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Educational Reform and Labor Market Outcomes: the Case of Argentina's *Ley Federal de Educación*

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EDUCATIONAL REFORM IN ARGENTINA

In the 1990's, the government of Argentina implemented a large education reform (Ley Federal de Educación, LFE) that mainly implied the extension of compulsory education, with two additional years. While this new legislation brought about considerable debate in the country at the time, no empirical study (i.e. based on quantitative data) had yet been conducted to assess the actual long-term impact on educational outcomes and job perspectives for young people.

ASSESSING THE SPECIFIC IMPACT OF THE REFORM

The conduct of rigorous impact evaluations for such reforms usually presents the problem of having to isolate the effects of the concerned policy measure from other factors operating simultaneously on the same outcomes. In the case of LFE, however, timing in the implementation of the new legislation varied substantially across provinces, providing a source of identification for unraveling the causal effect of the reform.

A team of Argentinean researchers thus set out to estimate the long-term impact of the 1994 policy on educational and labor outcomes in the country.

KEY FINDINGS

The researchers found the impact of the reform on the income-deprived youths to be **SMALL** in terms of improved schooling and **NULL** for labor outcomes. Those poor young adults who were educated under the LFE derive no benefits in terms of greater integration into the labor market or higher wages today.

In other words, the evidence suggests that the **increase in the number of years of compulsory education was not enough to induce better employment perspectives of young people living in poverty in Argentina.**

According to the authors, two likely factors that could explain this failure are:

- A lack of complementary policies to improve the quality of education and
- An increasing demand for higher educational credentials on the labor market in Argentina.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Thus, in terms of policy implications, the outcomes of the study would suggest the importance and relevance of complementing such education reforms with measures to support the quality of education services.

In fact, these complementary measures should aim directly at fostering the employability of young adults, and especially those from poorer backgrounds. A more ambitious policy package that would aim to raise the labor perspectives of low-income youth may include, for example, the following complements:

- After-hour training programs and technical schools, improved infrastructure and material (including computers and books in poor-area schools) and better-trained teachers.

Finally, as the evidence suggests that part of the reform's lack of impact on the poor seems to be the result of low social capital and negative peer-group effects, the researchers suggest that:

- Measures aimed at reducing the degree of school segregation should also be considered in future education policy initiatives.