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PUTTING EDUCATION FIRST

*A Conference Report of the
Inter-American Dialogue*

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FOREWORD

On November 15, 1994 the Inter-American Dialogue joined with the Inter-American Development Bank to conduct a conference highlighting the urgent need for educational reform in Latin America and the Caribbean and discussing concrete proposals for change. The conference is part of a sustained Dialogue initiative to convey the simple message that education is key to the region's future economic and political development. It launched the Dialogue's new Task Force on Education, Equity and Economic Competitiveness in the Americas—a joint effort with the Corporation for Development Research (CINDE) in Santiago, Chile.

The following report was prepared by project director Dr. Jeffrey M. Puryear, who directs the Dialogue's work on education, and by program associate Andréa Olivos. It analyzes the barriers and opportunities to education reform and how they relate to broader economic and political issues. The 100 conference participants represented a diverse mix of business, government, non-governmental organizations, and university leaders.

The Inter-American Dialogue's activities and publications are designed to improve the quality of public debate and decision on key issues in Western Hemisphere affairs. The Dialogue is both a forum for sustained exchange among leaders of the Western Hemisphere and an independent, non-partisan center for policy analysis on U.S.-Latin American economic and political relations. The Dialogue's 100 members—from the United States, Canada, Latin America, and the Caribbean—include former presidents and prominent political, business, labor, academic, media, military, and religious leaders. At periodic plenary sessions, members analyze key hemispheric issues and formulate recommendations for policy and action. The Dialogue presents its findings in comprehensive reports circulated throughout the hemisphere. Its research agenda focuses on four broad themes—democratic governance, inter-American cooperation, economic integration, and social equity.

The Dialogue would especially like to thank the Inter-American Development Bank, the Canadian International Development Research Centre, the United States Agency for International Development, and the GE Fund for helping make the conference possible.

Peter Hakim
President
Inter-American Dialogue

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PUTTING EDUCATION FIRST

BY JEFFREY M. PURYEAR AND ANDREA OLIVOS

EDUCATION REFORM IS BECOMING A PRIMARY ISSUE FOR LATIN AMERICAN AND Caribbean policymakers. The region's rapid shift toward open economies, global competition, and democratic government has placed new demands on schools and highlighted their deficiencies. Countries need workers who have strong basic skills and can adapt to a changing labor market, and citizens who are better informed and capable of assuming new responsibilities. Schools are failing to produce either. Increasingly, leaders are concluding that fundamental educational reform is an essential condition for success in the emerging world system.

These were the conclusions of a one-day conference entitled "Putting Education First" that took place on November 15, 1994, in Washington. Sponsored by the Inter-American Dialogue and the Inter-American Development Bank, the conference convened approximately 100 business leaders, government officials, and education specialists to discuss the economic and political arguments for educational reform and the chief obstacles that must be overcome. Participants included César Gaviria, Secretary-General of the Organization of American States; Nancy Birdsall, executive vice president of the Inter-American Development Bank; Senator José Octavio Bordón of Argentina; Eduardo Doryan, minister of education of Costa Rica; Sebastián Edwards, chief economist for Latin America at the World Bank, Fernando Cepeda, Colombia's former ambassador to the United Nations; Ernesto Schiefelbein, director of UNESCO's Regional Education Office for Latin America and the Caribbean; Pablo Better, former minister of finance of Ecuador, Armando Montenegro, former director of national planning of Colombia, Simon Schwartzman, president of the Instituto Brasileiro Geográfico de Estatísticas, and Jonathan Coles, chairman of Mavesa, S.A. in Caracas, Venezuela.

The meeting launched a major effort being organized by the Inter-American Dialogue in Washington and the Corporation for Development Research (CINDE) in Santiago, Chile, to place education reform high on the policy agenda of countries in Latin America and the Caribbean. The project, which is funded by the Inter-American Development Bank, the Canadian International Development Research Centre, the United States Agency for International Development, the GE Fund, and several other private foundations, seeks to mobilize a broader and more active constituency for education reform regionwide.

PRINCIPAL IDEAS

The most notable aspect of conference proceedings was the remarkable agreement among participants regarding problems and issues. Clearly, there is a growing consensus that something is seriously amiss with the region's education systems and that major—even radical—change must be sought. It is also clear that many of the fundamental issues go beyond those traditionally included in discussions about educational reform. The main conference sessions—on the relationship between education and democracy, political obstacles to reform, and education and economic competitiveness—generated intense discussion, and reflect the broader concerns currently driving the education debate and taking it beyond narrow technical solutions. Today the education policy agenda pays much more attention to political and economic issues than it did in the past.

