



School catch-up for the disadvantaged? Of course. But do all pupils need it? Not really. The Treasury has a point.

Ryan Bourne

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There are plenty of economic known unknowns when it comes to the pandemic's legacy. How will the geographic and industrial composition of the economy change as businesses and workers re-evaluate work arrangements and their desired careers? Will entrepreneurs in service industries become more risk-averse about certain investments? How many of the one-off, "emergency" programmes will become suggested parts of the policy firmament for fighting "normal" recessions?

Of all these many uncertainties, though, the magnitude of the lasting economic impact of school disruption on children is perhaps most unclear. Not that you'd know it from the public debate.

Nobody doubts the likely direction of the effect. School closures and the inadequacies for many of the remote learning substitute has left plenty of kids behind where they'd usually be expected to be. Department of Education-funded research last year found that primary and secondary kids were up to two months behind on reading and three months on maths, on average. More recent research confirms these sorts of magnitudes. Outcomes are particularly bad for disadvantaged children.

These deficiencies can compound, as [Sir Kevan Collins rightly warns](#). Fail to adequately learn to read and write at a young age, and you can't accumulate other knowledge or skills. Evidence from the legacy of school disruptions from a [Pakistan earthquake](#) and Hurricane Katrina suggests some kids' development can be severely retarded, even with modest lost classroom time. So the case for precautionary remedial action, targeted especially at young and disadvantaged kids and for basic skills, is reasonably strong, even if you think much other state education is a waste of time.

That said, the attempt to bounce the Treasury into a massive much broader investment of £15 billion or even £30 billion over three years has been predicated on some pretty wildly speculative predictions of the economic benefits. The Institute for Fiscal Studies, for example, [claimed last week](#) that the 8.7 million kids affected by the pandemic could face lost lifetime earnings of something like £350 billion without remedial action. One academic at Bristol puts the total

economic costs of lost learning at £2.15 trillion. Spending big to deliver catch-up and prevent these losses is therefore said to be a prudent “investment” that would supposedly “pay for itself.”

If you really believe these extreme numbers, you probably should have opposed school closures through the pandemic. That aside, the IFS explanation highlights where these questionable figures come from: the idea that schools are human capital factories.

Kids are assumed to learn knowledge and skills at school that make them more productive at work. The IFS illustration then takes the average estimated private earnings return to an extra year of education from around the world of eight per cent per year, adjusts it down for school days lost here, and, voila, it has £350 billion. No wonder Collins and others are angry that the Government is unwilling to spend just £15 billion to institute longer school days and the private tuition required to catch up.

Such simplistic calculations, however, are clearly fraught with danger. Yes, schools impart some skills and knowledge. The ability to read is an important prerequisite for most work, and so remediation to counter this and loss of maths skills has significant value, if such efforts work.

But the average historic private returns to an extra year of education worldwide seems a bizarre number to use symmetrically to assess the impacts of school closures. Remote learning did occur for many. In this instance, all kids worldwide were affected to a lesser or greater extent by the pandemic. And, crucially, not all this private earning premium from school is due to honing skills or acquiring knowledge.

Indeed, although some of the “premium” no doubt arises from enhanced human capital, the private returns to extra years in education also incorporate credential effects: the wage uplift from students undertaking subjects and obtaining qualifications to prove they have certain attributes, but for which the specific knowledge or skills honed wouldn’t affect their work abilities.

For these aspects of schooling, as well as things such as sports time, there’s arguably a negative social rate of return for remedial education, because the signalling component is socially wasteful. For many secondary students, their cognitive abilities and earnings by, say, aged 25 are likely to be unchanged, despite the pandemic. Even the fears of potential loss of earnings from, say, a poorer grade are likely to be mitigated as employers and universities will no doubt judge these years with an asterisk.

While there’s a strong economic case for targeted remediation at the disadvantaged, young, and obviously struggling, then, there’s not one for attempting “full catch-up”. Tutoring and reorienting within-school activity should deliver the high return spending, without requiring drastic measures such as school day extensions for everyone or kids repeating whole years (indeed, reducing the years in work by one year for, say, a current sixth former, would negatively affect lifetime earnings for many).

Now, I’m not well placed to say whether the £1.5 billion announced is sufficient to ameliorate the worst consequences of the pandemic. What I do know though is that the extra £15 billion deemed the alternative seems an arbitrary “nice” number and that in three years’ time, any plans to let this “emergency spending” fall away will be dubbed “savage cuts” to education by Labour, schools, and a host of “progressive” Tories.

Spending today simply becomes tomorrow's baseline. We don't need theories to presume this. Look at how the debate over the level of universal credit payments or free school meals is shaping up. Or indeed the political reaction to Conservatives cutting planned "emergency stimulus" by Gordon Brown from 2010 onwards.

To be clear: nobody is questioning that targeted tutoring or more instruction time can improve outcomes for kids. The point is that good economics happens at the margin. That schooling can improve earning potential doesn't mean that ever-more schooling is good for all kids in the aftermath of a pandemic. We should be looking to isolate where remediation actually has benefits, as opposed to just trying to "make up for" the past year.

At a time when the zeitgeist set by Joe Biden is just to throw money at pandemic-related problems and pick up the pieces later, we should be grateful for the Treasury's apparent sceptical eye. Taxpayer funding (we can dream) should always be justified according to firm evidence it will bring net benefits. We should not just presume so based on some global historical assessments of education in very different conditions. Nor should governments get into the game of making wild spending commitments to "show they value" something.

Ryan Bourne is Chair in Public Understanding of Economics at the Cato Institute.