

Economic Impacts of Learning Losses: Discussion of Hanushek and Woessmann

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SEII 2021 School Summit

Thanks!

- to Rick and coauthor Ludger Woessman for a lucid and timely summary of evidence ...
- ✓ on the economic returns to skill
- ✓ and the likely economic consequences of pandemic-related losses thereof
- I'm a labor economist by training and temperament
 - Hence, not for me GDP!
 - In Labor, we love to highlight the powerful poverty-killing effect of education
 - Each additional year of schooling is worth 10-12% higher wages annually *over the course of your working life*
- Labor economists see this as the individual economic return to human capital, reflecting skills acquired in school
- For the moment (in K-12, at least), on-line instruction is a poor substitute for the old-fashioned kind

Choice and Consequence in American Schools



Human Capital Shocks in Two Centuries

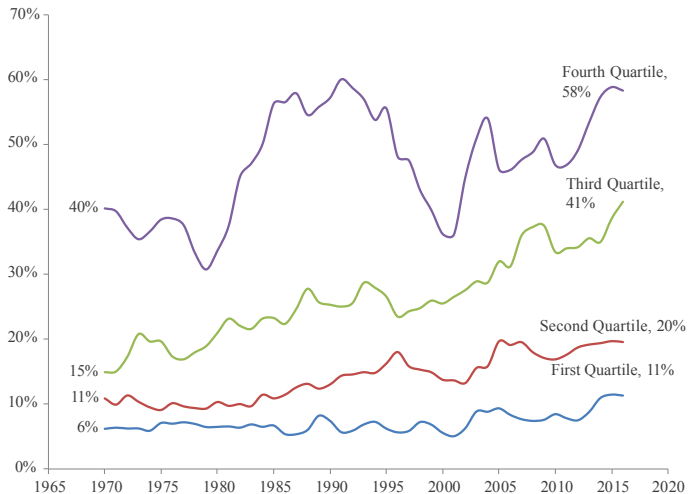
- This year's events echo cataclysmic 20th Century events that likewise closed schools
 - German and Austrian cohorts aged 10 in the early 1940s experienced sizable schooling and earnings losses, **visible in their wages 40 years on**
 - **Polio-induced school closures** in 1916 appear to have reduced schooling for affected cohorts permanently
 - Yet, **1918 influenza pandemic-related closures** seem to have mattered little, perhaps because many missed school (when open) anyway
- U.S. human capital losses are now likely to be worse than 1918
 - The economic returns to schooling and skill have long been growing
 - Over the past four decades, wages of high school dropouts have fallen, while those of college grads have mostly been rising
 - This increased economic return to schooling increases inequality
 - Schooling is not only worth much more, this century has seen **gaps in college completion by family income** grow yet wider
 - Schooling is worth more and high-income families get more of it
 - The unequal impact of COVID-19 closures will surely make this worse

Increasing Inequality Looms

- Why anticipate increased inequity?
 - [Woessman IZA paper](#) (Hanushek coauthor) on learning time lost: low achievers see the largest reduction in learning time, and the biggest time shift to TV
 - Education Next: School closure [does not closely track infection risk](#)
 - Who has classroom learning?
 - white students far more than black and Hispanic
 - private students far more than public
- [Public school enrollment declines](#) seem likely to persist
- The inspiring example of [Baltimore City Public Schools](#) offers reason for hope

EXHIBITS

BA (at Age 24) by Family Income Quartile



Adapted from Cahalan, Perna, Yamashita, Wright, and Santillan, 2018. *Indicators of Higher Education Equity in the United States: 2018 Historical Trend Report.*