

# Education holds back the Economy in Brazil

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## INTRODUCTION

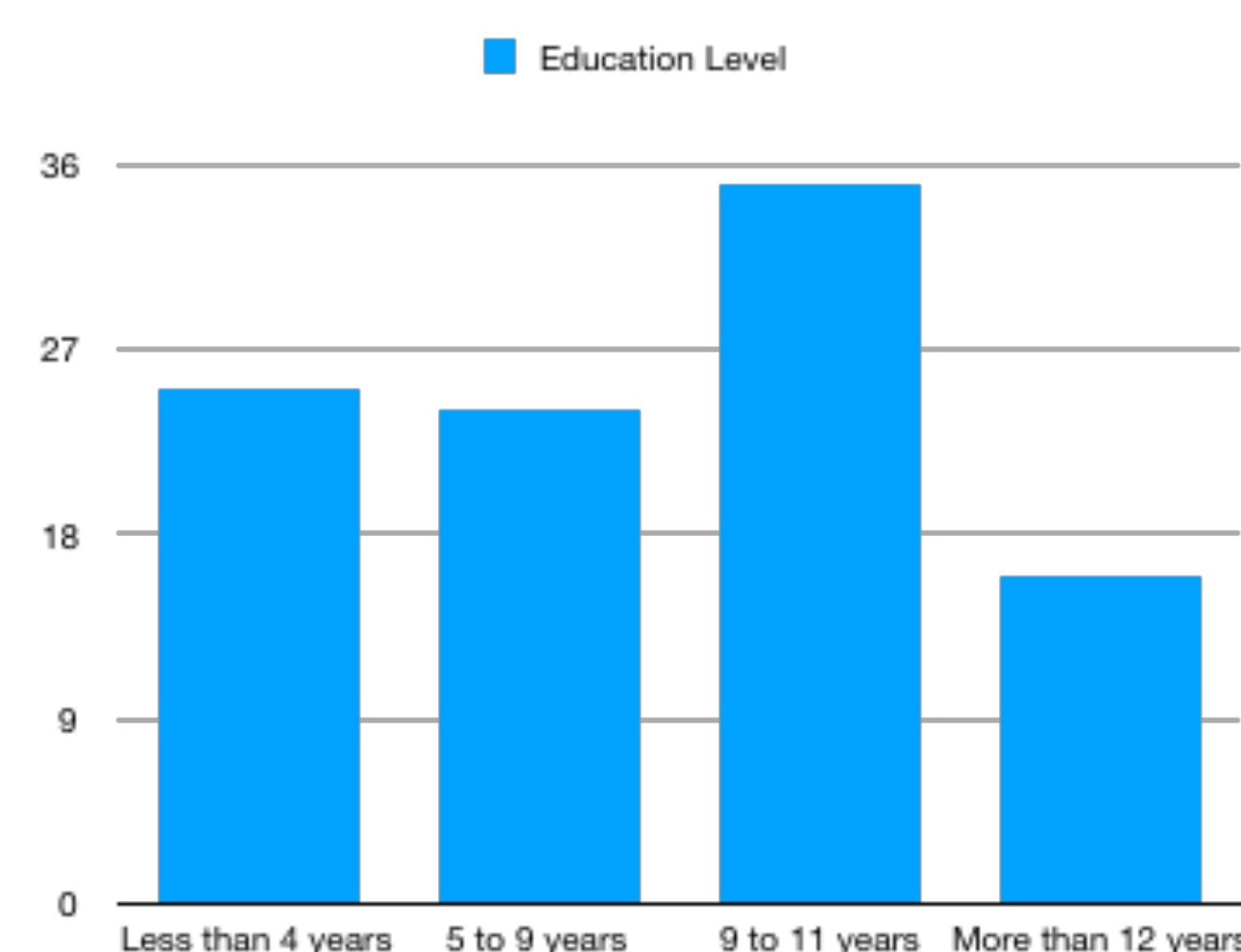
This topic interested me when I first heard the lecture from Professor Cristina Helena Pinto de Mello in PUC-SP. It is surprising that Brazil could make such a economy miracle with a extremely low inclusion of education. I got a lot of useful information from talking with the locals and professors in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



