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THE ECONOMIC & SOCIAL COST OF ILLITERACY

A WHITE PAPER BY THE WORLD LITERACY FOUNDATION

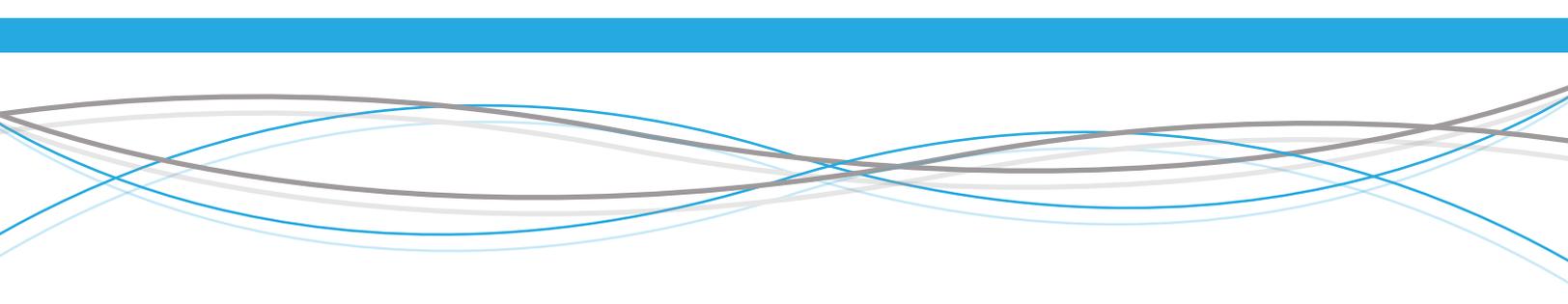


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1. Key Findings

Globally, it is estimated that 1 out of 5 people are completely illiterate with a further three billion people struggling to read and write at a basic level. Low level reading and writing skills cost the global economy around £800 billion each year.¹ In 2018, illiteracy is estimated to cost UK economy approximately £80 billion. However there are often-hidden costs of functional illiteracy that poses even more significant costs to the economy and long-term personal and social impacts on a person's quality of life.

Functional illiteracy means a person may be able to read and write simple words, but cannot apply these skills to tasks such as reading a medicine label, balancing a chequebook, or filling out a job application.² Around 15%, or 5.1 million adults in England, struggle to read and write at a very basic level and can be described as functionally illiterate.

The financial cost of illiteracy to the economy includes: £24.8 billion on welfare, unemployment and social programs. An additional £55.2 billion is lost through lower personal income, productivity or business earnings.

Latest findings show there has been a 30% decrease since 2012 in numbers of children who read regularly and own a book from low-income and disadvantaged homes. For Children in the UK, digital devices are replacing a nightly routine of reading.

In other countries like the United States, for example, literacy is just as huge a problem. In 2015 a study by the FINRA Foundation estimated that 2/3 of Americans could not pass a basic financial literacy test covering credit, interest, investing diversification and inflation. Other countries, such as France estimate that around 2.5 million people are affected by illiteracy. On an even more dramatic scale, Egypt has a population of around 16 million illiterate adults.

This White Paper will discuss the economic costs of illiteracy as it is being faced within the United Kingdom and across the globe, address the social impacts that arise from that fact and provide recommendations for governments, city society and businesses. Improved literacy transforms lives and communities by allowing people to engage in everyday activities like getting a job. Governments, civil society and businesses must work together urgently to tackle this problem.

2. Introduction

The purpose of this White Paper is to address the growing economic and social costs of ignoring the illiteracy epidemic. It will discuss the cost of illiteracy in the British and global economy, as well as provide suggestions for how to address literacy in both developing and developed countries.

Women and girls are often the losers when it comes to worldwide literacy. According to studies, 69 percent of Egypt's illiterate population is female. Even in countries like France, studies show that illiteracy is a much greater disadvantage for women than men. This shows just how important it is to take women and girls into policy accounting.

Beyond looking at literacy from a gender perspective, literacy efforts looking forward should also be focused on the positive and negative aspects of social media and digital media online. On one hand, access to media means that content is easier than ever to access online. On the other, it opens the door to fake news, and for a whole new aspect of "digital literacy" to come to the forefront. How can a reader know if sourcing is complete on a document or article? Not everyone has that knowledge. The realm of the digital then, is yet another field where literacy needs to be taken into account.