Higher priority to education.

Common throughout the discussions was the idea that education should be given higher priority. Governments have for years expended their greatest policy effort on macroeconomic reform and democratic rule—an effort that has led to profound economic and political change in virtually every country of the hemisphere. But they have dedicated much less effort and talent to social policy. With human resources overtaking natural resources as the most important factor in economic growth and political stability, a different approach is needed. Governments must now turn their attention to making sure that human capital is accumulated at a much higher rate—and education is their chief policy tool.

Not surprisingly, a major motivation behind this appraisal was economic. Secretary-General Gaviria captured these concerns in his keynote speech when he observed that Latin America and the Caribbean are experiencing a crisis in their education systems just at a time when the entire world is concluding that human resources will play an increasingly important role in determining success in world trade. Sebastián Edwards cited the poor performance of public schools as a major obstacle to improving Latin America's economic competitiveness, and called on governments to take bold steps to improve them. Failing to do so would place in jeopardy the macroeconomic reforms that have been put in place. Jonathan Coles stressed the potential of the business community to improve levels of education and competitiveness in their countries. Others, such as Minister Eduardo Doryan, stressed the importance of good education for development strategy more generally, including its positive impact on democratic consolidation and sustainable economic and environmental systems.

Participants did not argue that the problem was low public spending. Birdsall pointed out that public expenditures on education in Latin America were 3.4 percent of GDP in 1990, compared with 3.6 percent for developing countries

overall, and 3.7 percent for East Asia. But governments have failed to allocate the political and intellectual resources necessary to produce modern and effective education systems. Montenegro, citing the Colombian case, noted that education ministries have traditionally been weak, with second-rate ministers and little political backing. In many countries teachers unions are stronger and have more experienced leadership than do the education ministries. The incentives necessary to attract talented personnel (salaries, responsibility, and prestige)—often present for economic policymakers—have not been in place for education. The political will to institute tough reforms has also been lacking. Too often, as Pablo Better noted, education ministers have dedicated most of their efforts to short-term problems, like avoiding teachers' strikes, rather than to making fundamental, long-term improvements in education quality.

Quality, not quantity.

A second idea was that the principal problem is quality, not quantity. Despite major improvements in coverage over the past three decades, the quality of public education is far from acceptable—and some would say it is deplorable. Birdsall and Edwards both stressed the poor performance of Latin American students on international comparisons of test scores. Birdsall noted as well the region's extraordinarily high primary repetition and dropout rates, and the steady decline in average expenditures per student since 1980. All point to a system that leaves many students without a basic mastery of language and mathematics, and unequipped to participate successfully in modern society. These failings have far-reaching negative implications for economic and political development. And because most countries have not established national achievement tests to measure skills, they have been slow to recognize the problem. Policymakers should shift their priorities in education, placing less emphasis on expanding enrollments and more on bringing quality up to acceptable levels.

Income disparities.

A third idea was that education has a crucial role to play in addressing the region's extraordinarily high income disparities. Latin America has the most unequal distribution of income in the world—in part because quality schooling is so unequally distributed. As Schwartzman pointed out, providing universal primary education of good quality is essential to providing citizens with equal opportunity for participating in social life. The poor quality of public education in Latin America perpetuates existing inequalities and favors middle- and upper-income students who can afford to attend private schools. These inequities are particularly harsh in public primary schools, where most of the poor are concentrated and where quality is often the lowest. Birdsall characterized the present situation as offering rhetoric without resources: "The poor have been given an entitlement—there will be universal education. But without resources, the quality of that education and thus the value of that entitlement, have fallen."

The discussion of inequality led repeatedly to the question of how public resources are allocated, and to the relative merits of public subsidies to primary, secondary, and university education. The issue proved to be contentious. Birdsall stressed the argument for concentrating public resources on primary and secondary education—as most of the successful East Asian economies have done—rather than on higher education, as is common in Latin America. Gaviria also urged giving priority to primary and secondary education over higher education. Other participants—particularly the several university rectors who participated in the conference—argued strongly for maintaining, or even increasing, public subsidies to higher education. The political pressure in favor of free higher education was evident in the discussions, as was the need for improving the quality of public primary schools. The struggle between these two competing demands is far from resolved.

