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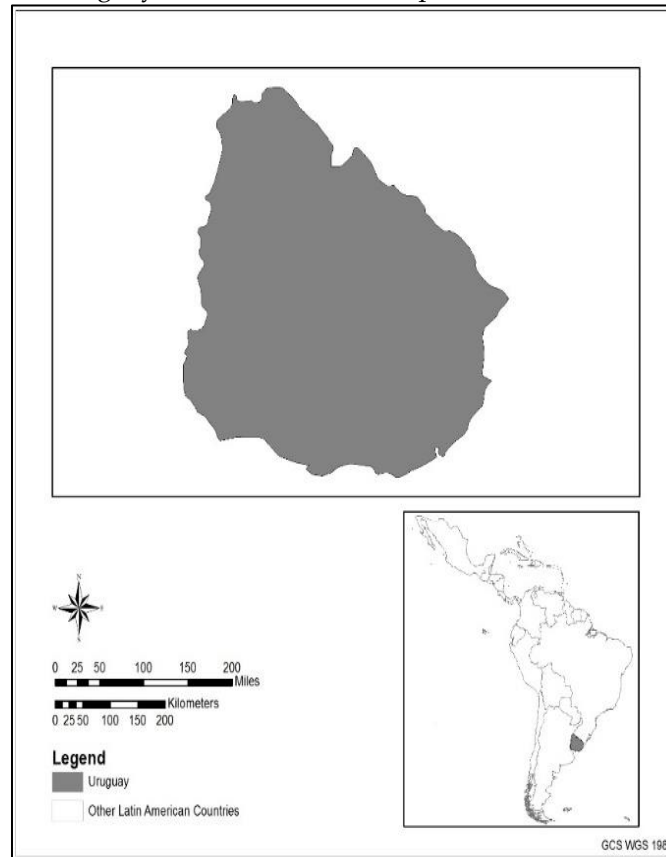
An Overview of Uruguay's Educational Policies

Created January 25, 2019	Contribution/Originality: The article's primary contribution to the existing literature on education in Uruguay is it delves into the nation's educational policies. The study compares relevant economic indicators with the average trends of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Honduras, Mexico, Nicaragua, Panama, Peru, El Salvador, Uruguay, and Venezuela. The study is among a few studies that have examined Uruguay's educational policies and compared them to the stated countries, making the paper unique and of great value to economists, educationalists, and the economic development department in Uruguay.
First revision August 12, 2019	
Second revision December 30, 2019	
Third revision February 22, 2020	
Fourth revision April 1, 2020	
Fifth revision March 30, 2021	Relevant Comment: The empirical and literature findings supporting the topic's assertions can be found in (Osiobe, 2019; 2020a; 2020b; 2020c). This is not a self-citation but an empirical and theoretical defense for the recommendations made in this paper. Hence, making the study an informative project.
Published: September 15, 2021	
Country: Uruguay	JFL Classification E10, I21, I24, I25, I28, O11, O12, O15
Keywords: Education, Human capital, Growth	For questions, comments, and suggestions, don't hesitate to get in touch with Dr. Jiji E. U. Osiobe (jiji@aneosiobe.ngo)

Overview:

The nation of Uruguay, officially the Oriental Republic of Uruguay, is the 89th largest country in the world, 11th largest country in South America (google (GE), 2019), and with a population of about 3.4 million people in 2018, the nation ranks 168th in the world by population (World Development Index (WDI), 2019). In terms of the GCI, Uruguay ranks 53rd out of 140 countries (Schwab, 2018). Uruguay is ranked 47th in the world and 3rd in Latin America in the 2018 Environmental Performance Index (EPI) (Yale Center for Environmental Law & Policy (YCELP), 2018).

