

**THE IMPACT OF EDUCATION ON ECONOMIC GROWTH:
IMPLICATIONS FROM THE LATEST RESULTS OF PISA 2012**

December 16, 2013

DANIEL MÜNICH AND TOMÁŠ PROTIVÍNSKÝ

Abstract

The PISA 2012 international survey of functional literacy revealed a slight improvement among Czech pupils compared with their results in 2009, yet a significant loss persists in comparison to the situation in 2003. We quantify the impacts of hypothetical educational reform scenarios on the gross domestic product (GDP) of the Czech Republic over the coming 80 years. The simulations, based on parametric estimations of the endogenous growth model, take into account among other things the time required for the implementation of educational reforms, and for the gradual transmission of increased education levels into increased productivity and GDP growth. Increasing the level of education in the Czech Republic to match the current level of its best region – Prague – would bring about growth in GDP of nearly CZK 6 trillion, which is for example 149 percent of the GDP in 2012. If we were able, by improving the quality of our education system, to improve educational results to the same extent as the Polish reforms (1999 and 2009), the resulting estimated growth in GDP over the next 80 years would be at the equivalent of 804 billion crowns per year, which is double the current annual expenditure on pensions and six times current annual spending on education.

[Download](#) the complete study (in Czech only).

Institute for Democracy & Economic Analysis (IDEA) is a think-tank arm of CERGE-EI focusing on policy-relevant research and recommendations. Backed by rigorous analysis and academic expertise of CERGE-EI scholars, IDEA contributes to policy debates with its non-ideological, evidence-based approach to public policy. IDEA is directed by Professor Jan Švejnar. IDEA is funded by private donors and public research grants.

Sign up for news on upcoming events at idea@cerge-ei.cz.

IDEA gratefully thanks to its supporters!

idea-en.cerge-ei.cz