3. Discussion

3.1 Discussing the Social Impact of Illiteracy

The effects of illiteracy and low level reading skills in the United Kingdom are very similar to other parts of the world. Without the ability to read or write, many illiterate people become trapped in a cycle of poverty with limited opportunities for employment or income generation.

Consider some of the everyday choices that require literacy to make informed decisions.

- ▶ Reading a medicine label
- ▶ Reading a food nutritional label
- ▶ Balancing a chequebook
- ▶ Filling out a job application
- ▶ Reading and workplace correspondence
- ▶ Filling out a home loan application
- ▶ Reading a bank statement
- ▶ Comparing the cost of two items
- ▶ Working out the correct change at a supermarket
- ▶ Understanding government policies
- ▶ Voting in elections
- ▶ Using a computer to do banking
- ▶ Calculating a financial investment
- ▶ Using a computer or smartphone to read the news
- ▶ Communicating with others via email or social networks
- ▶ Shopping online
- ▶ Completing a higher education degree or training
- ▶ Analysing sophisticated media and advertising messages
- ▶ Assisting children with homework

Beyond simply economic outcomes, however, illiteracy represents an enormous social cost to those faced with it. Those who live with complete or functional illiteracy are faced with the prospect of poor health outcomes, welfare dependency, a lack of social cohesion, a higher level of crime and lack of self worth. Poor literacy also limits a person's ability to engage in activities that require either critical thinking or a solid base of literacy and numeracy skills.

Countries like Egypt attempt to address this problem with government action, their General Association for Literacy Education hosting a ten-year initiative which hosts classes in mosques and public centres. The government also works with NGOs like Carita Egypt's Adult Literacy Program, which UNESCO recognizes as one of top nine best adult literacy programs worldwide. Through these programs, adult can learn that there isn't anything shameful about learning to become literate and that they can learn to be an active member of society with time and effort.

3.1.1 Society

Regardless of the number of problems illiterate adults and children face, the bigger issue of illiteracy has to also be thought of on a societal level. Because literacy is a necessary tool for those to work in government, many positions are vacant because there are not enough individuals suitably trained for them. This not only means that a country is left lacking in its own ability to operate, but additionally civic participation throughout the country will be lower. Long-term GDP growth will stagnate as the proportion of adults with even functional illiteracy increases.³

Poor literacy amongst society might mean that people don't have the ability to understand the difference between real news and fake news. They might not understand or be able to access basic health information, or how best to access education.

3.1.2 Health

On a more personal level, illiteracy also hampers a person's access and ability to understand health information for themselves and their families. Illiteracy increases the likelihood of high-risk sexual behaviour, due to lack of sexual and reproductive education and inadequate or no use of contraception.

Talking about health means more than understanding health information. For example, the French White Paper on "Mobilizing the Regions in the Interests of Growth, Employment and Greater Territorial Equality" discusses health literacy in terms of it in combination with vocational and social training. These three would be police frameworks that regional offices could use to develop local partnerships. In particular, this kind of connection between literacy and health would really make a difference in rural and disadvantaged urban areas.

3.1.3 Crime

Crime is also significantly linked to illiteracy. Up to 85 percent of juvenile delinquents are functionally illiterate.⁴ After determining more than half of 150 inmates in London prisons suffered from dyslexia, a pilot scheme was set to re-educate 50 prisoners. In the first two years of the Dyspel Project, only five inmates re-offended while another thirteen went back to college and four found work.

Using these kinds of prison case studies, it was determined that while there were lots of different reasons why prisoners might have been illiterate, learning how to better read and understand numbers helped with their confidence. Maybe prisoners were socially deprived, not motivated or had problems at school? In fact, many of the prisoners with dyslexia had a history of being told they were stupid, and therefore didn't try at school. Confidence was the key. Helping prisoners learn how to better become functionally literate meant that one in three went on to higher education. This just shows what an incredible impact making literacy programs a part of prisons can make.⁵

3.1.4 Education and Welfare

While the effects of illiteracy can be seen in society, health, civics and the crime rates throughout a country, its most dramatic social impact is in welfare and education. Illiterate people are more likely to drop out of school, and subsequently be reliant on welfare due to a lack of or low-paying employment.⁶ Functionally illiterate parents who then have children tend to have lower expectations regarding schooling. Work is often placed before education, and the children of parents who have failed to complete primary school have the tendency to do the same.