Democracy.

A fourth issue was the relationship between education and democracy. Participants stressed the importance of good education in stabilizing and consolidating democratic rule. Education diffuses democratic values and creates the informed citizenry necessary for democratic systems to function properly. Moreover, the spread of education promotes greater equity—which is at the heart of the democratic idea. But the relationship is also two-way: citizens expect democratic governments to provide them with tangible benefits, and good education usually is at the top of their agenda. “Equal access to basic education,” as Schwartzman pointed out, “is a public good.” Democracies need good systems of education if they are to succeed. Those that fail to offer equal access to quality education undermine their credibility and their stability.

Institutions are failing.

A fifth idea heard throughout the proceedings was that a major part of the problem is institutional—that the institutions that provide education are seriously flawed, and must be fundamentally restructured. The state has long maintained centralized control of education in most countries. The stakeholders in education, particularly parents, local authorities, and employers, have little or no say in how schools are run. The result has been educational systems that are both inefficient and of low quality. Fundamental institutional change is needed.

Here the participants discussed at length such issues as decentralization, competition, and privatization. Edwards emphasized the need for restructuring education systems, strengthening their management, and giving the private sector a greater role. He stressed the tremendous political influence wielded by public sector unions in Latin American education, citing their resistance to measures that would introduce accountability and require greater productivity, and arguing for more flexible labor arrangements. Birdsall emphasized the importance of “mim-

icking the market"—by avoiding new public monopolies in such areas as pre-school education, giving schools more autonomy in hiring and firing, promoting competition among schools, and letting additional demand for higher education be met by the private sector. In a similar vein, Coles argued that the business sector, which stands to gain from better education, could be an effective mobilizer of support for reform. Engaging the business sector—through investment or governance—would make systems accountable and increase the incentives for higher quality. Secretary-General Gaviria emphasized decentralization, and suggested in some cases directly subsidizing demand, so as to enable students to choose the school they will attend. Once again, specific policy prescriptions agreeable to all did not emerge, but there was clearly a mandate for fundamental institutional change, and for experimentation with various mechanisms for achieving it.

Politics is the barrier.

A final idea broadly present in the discussions was that the greatest obstacles to improvement are political rather than technical. Montenegro outlined the political battles that accompanied Colombia's recent education reform, emphasizing the fierce resistance by the teachers' union to decentralization, greater autonomy for school managers, and increased parental choice. He also noted the relative absence of support for reform by business groups, party leaders, and municipal authorities. Politicians have opposed decentralization because it means that decisions on education jobs and investment (often an important source of patronage) will slip away to municipal authorities. The business community, traditionally unexposed to the rigors of international competition and accustomed to educating its children in private schools, has until recently also paid little attention to public education policy. Without political support from those key social sectors, he suggested, even the most reform-minded government will have a hard time making the tough decisions that are needed.

Because so many of the obstacles to education reform are political, participants argued that governments must adopt a different approach. They must make reform a political priority, and allocate significant political resources to bringing it about, rather than just turning the process over to ministries of education. Secretary General Gaviria suggested that education must become a "transcendent political issue" if needed policy changes are to be instituted. He noted that implementing education reform requires a courageous political decision that will produce neither immediate applause nor immediate results. Birdsall approached the political question from a different perspective, urging that a "social demand for reform, built on a knowledgeable consensus around the nature of the problem" be created, so that a broad movement for reform can take shape. In her view, changing the demand for education is crucial to changing the supply. That implies getting new actors—such as business leaders, community activists, and political party officials—involved in the debate on education policy. A political strategy must be devised before a technical strategy can be successful.

TOWARD THE FUTURE

Overall, the meeting demonstrated how major political and economic change in Latin America and the Caribbean is causing leaders to place a new emphasis on educational reform, and to modify their view of how reform must be pursued. Increasingly, education is seen as a key component in responding to the new demands of open economies and democratic governance. Increasingly, existing educational systems are seen as not being up to the task. Yet the most immediate obstacles to reform appear to be as much political as technical, requiring that reform-minded leaders develop a more political approach than has been traditional in the past.

The ideas debated at the conference established a firm base for subsequent activities under the Program for the Promotion of Educational Reform in Latin America (PREAL) being launched by the Inter-American Dialogue and the Corporation for Development Research (CINDE). The program responds to the growing conviction among countries of the region that existing education systems fall far short of the demands being placed on them by open economies, democratic governance, and state decentralization. It seeks to develop a broader and more active constituency for education reform regionwide through a program of activities in coordination with national teams established in six Latin American and Caribbean countries. These activities will culminate in the preparation of a comprehensive, high-profile report that makes the case for education reform, lays out the principal issues, and makes policy recommendations, along with a diversified program of analysis, consultations, publications and outreach.