Figure 1:
Uruguay on the continental map of Latin America



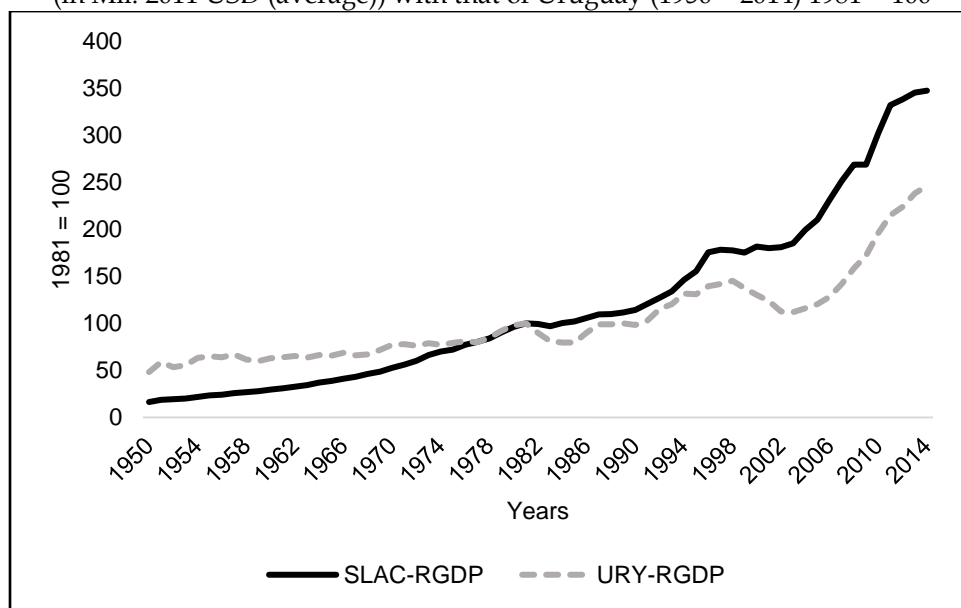
Author's creation (GE, 2019).

*Gray specific country of interest

Compared to other Selected Latin America and the Caribbean (SLAC), the country's landmass and low population density have afforded Uruguay many economic growth and development opportunities. The country has strong ties to the United Kingdom, Italy, and France in the international market. This relationship helped Uruguay grow and developed throughout the 20th century as one of Latin America's most progressive nations, known for its political and social-economic stability, middle and working-class growth, and the advancement of social legislation in the country.

After the military rule in 1973–1985, Uruguay was troubled by economic decline and financial struggles in the decades dating to when a civilian democratic government took over the country's governance. The SLAC countries that will be studied as a comparison benchmark are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Honduras, Mexico, Nicaragua, Panama, Peru, El Salvador, Uruguay (excluded), and Venezuela.

Figure 2:
 A comparison of our SLAC $RGDP_{ppp}$ at chained
 (in Mil. 2011 USD (average)) with that of Uruguay (1950 - 2014) 1981 = 100



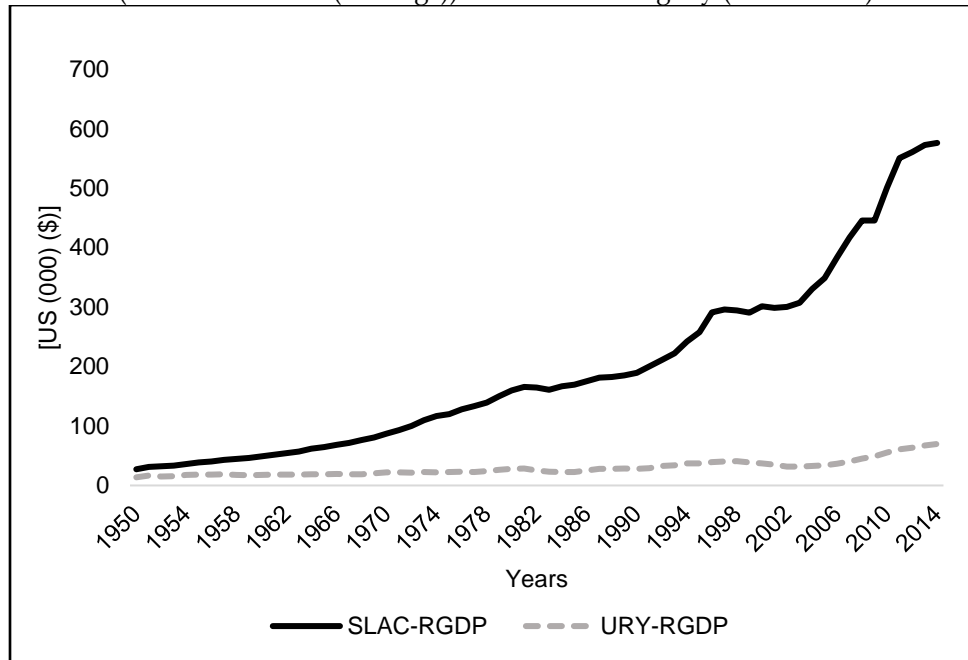
Source: (Penn World Table (PWT), 2019).
 Author's creation