Education is one of the linchpins of how literate practices can be passed on. For example, when illiterate adults take the step to improve their own literacy skills, it has a net positive effect on their children. These newly learning adults can help their children with homework, encourage enthusiasm in the learning process, and communicate effectively with teachers.⁷

Findings by the World Literacy Foundation have found that there has been a 30% decrease since 2012 of the number of children from low-income/disadvantaged homes who do not own children's books or read regularly. For many children in the United Kingdom, digital devices are replacing nightly reading rituals in the evening. Adult illiteracy in the UK furthermore remains stagnant. Over the past eight years, little progress or improvement of the numbers of adults who are functionally illiterate has been made.⁸

Many adults are reluctant to admit when they struggle with literacy and, as a result rarely seek help. One of the most important aspects of supporting adults with low literacy levels is to increase their self-esteem and teach them of the benefits improving their reading and writing skills.

3.2 Discussing the Economic Cost of Illiteracy

Over the years, there have been many attempts to place an economic value on the cost of illiteracy in various nations. Disputes about the methodology used to calculate these figures set aside, illiteracy costs the global economy more than £800 billion each year. Why? At least one in five people worldwide struggles with illiteracy. Behind the numbers are millions of people who live in poverty because they are either fully illiterate or struggle to read.

The cost of illiteracy to the UK economy is estimated at £80bn each year and globally £800bn.

Around 15 percent, or 5.1 million adults in England, struggle to read and write at a basic level and can be described as “functionally illiterate”.⁹ The costs, however, extend past the very basic ideas of what can be considered reasonable. The financial cost of illiteracy in the United Kingdom includes £24.8 billion going to welfare, unemployment and social programs amongst others. An additional £55.2 billion is lost through lower personal income and productivity. These numbers represent three percent of England’s GDP - something which should be inexcusable for a power on the United Nations Security Council. Other world powers like the US are estimated by the National Financial Educators Council to have lost \$280 billion in 2017 due to a lack of knowledge about personal finance.

Globally, the impact of illiteracy varies from country to country, but earning potential is limited in each case. Illiterate people earn 30% - 42% less than those who are literate. Beyond this grave disparity amongst workers, these people also do not possess the skills required to engage in further vocational training or education. This means that illiterate people will most likely not have the skills to advance in their careers nor increase their salary throughout their life.¹⁰

Lack of income represents one aspect of the economic cost of illiteracy. The opportunity cost of lost wealth creation is an additional issue that is connected to illiteracy. Without the financial literacy skills to understand mortgages or loans, many illiterate people will make financial decisions without fully understanding the impact. Saving for retirement or creating a personal financial plan will also be skills they can use. This is a huge cost for the families of illiterate parents, the businesses that employ people with poor financial skills, and communities that will not grow due to lack of foresight.¹¹

Take a country like Egypt, whose illiterate population numbers around 28 percent, consisting of around 16 million people. These communities are stunted and cannot

grow because many basic skills are lacking for them. Ain Shams University has an Adult Education Center, which claims that many adults don't understand how to use a credit card or ATM machine. These adults are then excluded from parts of society.

Egyptian author Alaa al Aswany and Nobel Laureate Winner Mohamed El Baradei supported a call for removing voting rights for people who were illiterate. They claimed that information that is on television isn't sufficient for voters. While that may be true, this measure continues to exclude people from society.

4. Recommendations

The World Literacy Foundation makes recommendations outlined below as a starting point to deal with the global issue of illiteracy. Each recommendation needs to be adapted to individual country contexts. An adult literacy program that fits the needs of lower-income families in the United Kingdom may not fit the needs of a smaller community in rural China.

4.1 Establishing parent and adult literacy school programs

By developing adult literacy programs that are tied to income generation opportunities, goals and positive reinforcement can be used as a tool to fight illiteracy. When parents improve and enjoy using their own reading and writing skills, they can further encourage their children to enjoy literacy. These programs should also run awareness campaigns to overcome the shame associated with illiteracy or low priority placed on education.

Take the example from the American Bankers Association that hosts a "Teach Children to Save Day" every April. This offer parents the opportunity to improve their own financial literacy while helping their child to learn these lifelong skills early on. These don't only have to come from associations. They can also come from schools and can be tailored to each community.

Schools are the best placed to know what they need and establish the right kind of literacy programs that will get the most attendance, and therefore make the biggest changes.