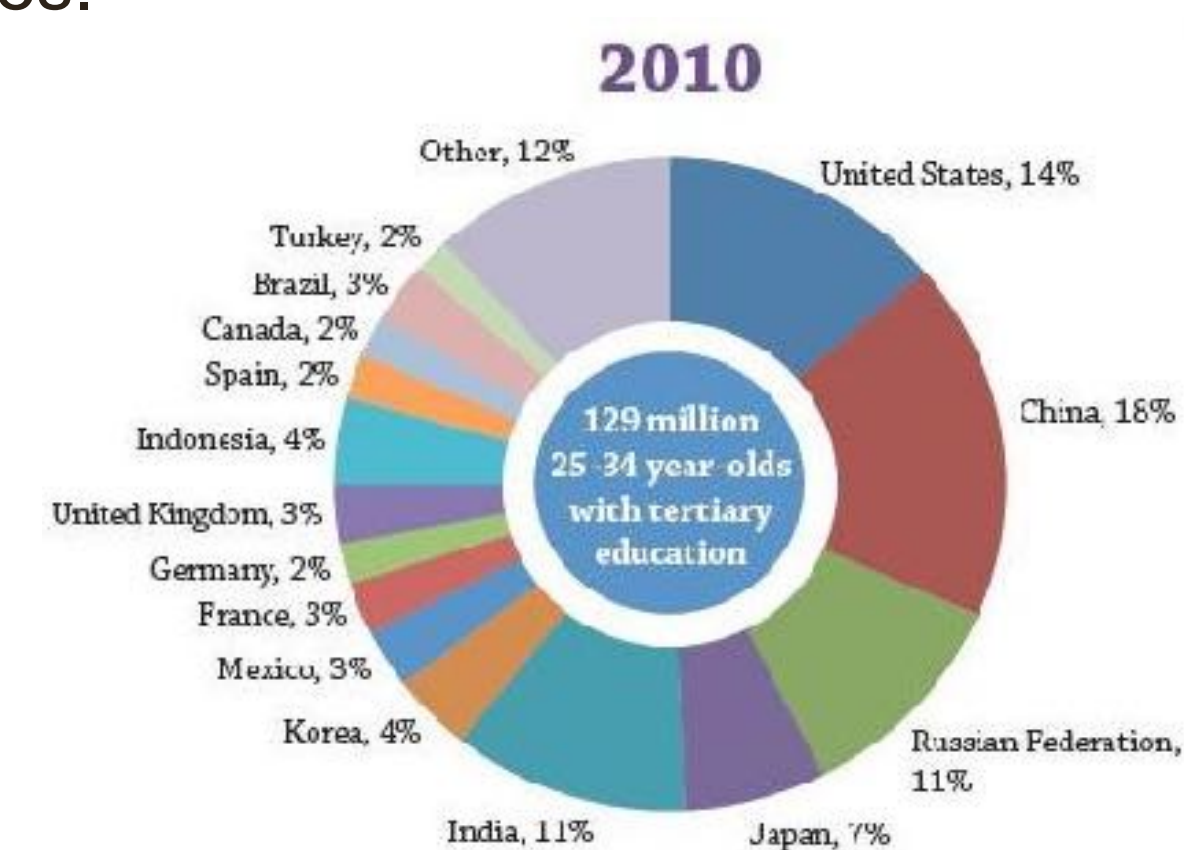
Photo of some PUC-SP and UIUC students

## BACKGROUNDS

Brazil, as world's 5th largest country in the world, began its economy bloom 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.



## SITUATION AND ISSUES

Hardly can people ignore the fact that lack of education will lead to obstacles through the economy development in blooming Brazil.

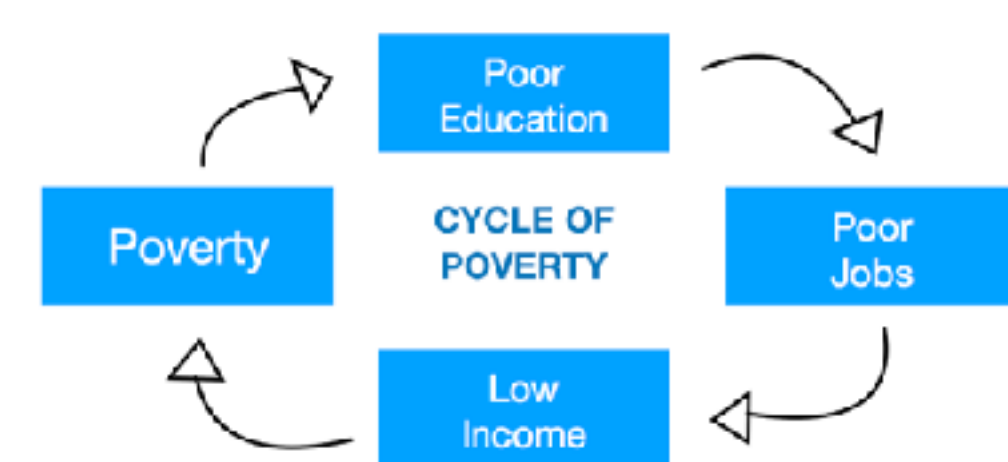
### Unemployment Rate

"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 Manus, 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 Manus are less easier to get education than other financial cites so the unemployment rate is higher.