Figure 2 shows Uruguay's Real Gross Domestic Product purchasing power parity ($RGDP_{ppp}$) 1981 = 100 as it compares to that of the SLAC moving average from 1950–2014. Figure 67 depicts Uruguay marginally outperforming our SLAC moving average from 1950–1975 and then underperforming the benchmark moving average

from 1976–2014. This implies that when the numbers in Figure 3 are converted to an index 1981 = 100 to measure the changes in the value of their $RGDP_{ppp}$, to see the direction of production in the economy, Uruguay underperforms our SLAC moving average.

Such social-economic adversities have caused many Uruguayans to emigrate out of the country to places like the US and many European countries, giving the nation a negative slur, "We export our young." The country's government strives in the tourism sector of the economy, as it is a popular destination to tour around the world. The nation's Gross National Product per capita ($GNP_{per\ capita}$) is among the highest in central and south America, and the country has a large growing middle class. The nation's high standard of living comes from the earnings generated by the agricultural industry's exports, which have been volatile on the international market. Governments have encouraged domestic manufacturing and services to grow by passing economic-friendly business policies to reduce the country's high dependence on global products. These generous business policies have led to the diversification of the nation's economy. Uruguay's government nationalized a large number of its corporations that produce products like but are not limited to petroleum, electricity, alcohol, cement, processed meat, processed fish, the railway industry, and the nation's largest telephone company.

Figure 3:
A comparison of our SLAC $RGDP_{ppp}$ at chained
(in Mil. 2011 USD (Average)) with that of Uruguay (1950 - 2014)