4.2 Support children "at risk" of illiteracy

Helping children become excited about learning and making sure that they don't enter school already behind their fellow classmates is extremely important for addressing illiteracy. Beyond that, a strategy should be adopted to make sure these students stay in school. Governments should build more schools, improve attitudes towards education and help support those who cannot afford school.

New scientific research confirms that early-childhood brain development shapes the adults they become, the success they achieve, and the contributions they make to the economy and society. Many children who grow up in low-income families enter school with substantially smaller vocabularies than their classmates. Over time, this disadvantage leads to further disparities in achievement and success from academic performance

and persistence to earnings and family stability even 20 and 30 years later. Going to school without being able to read or write means a child is not able to understand geography, what is going on in the world around them, develop their creativity and imagination and ultimately reach their full potential.

Parents can combat illiteracy early by reading with their children. They can ask schools for increased availability of literacy resources for their children.

4.3 Increase Availability of Resources & Finances

These strategies to end children and adult illiteracy rely on two significant factors: resources and funding. Teachers need to be appropriately trained, schools need to receive books and funding, literacy programs must be kept up to date and tutoring must be provided for those who lag behind.

Governments, too, have their role to play. The American website <https://www.my-money.gov> is a great example of how the American government help to provide its citizens with up to date resources on learning how the “Principles of Earn, Save & Invest, Protect, Spend and Borrow.” While illiteracy rates are still high in the United States, meaning that resources like these are not marketed well enough – the fact that they exist provides inspiration for similar measures that the UK or other European countries could take.

Illiteracy costs the world over £800 billion each year. To reduce these costs; there needs to be greater support to adult and parental literacy programs; improved resources in terms of training and technology; stronger collaboration between governments. Governments need to commit further towards literacy initiatives and the illiteracy epidemic in their own country and in others. Creating a central body to manage financial resources for international literacy initiatives would be a useful tool to coordinate on a supranational basis for all countries for not only funding, but also for mounting a worldwide campaign to raise awareness, empathy and donations.

4.4 Include Women and Girls in Literacy

Around two thirds of the illiterate population consist of women. Literacy not only increases development in a country at large, but also by focusing on women and girls as a main target – literacy campaigns can make a larger impact on all development indicators beyond purely education.

Approaching literacy as a universal problem that goes beyond the basic financial and language literacy by focusing on gender is a new approach, but one that can improve the prospects of the global literacy movement. For example, combining literacy with other vocational training skills allows for integration of these new skills and ensures that they will be used in real life rather than simply discarded. This also allows women to grow into more participatory members of the community in the future.

4.5 Launch A Global Campaign for Literacy Awareness

On behalf of larger supranational organizations such as the United Nations, more attention ought to be paid to illiteracy. Countries such as France have suggested that they will set up a National Day to fight against literacy in order to perpetuate the “Grand Cause Nationale” alongside International Literacy Day. This is only one step in making literacy a cause that deserves more attention.

By building a global campaign, countries and larger UN organs have the opportunity to encourage smaller scale innovations on the level of parents and students as well governmental cooperation.

4.6 Work Across Country Borders

Even without a supranational governing body on literacy, countries can still work together to make regional plans to fight illiteracy across borders. France has worked to develop and strengthen their regional organization and partnerships to better combat illiteracy throughout the European Union. Creating councils and liaising with other countries to see what they are doing that is and isn't working creates a more collaborative approach that can help to make fighting illiteracy not just a local effort, but a global one.

5. Conclusion

In this report, an estimate of over £800 billion has been estimated as the cost of illiteracy to the global economy and £80 billion in the United Kingdom. The social cost can be calculated in terms of welfare payments or the increased burden on healthcare systems, but ultimately the real opportunity and human cost will never be known.

Without literacy, people cannot create individual financial wealth, encourage entrepreneurship amongst their communities, nor build healthy and stable families. The lost opportunities of each individual human contribution to the political, cultural, or economic areas of society are countless.

This report is published in advance of the third World Literacy Summit, which will be held on March 25, 2018 in the Sheldonian Theatre at Oxford University. Summit organisers hope to secure a commitment from attending delegates to a global call to action around an Oxford Declaration. The declaration calls for a greater focus on literacy and education outcomes as well as equality for education amongst girls and women.¹²

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Designed by **Andrea Gualteros**
World Literacy Foundation