

The hidden cost of the teachers' strike: A new report calculates the cost in shekels - and grades.

Corinne Sauer, Globes, November 8, 2007

This week, high school students in Israel are entering their fourth week of “vacation.” Little effort has been made to determine the true cost of the latest teachers strike. While the lost wages of striking teachers is not insignificant, it is relatively small compared to the hidden lost in future income of the high school students affected by the strike. Every missed day of school reduces Israeli students' future academic performance and potential lifetime earnings. The longterm costs of reduced school attendance not only hurt the students themselves but also the prosperity of Israeli society.

Two professors at Harvard University, Richard Murane and John Willett, recently showed that just ten days of teacher absences reduced the students' mathematics achievement by 3.3%. Similarly, Dave Marcotte and Steven Hemelt of the University of Maryland, Baltimore County (UMBC) found that lost school days due to bad weather have a negative effect on students' performance. They found that for ten days of school closure, the percentage of students passing reading and math tests drops by more than 5%. Further, the authors are skeptical on whether lost days in the middle of the academic year can be replaced by additional days in the summer. Considering the fact that Israel has fallen from 17th to 31st place for quality of math and science education according to the World Economic Forum (WEF) global competitiveness rankings, how much will this strike hurt Israel's competitiveness?

According to research conducted by the Jerusalem Institute for Market Studies, for each day lost in formal learning, the lifetime earnings of the students diminishes and the hidden costs of the strike keep growing. When students learn, they increase their human capital. This investment translates into higher lifetime earnings. Delaying investment in students' education, whether for a year or even just a few months, lowers future earnings. Widely accepted econometric studies have shown that an interruption in formal education of one year decreases average lifetime earnings by at least four-percent. Assuming, the same rate of decrease, a month long interruption in schooling due to the strike will reduce lifetime earnings of Israeli students by 0.4%. If we assume that on average, high school students of today will work 45 years and earn an average annual income of NIS 88,000 a year, which was Israel's average wage in 2006, the lost earnings due to the strike will amount to more than 15,000 shekels for each student. With 220,000 students already affected by the strike and threats to expand it -- the cost of the strike to the Israeli society as a whole, is now already reaching three and a half billion (current) shekels.

This is a figure to keep in mind when assessing the damages and the cost of the strike for the days and weeks to come. As an economist, I'm scared, but as a parent, I am petrified!

Without serious educational reform, including greater school choice such as already exists in countries that score high on international examinations, such as Hong Kong the costs will continue. If the educational system was not controlled by a helpless government and confused unions out for themselves, not the students or the top teachers then students would be able to get the top education that they deserve, and the many hard-working and competent teachers would be able to make the wages that they truly deserve. If education was allowed to compete on the free market, only then can top teachers make the same salaries as their counterparts in law, high tech, and the myriad of other fields that are allowed to compete. For our future, I hope that day comes soon.

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