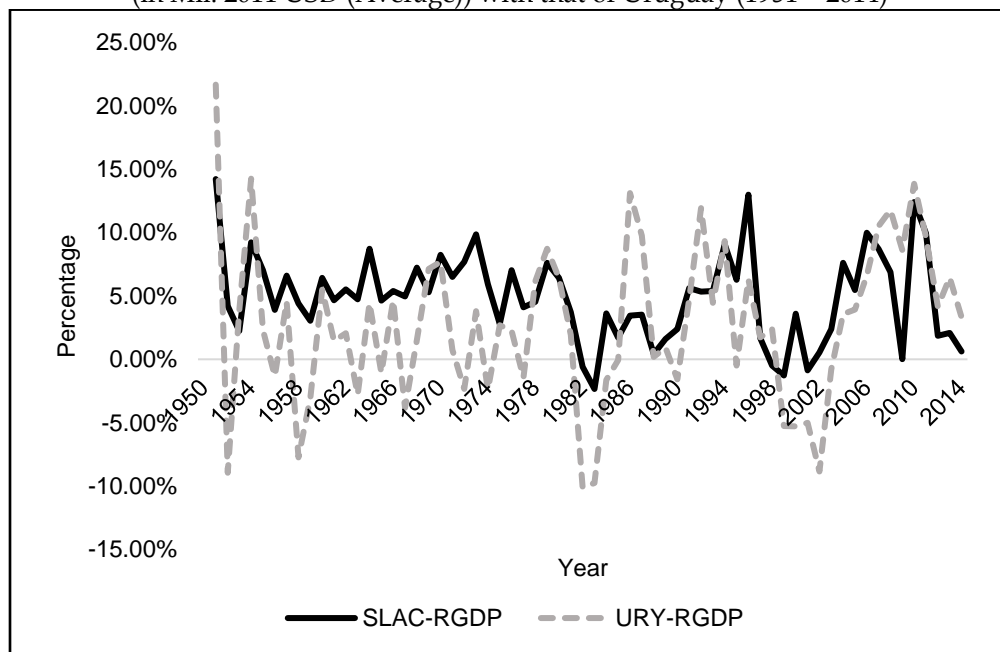
Source: (PWT, 2019).
Author's creation

Figure 3 shows Uruguay's $RGDP_{ppp}$ actual numbers compared to that of the SLAC moving average from 1950–2014. Figure 3 depicts Uruguay underperforming the benchmark moving average from 1950–2014 with an upward slope that looks somewhat flat. The country's literacy rate is high compared to the literacy rate of other SLAC, and its educational system policy includes compulsory free basic education for students between the ages of 6–14 years.

The country has boasted about the nation's high levels of compliance with required basic education for its citizens, also bragging about its large number of students' enrollment into the secondary school educational level. As a result, the

national literacy rate is approximately 96%, which is very high compared to other Latin American nations. In the 1990s, the Administracion Nacional de la Educaci3n P3blica (National Administration of Public Education) proposed several educational reforms, which were not passed until 2001. The new educational reform provided new guidelines for new school facilities and curriculum. After these changes, the WB approved a 28 Mil. USD loan to the nation to improve its primary education system.

Figure 4:
 A comparison of our SLAC % change of $RGDP_{PPP}$ at chained
 (in Mil. 2011 USD (Average)) with that of Uruguay (1951 - 2014)

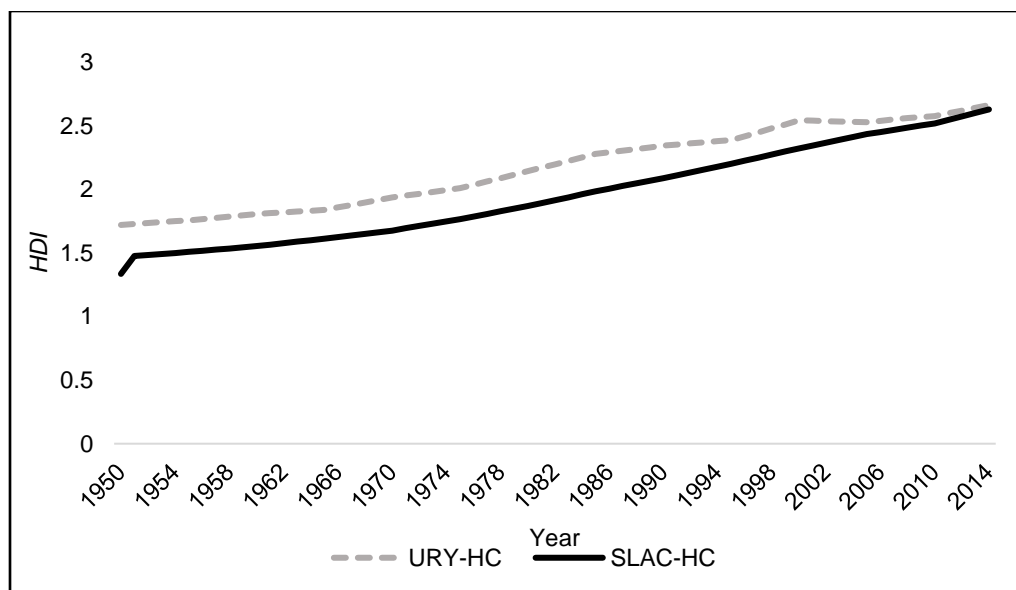


Source: (PWT, 2019).
 Author's creation

Figure 4 shows Uruguay to be more volatile than that of the SLAC. The volatility on the chart implies that both positive and negative economic shocks heavily impacted the nation from 1950–2014. Another policy that has affected the Argentine education

