Education holds back the Economy in Brazil

Minchuan (Miko) Liu
Department of Economics, College of Liberal Arts and Sciences, University of Illinois at Urbana-Champaign

INTRODUCTION
This topic interested me when I first heard the lecture from Professor Cristina Helena Pinto de Mello in PUC-SP. It is surprising that Brazil could make such a economic miracle with a extremely low inclusion of education. I got a lot of useful information from talking with the locals and professors in the university. As I continued the trip, the labor market in different companies and the comparison of environment between the countryside and finance center of Brazil helps me understanding the connection between education and economy better.

SITUATION AND ISSUES
Hardly can people ignore the fact that lack of education will lead to a decrease in the economic development in booming Brazil.

Unemployment Rate
"Tens of thousands of jobs went unclaimed because there were not enough qualified professionals to fill them." One of the reasons for a high unemployment rate in Brazil is that there is not enough qualified people for the labor market. The labor market in Brazil needs more workers with high-level skills in the manufacturing and engineering industry. When I visit PUC-SP, the student Maria told me that many students in Brazil have to study abroad because many majors are not provided in Brazil universities such as statistics and engineering. These two occupations are actually the demand of the labor market. Besides the courses, the equipments are also important. I noticed the computers at their labs are very outdated and their entire school just share around 5 computer rooms. In such a high technology demanded world, those equipments are not enough to provide students resources. From my experience to Manaus, I saw a lot more homeless and even some teenagers on the street. There were 30 homeless sitting in front of the church when we were visiting. I have never seen so many homeless get together in one place in Sao Paulo or Rio. People in Manaus are less easier to get education then other financial cities so the unemployment rate is higher.

Inequality
"Education in Brazil is considered a luxuxy item." Lack of education will enlarge the gap between different classes. Many families has limited opportunity financially to give their children higher education. Even though the public education is free in Brazil, it might be a low quality education. According to the lecture, public school students are almost three years behind academically of those who attend private schools. If the poorer people always get poor or even no education, they will have less opportunity to work. In the end, they will have no money.

Inefficient Labor Market
Besides the high unemployment rate, the percent of unqualified employees is high too. According to a government report, more than 22% of all the workers in Brazil are not considered qualified to meet the demands of the labor market. It makes the whole market inefficient. We visited Salcomp, the biggest charger producer in the Brazil. They produce the most chargers everyday with mostly human labors. Each person could only do one step each time, but the machines Salcomp had could do 10 things at the same time. If there are more engineers design some efficient machine, the company will produce products more efficiently.

EXISTING SOLUTIONS
Education is now one of the top things for the government to lean into. The basic education national education plan (PNE) distributes 6.4% of GDP to reach a target of 98% inclusion in schools by 2023.

Bolsa Familia
Schools in general are too expensive for poor families. Bolsa Familia gives them a chance to get education and earn some money at the same time. It is an benefit programme started in 2003. The target is mainly poorer families because it gives small cash to families who have their children in school and complete immunization. This programme helped the country in both education and economy. Bolsa Familia increased rates of grade progression by 6%, and increased 21% for a 15 year old girl that entered school. It has a significant effects on attracting more students into education and keep students from not finishing school.

Bolsa Familia increased school attendance
All children, age 6-17: 3.7 - 4.4 percentage points (ppt)
Females, age 15-17: 9.2 ppt
Rural areas, age 15-17: 9.3 ppt
Northeast, age 6-17: 11.7 ppt

Bolsa Familia is definitely an investment. The total benefit amount is less than 0.5% of the country’s GDP, but it feeds 46 million Brazilians. Moreover, economists calculated that R$ 1 spent in this social programme would cause an R $1.78 increase in GDP. It significantly shrinks the inequality and unemployment rate and also opens a lot of job possibilities for poor people.

PROUNI and FIES
Private schools contribute more in higher education in Brazil and only 15% of the population have higher education. PROUNI and FIES offers opportunities for students to obtain better education which needs more money. PROUNI is a public policy started in 2006 which provides scholarships in private high education schools. It offers full and partial scholarships. The full scholarships has almost 1.5 times the minimum wage. FIES is a loan program that provides low-interest loans for college. It has an interest rate of 3.4% per year for 50% to 100% of the tuition. PROUNI and FIES are two major financial systems in Brazil which support about 500,000 students. In 2010, 2,100,000 students were involved in one of them and the numbers is still growing rapidly.

SITUATION AND ISSUES

BACKGROUND
Brazil, as world’s 5th largest country in the world, began its economy boom in 2009. With the staggering rate of growth, Brazil became the 6th largest economy during the early 2010s. However, at the same time its education held far behind. Brazilians ranked 53rd out of 56 countries in the PISA exams for basic skills, including reading, mathematics and science. From the lecture we had with Professor Cristina Helena Pinto de Mello from PUC-SP, only 16% of the population now has an education background of more than 12 years and 25% of the population has less than 4 years. Two-thirds of all students are functionally illiterate by the time they graduate.

From the recent report of the Organisation for Economic Cooperation and Development (OECD), Brazil only has 3% of the 25-34 year-olds with tertiary education across 42 countries.

EXISTING SOLUTIONS

SITUATION AND ISSUES

REFERENCES