ABOUT THE INTER-AMERICAN DIALOGUE

THE INTER-AMERICAN DIALOGUE is a forum for sustained exchange among opinion leaders of the Western Hemisphere and an independent, nonpartisan center for policy analysis on economic and political relations in the Americas. The Dialogue regularly convenes private and public leaders from diverse political perspectives to search for cooperative responses to hemispheric problems. It seeks to bring fresh, practical proposals for action to the attention of governments, international institutions, and non-governmental organizations. Founded in 1982, the Dialogue is led by co-chairs Peter D. Bell and Alejandro Foxley. Peter Hakim is the Dialogue's president.

Assembly of Western Hemisphere Leaders

The Dialogue's 100 members—from the United States, Canada, and twenty Latin American and Caribbean countries—include five former presidents, prominent political, business, labor, academic, media, military, and religious leaders. At periodic plenary sessions, members analyze key hemispheric issues and formulate recommendations for policy and action. The Dialogue presents its findings in comprehensive reports that are circulated throughout the hemisphere and widely regarded as balanced and authoritative.

The Research Agenda: Politics and Economics

The Inter-American Dialogue's research and publications are designed to improve the quality of public debate and decision on key issues in Western Hemisphere affairs. The Dialogue emphasizes four broad themes—democratic governance, inter-American institutions, economic integration, and social equity.

The Program on Democracy and Inter-American Institutions focuses on issues of democratic change, human rights, and conflict resolution. A major project is examining how the inter-American system can collectively defend and promote democracy in the Americas. Other studies assess the progress being made toward consolidating democratic practice in Latin America and the Caribbean and strengthening representative institutions; exploring the special problems of indigenous peoples; and seeking to develop hemispheric norms for managing military forces.

The Program on Hemispheric Integration and Social Equity emphasizes the management of strategic economic issues in inter-American relations, particularly with regard to the creation of a hemispheric, free trade system and the problems of inequity and poverty. A multi-faceted project is considering the institutional architecture that hemispheric integration will require. Other work is focused on how nations can reinvigorate public institutions and services and accelerate social progress in the region. Educational reform is an area of high priority.

The Dialogue's *Country Studies* focus on the problems of particular nations and their relations in the hemisphere and beyond. A task force on Cuba seeks to promote peaceful democratic change in that country and its reintegration into the inter-American community. Significant Dialogue attention has also been focused on such diverse countries as Argentina, Brazil, Nicaragua, Peru, and Venezuela.

Outreach With Members of Congress

The bipartisan *Congressional Members Working Group* provides Members the opportunity to exchange ideas on key issues in U.S.-Latin American relations with senior government officials and private experts from the United States and Latin America. The Working Group's off-the-record meetings are co-chaired by Rep. Jim Kolbe (R-AZ), Rep. Jim Leach (R-IA), Rep. Xavier Becerra (D-CA), and Rep. Bill Richardson (D-NM).

Other Forums and Discussion Series

Co-sponsored with the Brookings Institution and the Carnegie Endowment for International Peace, the *Washington Exchange* is a forum that brings together Latin American heads of state and top economic policymakers with Washington's senior officials and leading experts in economics and finance.

The *Inter-American Roundtable*, also co-organized with the Brookings Institution and the Carnegie Endowment, offers speakers and panel discussions for journalists, congressional staff, and policy analysts.

The *Economic Policy Group* is a select group of U.S. and Latin American economic specialists who meet monthly with U.S. policymakers.

The *D.C. Liaison Committee on Latin America* is a network of research centers and advocacy organizations aimed at improving communication among its 80 NGO participants and between them and senior U.S. government officials.

Latin American Policy Forums

The Dialogue seeks to promote informed exchange about Western Hemisphere issues throughout the region. The Dialogue has sponsored forums for public and private leaders in Argentina, Brazil, Chile, Mexico, and Peru.

Dialogue publications are translated into Spanish and/or Portuguese, and articles by staff and members appear regularly in Latin American newspapers and journals.

The Inter-American Dialogue is funded by private foundations, international organizations, corporations, Latin American and European governments, and individuals.