system is the 1990 Mercosur Free Trade Agreement (MFTA), a free trade market agreement created in the 1990s between six South American countries: Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay. The socioeconomic implications of the MFTA to the economy extend to the school systems since the agreement impacts political relations, technology, and globalization. The MEC is responsible for all levels of the nation's educational system.

Figure 5:
A comparison of our SLAC *HDI* (average) with that of Uruguay (1950 - 2014)



Source: (PWT, 2019).

Author's creation

Figure 5 shows Uruguay's Human Development Index (*HDI*), as it compares to that of the SLAC moving average from 1950–2014. Figure 5 depicts Uruguay outperforming the benchmark moving average from 1950–2014. Uruguay's *HDI* showed a steady upward trend on the actual *HDI*, and the growth rate trend was like that of the

actual *HDI*. The figure implies Uruguay's *HDI* in the country outperformed that of the SLAC moving average based on residencies years of schooling and returns to education.

Summary:

Education Policy Orientation Main Findings:

- Primary, secondary, and university education are free. This has resulted in Uruguay having a 98.6% literacy rate, comparable to that of the US.
- The education system in the nation is highly centralized, unlike other Latin and Central American countries.
- Education is compulsory, from ages 6–11.
- Spanish is the predominant language used in the Uruguayan education system.

Policies that Moved the Country Forward:

- The enforcement of a low student-to-teacher ratio. The nation has an average teacher-to-student ratio of 13:1, one of the lowest in the world.
- The Uruguayan education department expanded the school material program and included free laptops and Wi-Fi connections to every student across the country.

Policies Implication and Recommendation:

The Uruguayan education system has some remarkable and applicable policies that the rest can learn from. However, the system is still far from perfect, which their government can improve. But overall, their education system has achieved great success, and their educational attainment rate has had a steady upward trend for years.

- Although the country has a free education system from preschool through the university level, students from low-income families graduate much less than those from middle- and upper-income families. It is recommended that the Uruguayan government provide programs that will support these families and reduce this gap in the low-income households graduate rate.
- Another recommendation in the school system will be to increase teacher hire standards and improve the teacher's training programs.

Contribution to Uruguay Literature on Human Capital and Economic Growth:

This study contributes to the literature on the role of Human Capital (*HC*) in economic growth and development by highlighting the essential educational policies passed by the Uruguayan government and how these policies affected the *HDI* level of the Uruguayan economy. Studies that have delved into Uruguay's economy include (Finch, 1981; Winters & Martin, 1995; Teixeira, 1998; Panizza, 2004; Bertola & Porcile, 2006; Harmsen, 1995; de Brun & Licandro, 2006). The theoretical formulation of the relationship between *HC* and economic growth in Uruguay has been studied by

(Hoffmeister & Vegh, 1996; Francois et al., 1994 & 1996; Moraes et al., 2005; Kirby, 1975; Bertola & Porcile, 2012; Finger, 2001; Harrison et al., 1997; Khan & Kazmi, 1994; Blandford, 1996; Dana, 1997; Yap, 1996; Runge & Stanton, 1988; Lopez-Alves, 1993). The theoretical formulation of the relationship between *HC* and economic growth consistently predicts that knowledge embodied in humans is essential for innovation, productivity, and economic growth. However, this relationship didn't hold true in every study, for example (Devarajan et al., 1996; Levin & Renelt, 1992).

Further Study:

Uruguay's economy can be better understood by studies that solely focus mainly on the nation's economy and the relationship between *HC* and economic growth.

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