### Inequality

"Education in Brazil is considered a luxury 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 accomplish. The government's 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 conditional 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 to attend school. It has a significant effects on attracting more students into education and keep students from not finishing school.

Bolsa Família increased school attendance

Category	Percentage points (ppt)
All children, age 6-17	3.7 – 4.4
Females, age 15-17	9.2
Rural areas, age 15-17	9.3
Northeast, age 6-17	11.7

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 in poverty. Moreover, economists calculated that R\$ 1 spent in this social programme would cause an R\$ 1.78 increase in GDP. It significant shrink the inequality and unemployment rate and also opens a lot of job possibilities for poor people.

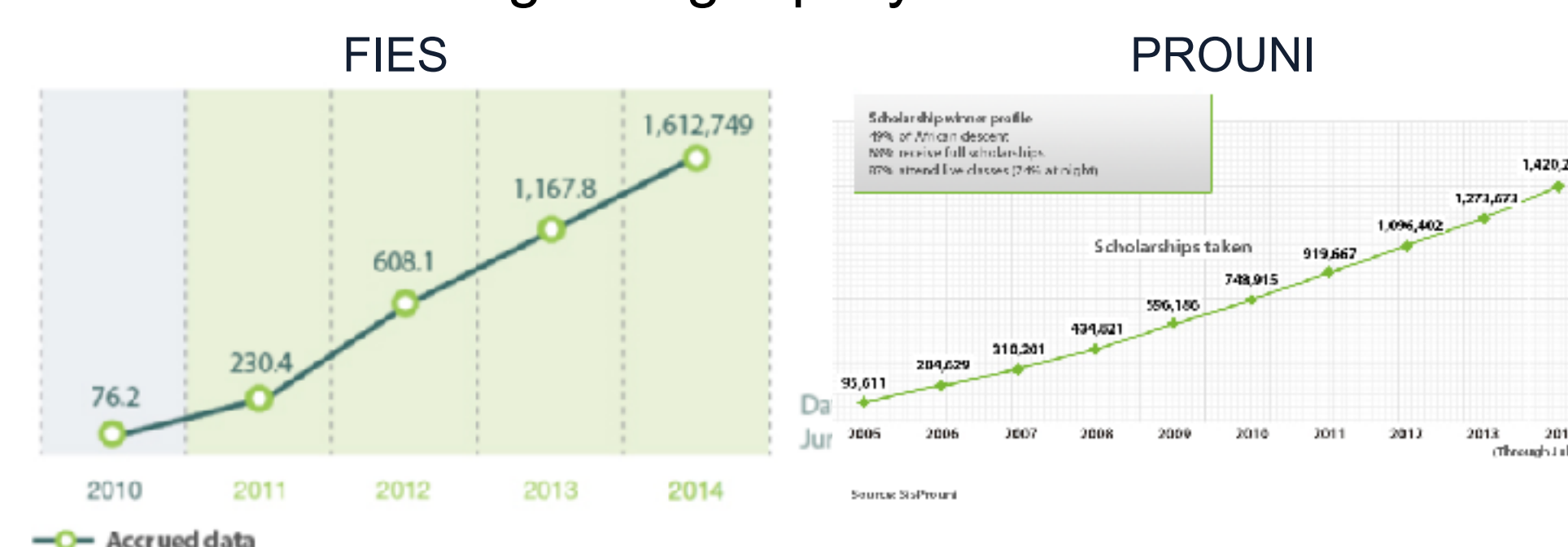
### PROUNI and FIES

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 2005 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 are still growing rapidly.



The public financing of demand in education has a significant expansion through PROUNI and FIES programs. They work together really well to accelerate the popularity of education and decrease the education inequality.

## Conclusion

World Bank's estimate that Brazil would need more than 260 years to reach the OECD average proficiency. Brazil has a weak base of education but the country is getting closer to the goal. The government has already put in impressive amount of money and effort on solving the education problem. Because there is a strong correlation between higher education and higher employment rates which means more earnings, families now have stronger incentives to pursue education. The different programs and policies also help individuals, especially low classes, getting better education. Education is a key factor for a country to grow.

## PERSONAL TAKEAWAY

Brazil is a melt pot. One thing I felt everyday is that if you do not talk, nobody would tell if you are a Brazilian or not. Such a diverse background causes inequality in so many ways including education.

This study aboard experience helps me view such a big country with different perspective. I learned about the income inequality is in Brazil, but I saw inequality in different ways from this trip. I saw slums right beside skyscrapers for the first time. This trip helps me become more professional because I get to learn the economy inside the country and learn information from the locals.

Thanks to Professor Petry, Murillo and all the coordinators from Campus Brazil to give us the best trip.

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