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# Closing the Gap: How the U.S. Education System Could Close the Economic Gap between Developed Countries

By: Amanda Burns

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## **ABSTRACT**

This paper analyzes the United States education system and how it has recently declined in comparison with other developed countries. The impending results of this lack of educational quality contribute to a possible shortening of the economic gap between the United States and other developed countries. Many nations in the world, though quite strong economically, have GDPs that currently fall behind the United States by a vast amount. However, with the change in education rankings, comes a likely a change in economic rankings in the future. This development could possibly close the gap between developed nations' GDPs, demonstrating the effect that the United States education system potentially has on the global economy.

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## **INTRODUCTION**

The United States has long been one of the largest economic global competitors, especially during the past few decades when it has remained the number one national economy in the world. Following the World Wars of the twentieth century, when many vast economies collapsed and downsized dramatically, the United States established itself as the preeminent global power in regards to economy, policy, and political forces that impacted the world. However, since the economic crisis of 2008 occurred, it is questionable that the United States can sustain its place at the top of the global economy for much longer. The country that has long been an outstanding global competitor now has presented doubts for the longevity of economic success. These doubts have arisen for a number of reasons, the economic crisis, political economic policy, or most correlatively, through an analysis of the future of the United States in

education. The effect that education has on the economy is powerful, and it has the potential to change the global economy. The United States' education system has been falling behind compared to other countries, which could lead to the United States economy eventually falling back, while stronger global competitors take the lead.

## **IMPORTANCE OF EDUCATION**

When considering the future of the economy, it is necessary to consider the people who will be the next consumers, the next leaders, and the next participants in international trade. These future participants are currently being educated in schools and academies all across the globe – the future of the economy rests in the hands of current students. The United States has long recognized the importance of education, thus applying a myriad of approved curriculum, developing standards for each level, establishing policies to encourage all children to meet the standards, and creating reforms upon reforms when the results of the students do not meet the expectations of the government. “Education remains an important contributor to productivity growth and has a major influence on the standard of living” (National Center for Education Statistics 2014). Because of this, it is surprising that the United States is consistently outranked by many countries in the world in terms of education by both worldwide educational standards and educational improvements.

By the most recent accounts, the United States placed 12<sup>th</sup> in world rankings, which is not awful, but coupled with the fact that the overall education standards have improved by 4% while many other countries have improved by 11%, it is quite concerning (Hanushek, et.al. 2011). This data analyzes test scores across all grades to compare the proficiency of science, math, and language development. The simple fact may be that Americans have become so accustomed to being at the top of the global system that the sense of competition is lacking. As Charles Vest, former President of the Massachusetts Institute of Technology once said, “The enemy I fear most is complacency. [America is] about to be hit by the full force of global competition... We must now establish a sense of urgency” (Hanushek, et.al. 2011). And while he was solely referring to education, it is important to realize that his quote has implications on America's role in the global economy – and, more specifically, the potential to fall from the economic position that it is currently in.

In this article I will analyze the United States' placement in worldwide education rankings and address the following questions: What does it mean for the global economy with the United States placing average in comparison to the developed nations of the world? What is being done to catch up to global competitors? Considering the United States' position in political and economic importance for international relations, it is surprising to see such low rankings for education – rankings that will undoubtedly affect the future of America. This essay addresses the projections for the United States and for the global economy with these lower educational rankings rather than the reasons for their placement. First, we must look at the implications for the global economy as the United States falls further and further behind in education.

Because education is the training and the force behind making workers for any economy, the competition between schools is fierce to produce the highest rates of success. The government itself funds public education systems and activities with upwards of \$68 billion, which does not even take into account the amount of money parents spend on private schools, tutors, extra test preparation courses, etc. (Budget from the United States Department of Education 2014). Many rely on these numbers to demonstrate that the government values education, and therefore that a lack of governmental emphasis on education is not the driving problem.

The slow and steady fall in worldwide rankings is an interesting development in the history of the United States. It does not necessarily point to a slack in the United States' education system – quite the contrary. The United States is improving in education, at a rate of approximately 4% (Hanushek, et.al. 2012). There is definitely an improvement of test scores and college preparedness in the United States, but what is pulling the United States back in the rankings is actually the “catch-up” factor in other countries. The different rates of growth noted above show the growing gap in education development between other countries and the United States, despite the improvement. Nations across the world are finally getting closer to the level of the United States in education and in economic development. China is closing the gap between the United States' economy and everyone else's, Finland has surpassed the United States in education quality, and many other countries are well on their way to making gains in other facets of public policy that can impact the economy.

