workers tend to have higher job growth, employment rates, patent rate, wages, and exports. Some suggest that in the US every high-tech job has a multiplier effect of creating an additional five jobs ([Moretti](https://www.gsb.stanford.edu/insights/enrico-moretti-geography-jobs), 2013; [Rothwell](https://www.brookings.edu/wp-content/uploads/2016/06/TheHiddenSTEMEconomy610.pdf), 2013).
* **Innovation is almost exclusively accomplished by those with advanced degrees.** In the US, more than 90% of patent holders have at least a bachelor’s degree, and 70% have at least a master’s degree ([The Hamilton Project](https://www.hamiltonproject.org/charts/most_inventors_have_graduate_degrees), 2017). If Finland had not invested substantially into engineering education in the postwar era, the number of US patents obtained by Finnish inventors is likely to have been 20% lower ([Toivanen & Väänänen](http://aalto-econ.fi/toivanen/Toivanen_Vaananen_REStat16.pdf), 2016).
* **Almost all technology entrepreneurs in the US have a higher education.** 92% of US-born tech founders hold at least a bachelor’s degree ([Wadhwa et al.](https://www.kauffman.org/entrepreneurship/reports/education-and-tech-entrepreneurship/), 2008).

**Key Talking Points**

* Education is at risk when difficult budget decisions must be made.
* Studies show that during an economic recovery investing in quality education improves the likelihood of recovery, growth and labour market participation.