



## Education Policies for Upward Social Mobility in Latin America

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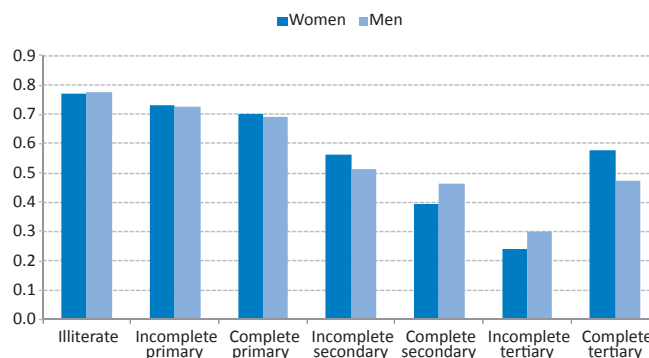
- ◆ Income is very unequally distributed in Latin America – but so too are opportunities for upward mobility.
- ◆ Early childhood development is a powerful mechanism to level the social playing field.
- ◆ More and better secondary education is key. Better administration of schools, combining greater flexibility with more accountability, a modern system of evaluation and incentives for school administrators and teachers are important ingredients for reforms.

The persistence of educational achievements across generations (i.e. the similarity in schooling levels between parents and their children) is a key driver of the persistence in earning differentials among different members of society. At the same time, increased human capital – the outcome of good education policies – is a major driver of economic growth, both through its direct positive effect on labour productivity or its complementarities with innovation and the absorption of new knowledge into the production process.

### Profound inequalities of opportunities still exist in Latin America

Latin America has not only the world's highest levels of income inequality, but it also provides very unequal opportunities to move up the social ladder. Access to educational services in terms of both quantity and quality is low for households in the middle of the income distribution in the region if compared with their middle-sector counterparts in OECD countries, as well as with affluent households in Latin America. In this context, public policies to reduce inter- and intra-generational inequalities are amply justified. To be effective in increasing upward social mobility, education policies must build equity considerations into their design from the outset.

### Probability of achieving a higher level of education given parental education in Latin America



Note: The bars represent the child's estimated average probability of achieving a higher level of education than his/her parents' educational attainment, except for "complete tertiary" where it represents the probability of achieving the same level. The sample children are men and women aged between 25 and 44 years at the time of the survey.

Source: Based on Latinobarómetro surveys in 2008 for 18 countries in Latin America.

The good news is that, for those with the most unfavourable family background, education enhances mobility and for those at the top, downward mobility is very unlikely. Nonetheless, the Latin American middle sectors seem to be stuck, with the level of education attained by their children peaking around complete secondary education.

The gap with respect to those whose parents have tertiary studies remains large. Out of every 100 children whose parents did not complete secondary education, roughly 10 finish tertiary studies, while for those who have parents with completed tertiary education the equivalent figure is 58 for women and 47 for men. To put these achievements in context, about 80% of Latin Americans between 25 and 44 years old have parents with incomplete secondary education or less.

### What policies will increase social mobility in Latin America?

- Early childhood development (ECD) is vital in boosting opportunities for the poor in developing countries. ECD is a precondition to ensure equal opportunities later on in life. Increased public spending on pre-school education and higher enrolment rates weaken the link between low levels of parental education and a child's secondary education performance.
- Reaching universal secondary schooling for children of the region's disadvantaged and middle sectors is key to breaking the transmission of inequality. Currently, compulsory education often covers only nine years of education. An extension to a 12-year requirement is feasible. Such an extension might have the greatest impact for the middle sectors, while additional material incentives to ensure compliance are probably needed for disadvantaged households.
- Better quality of education, an important aim in itself, would also boost equity. Narrowing the gap between public and private education would reduce current disparities in skills of the disadvantaged and the middle sectors with respect to the affluent. Higher returns to investments in education would also reduce the drop-out rate and increase demand for education. Middle-sector parents, with much scope to increase education, would respond to such measures, especially

at the secondary level. How to improve the quality of education? Better administration of schools, greater flexibility combined with more accountability, a modern system of evaluation and incentives for school administrators, can improve the return on current expenditures. Likewise, reform should include effective incentive structures for teachers and build in continuous efforts to upgrade their skills and qualifications.

### Further reading

- D'Addio, A. C. (2007), "Intergenerational Transmission of Disadvantage: Mobility or Immobility across Generations? A review of the Evidence in OECD Countries," *OECD Social, Employment and Migration Working Papers No.52*, OECD, Paris.
- Daude, C. (2010), "Ascendance by descendants? On social mobility in Latin America", *Working Paper*, OECD Development Centre, Paris, forthcoming.
- OECD (2008), "Intergenerational Mobility: Does it Offset or Reinforce Income Inequality?" in *Growing Unequal? Income Distribution and Poverty in OECD Countries*, OECD, Paris, 203–221.
- OECD (2010), *Latin American Economic Outlook 2011: How Middle-class is Latin America*. OECD Development Centre, Paris.
- OECD (2010), "A Family Affair: Intergenerational Social Mobility across OECD Countries," in *Economic Policy Reforms Going for Growth 2010*, OECD, Paris, 181–198.