Traditionally, countries with stronger education systems have citizens who are better equipped to expand and participate in a global economy. Take for example, the United States educational system in the 1980s. The 80s were a decade of significant public awareness and desire for improvement in the education system. Many people desired a better America, and they began with education (Ravitch 1990). Fast forward 30 years and the American economy has improved vastly. The GDP in the United States was 15.5 trillion dollars in 2011 (Bergmann 2014), a great improvement even over the previous GDP of 4 trillion dollars in 2001. The educational emphasis of the 1980s correlates with a higher GDP in the adult lives of those same students. This illustrates a possible connection between education and economy.

## **EDUCATION AND THE ECONOMY**

Of course, this is an example of economic improvement is not solely based on education, but it certainly was a factor in the growth of the United States' economy. Thus, it should not be surprising that when other nation's education systems catch up, their economies do too. A classic example is Japan. From the data produced by the Harvard Policy on Education and Governance, it is evident that the Japanese education system improved drastically to become one of the top systems in the world. At the same time, the Japanese economy has also improved tremendously (Bergmann 2014). The trends that are depicted here of educational impacts on the economy, seem to predict that the United States, because of its falling education system, will start stagnating in comparison to other nations in the economic sector as well. Because the state of

education is still decent – in fact, it ranks average among developed nations – the economy will not necessarily decrease in GDP or global involvement due to an average education ranking, but it is a clear sign that other countries will catch up.

One of the most noticeable developments in the World's Largest Economies timeline is that the gap between the United States and other countries (namely China) is closing. This is the trend that I predict for the continual of global interactions if the United States maintains the status quo on education. Because if the United States stays in the middle of educational rankings, it means other countries are catching up. Japan is catching up economically, and Finland is ahead educationally, so it is only a matter of time until one of the many improving countries makes its way onto the World's Largest Economies list, closing in on the gap that separates the United States from the rest of the world. The United States is still improving in its economic well-being. It is imperative to note that, as seen in the World's Largest Economies infographic, the GDP increases every year. However, the situation is much the same as with the education situation. That is, the United States is improving, but other countries are improving *more*. While the United States jumped from 15 to 15.5 billion dollars in the GDP from 2010 to 2011, China jumped from 5.9 to 7.3 billion dollars (Bergmann 2014). Though there is still a staggering 8.2 billion dollar difference, based on Bergman's statistics the rate for the United States' economic improvement is 3% compared to China's rate of 20%.

## GLOBAL IMPACTS

These impacts on the global economy are not quick and certainly not detrimental, but there is a substantial shift predicted for how different nations will compare. China may be rising now in economic status, but perhaps as Japanese and Finnish (both top-ranked educated countries) populations grow from the best educated students to the most well-established professionals, a rise will be seen from their economies as well. Either way, the United States is not predicted to be in the same place it has been for many years – at the top of the world. The global economy is far from equal, and it will take many years and many changes to even come close to that prospect, but with the rate of improvements remaining steady, other countries will catch up to the United States, and perhaps even surpass it. Though this seems like a bleak picture for the United States, it does not have to be. A more equal economy, at least in terms of developed nations, could bring a more competitive atmosphere, thus ensuring that the “evil of complacency” that Charles Vest was referring to does not settle in the system.

## SOLUTIONS

There are also many ways in which the United States government and other organization are attempting to address the problem – at least the problem of educational failings. Many programs and initiatives have begun such as President Obama's plan to make preschool much more accessible to families across the nation through the Preschool for All initiative and the Race to the Top Equity and Opportunity competition to close the achievement gap (Budget from

the United States Department of Education 2014). Other organizations are trying to make an impact by going global. For instance, the Institute of International Education has a new program called Generation Study Abroad that is trying to double the number of students who study abroad by 2019 (Generation Study Abroad 2014). Though these attempts at improving the United States education system are encouraging – particularly by studying in other countries to increase global awareness – it isn't enough to compete. In order to really make a difference in United States education, there need to be bigger reforms, bigger ideas, and better means of teaching children how to be a part of a global economy.

The United States needs to go beyond what is already being done. There is a lot of expansion to already existing programs, such as preschool or study-abroad, but there are few big ideas that have hit the market. Change needs to occur in the schools themselves. Because of the myriad of opinions on how to best improve the school system in the United States, there is no single consensus on how to best develop schools to reach their highest potential. But perhaps, the United States can look at how other countries fare educationally, and expand, develop, and improve the system to become as strong as it can be.

## **CONCLUSION**

At the rates of improvement, the United States will fall behind or at the very least remain average in terms of education. The overall effects of this could mean that the economy becomes more equal among developing nations. This newfound equality would change the way that global trade works – particularly among the largest economies in the world. Instead of having one vast super-economy to rule them all, competition would be fierce and the possibilities would be endless. No matter how many reforms the United States makes on education, the truth is that other countries will catch up - and other countries are catching up. It is not necessarily a negative scene, but the United States cannot be the reigning superpower forever. Other countries have improved to the point that soon, the gap will close. And those countries with the most well-educated and prepared students will be the adults that lead the world in the years of globalization ahead.

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