

## **What Happens Next – Sunday April 18, 2021**

### **Coups, Lost Learning, Filibuster, Reinvention, AdTech, and COVID Fears**

#### **Rick Hanushek**

Larry Bernstein:

Our second speaker is Rick Hanushek. He comes to us from Stanford's Hoover Institute where he studies the economic impact of education. He will be discussing the potential economic impacts of COVID and learning losses. Rick, please go ahead.

Rick Hanushek:

Thanks very much, Larry. Well, everybody today is focused on schools. In the media, there's lots of attention to the schools, and it's largely on the wrong issue. The issue that the media has chosen and that the schools are happy to have discussed is entirely about what I would call the logistics of reopening schools. And we still have lots of schools that aren't reopened. What is not in any of this discussion, although some parents are starting to pay attention to it, is that there are significant learning losses with the closures of last March and faulty re-openings throughout this entire year.

The significant learning losses have a real impact on the US and that's what I want to talk about. Now, it's a little bit funny to talk about this right now, because we don't even know the full extent of the harm that has been done. That is still coming in as we speak, because for example, Los Angeles and San Francisco schools out here in California have yet to reopen for this school year and there's discussion that they'll probably try to reopen in the fall. So the losses that have occurred because of lack of open schools, the remote and hybrid, learning by all accounts has not kept up with where we were before.

The other aspect of this that has received a little bit of attention, but not sufficient, I don't think, is that the impacts of school closures have been very disproportionate. Basically, poor kids or kids whose parents have to work, or aren't prepared to help them at home have lost a lot and a lot more than the average. Some kids have probably done as well or better with their parents pitching in and studying on their own. But what hasn't been ever discussed to any extent is the economic cost of this remote schooling.

The avoidance of this discussion leads me to dub this the issue that must not be named. It turns out that we are going to feel the losses of this pandemic far into the future. And the reason is simple. Basically, individuals in the labor market are rewarded according to the skills they have. Now, there's lots of variation, of course, but on average, people who know more, earn more. And so the impact of having schools closed and not learning over the last school year is going to follow the current kids who've been in schools throughout their careers, unless we do something different.

Now, I'm going to give you a few numbers that were developed with my colleague, Ludger Woessmann at the University of Munich. We, in August, produced a report for the OECD, the community of wealthy nations for the G20 meetings that had occurred last November to try to get people there interested in this topic. So in August, we estimated what happened from March to August in countries of the world because of school closures.

And countries of the world, because of school closures. And we just presumed that schools would be back to their old routines in September. In August, our estimates were that the average person who had been closed out of schools would lose 3% of their lifetime earnings. But as we know, schools didn't reopen in September and it's been varied around the country and whether you go to private or charter schools and so forth. But in general, there's been a lot larger and significant losses of this last school year. So then my current estimates are that the average K-12 student is going to face 6% to 9% lower income than he or she would have earned in the absence of the pandemic. And these are permanent losses. We have some evidence from various countries where there've been long closures of schools and we see that it follows them forever.

For example, Germany had a funny situation where they changed the order of the school year in the 1960s. And to do that, they had a short school year for cohorts who were in schools in the 1960s. If you go to the social security records for Germany now and you look at earnings histories, you can pick out that cohort, because they're earning less than the people before them and after them who weren't having these short school years. So these are things that will come back to haunt all of the current students. Now there's also an impact on the nation as a whole. It turns out that economic growth is a function of the skills of a nation. The skills of different countries are very closely related to the long-term economic growth rates that you see. And these skills can be proxy measured reasonably well by just some of our international tests where we can observe who knows more math in one country than in another country.

So what's the impact on the nation? Well, on average, my current estimates are that US GDP will be 3% to 4% lower every year for the remainder of this century. So put that into perspective. There was a recent study, I think by the IMF, it suggested that a short run losses from unemployment and the disruptions of the pandemic were something like 3.3%. That's a one-time loss. I'm talking about a loss each and every year throughout this century. So it's multiples of the things that make the current news. Now these are permanent losses unless something was done to change them. There are ways that in fact schools could be made better.

Now you generally follow along what we should have done before or could have done before, but they become more important that we follow them now. So they have to do with using teachers better and individualizing instruction. Well, let me just leave you with a number that will put it perhaps in perspective for some people. In terms of the present value of lost GDP to the US, my current estimates are somewhere between \$25 and \$30 trillion. Now we have roughly a \$20 or \$21 trillion economy right now. So you can think of this as the losses up till today have been equivalent of not doing anything for a year in the economy.