

INVESTING IN EDUCATION? YES, BUT WHAT SORT OF EDUCATION?

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Economists have been in search of the alchemy of development since the early 1950s. What is the magic *mantra* by which a developing economy is transformed into a developed economy? In development models it has become axiomatic to postulate that the rate of growth of the economy is determined by the rate of investment. Given the capital-output ratio of a particular economy, it is easy to calculate that X rate of investment will produce Y rate of growth. In this context, investment means fixed investment in terms of investment in plant and machinery, capital equipment and on. It was Professor Theodore Schultz of Chicago University, Nobel Laureate in Economics, who added a new dimension to the concept of investment. He maintained that for a developing economy investment in education of the people is as important, as investment in capital equipment. A given amount of fixed capital investment will be far more productive in an economy with an educated population than in an economy with uneducated population. This approach has now become part of accepted development doctrine and investment in education is regarded as promoting the formation of "human capital". While conceding that education is an essential ingredient in the policy-mix designed for development, the question that needs to be posed is: Investment in education? Yes, but what sort of education? This question has acquired a contemporary connotation because of some recent developments, as I will explain presently. The

32nd Lala Lajapatrai Memorial Lecture which focuses on the theme "Human Capital" provides a good opportunity for us to reflect on this important issue.

Let me begin with the citation of three cases. When Macaulay introduced English education in India during the British regime, he had never dreamt of developing India. Far from it. All that he wanted was to produce an army of clerks to support the steel frame of the British empire. Second, take the case of Malta, the Mediterranean State, which became independent in 1974. Since it had no natural resources, it was advised to develop the tourist industry by providing the necessary facilities for education and training. The then President of Malta is reported to have quipped "By all means, let us develop the hospitality industry. But let us guard against the country degenerating into a nation of waiters." Third, take the contemporary scenario of Indian IT industry. In spite of the glorious record of growth of the software industry, some thinkers have wanted that we should not be complacent with the achievements, lest there is the danger of our ending up as a nation of cyber-coolies, on the analogy of indentured Indian labour of the British empire. Here the reference is to the proliferation of the so-called "call centres" which concentrate on "transcription" jobs. This is certainly not to belittle the contribution of Indian software experts to more sophisticated segments of the industry but only to emphasise

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that we should move increasingly into the more sophisticated areas. The instances are cited merely to highlight that the content of education is as important as the emphasis on the form of education in general.

This issue has acquired a contemporary relevance with the recent fall from grace of the American capitalist image. Revelations of corporate crookedness and accounting scandals have shaken the very foundations of American Capitalist model. The depth of degradation to which unbridled corporate greed can lead has become all too obvious. The Enron, World Com and Xerox, and Global Crossing exposures have unveiled the ugly side of Western style capitalism under which, in the quest for short-term gain, wrong-doings are overlooked. These developments cannot be dismissed, as some apologists of American Capitalism seem to be doing, as isolated incidents. As Professor Lester C. Thurow puts it: "The Enrons and worldcom are not abnormalities in a basically sound system scandals are endemic to capitalism. "Furthermore, the A-hold scandal showed, as the Economist put it, that Europe is not immune from America's Corporate ills (The Economist, March 1st 7th, 2003). Many other scandals have come to light more recently in France and Italy. In other words, people have lost trust in the measures of corporate performance that they are given and in the people who give them. The Economist sums up the situation: "Chief executives and accountants have become a despised breed, less trusted even than politicians and journalists". (The Economist, November 30, 2002). Many of those involved in these scandals were highly educated MBAs or Chartered Accountants, the professions of both of which have now come into disrepute.

In India, we have had our own share of such scams in the stock market, involving Harshad Mehta, the closure of Bank of Karad, and some non-banking finance companies and mutual funds. The collapse of the UTI was the mother of all scams. The more recent failure of the Global Trust Bank (GTB) adds one more instance to the litany of financial mis-deeds. The point that we need to underline is that many of the actors involved in these scams were educated men and at least some of them were regarded as "financial wizards" at that point of time. When we talk of investing in education, is this the kind of education that we have in mind?

What has gone wrong with our education policy? The central point I am seeking to make is that we should din into the ears of all educated persons whatever be their professional training, be they engineers, scientists, economists, social scientists, administrators, or even humble men and women with elementary education, that our aim is to evolve, not only an affluent society, but also an affectionate and caring society. We certainly want that India should metmorphise itself into a developed economy from its present state of a poor economy. In the process of so doing, we should not trample upon the basic values of our ancient civilization.

Accelerating economic growth is undoubtedly a pre-requisite for reducing poverty, eliminating illiteracy and disease among the bulk of the population; but this goal is not exclusive of the broader objective of evolving on egalitarian, just, humane and compassionate Society. There should thus be a senergy between growth and economic and social development.

This brings us back to the basic question: What should be the end-objective of education?

Indian philosophy offers a remedy for this sort of “sickness” in contemporary civilization: It advocates the need to build “development conscience” among all sections of the population, within a country and across countries. From times immemorial Indian philosophy has maintained that an all-round development of a society is best achieved through the betterment of the individual, which no doubt includes economic well-being but extends well beyond it (see “The Development Conscience Factor” in the book *Economic Reforms Sans Development*, N.A. Mujumdar, 2004). Social conscience must be inculcated among individuals, through education at all stages and also professional training. All individuals, must be sensitized, at an young age, to the abject poverty, the squalor, disease and illiteracy that surround us. They must be made to begin to think in terms of what is our *dharma* or duty towards alleviating some of the infirmities that afflict our fellow human beings. We may begin to think in terms of poverty within a nation and then extend it to poverty across countries. In fact, Indian philosophy regards the earth as one family. *Vasudhaiva kutumbakam*.

The *Brabadaranyaka Upanishad*, one of the ancient scriptures of India enjoins that our life must be guided by the following three “Da's”: “Damyata”, that is control yourself; “Datta”, that is, give to others; and “Dayadhvam”, that is, be compassionate. Thus we must practice self-control, charity and compassion. Collectively, these three characteristics constitute what has been called as “development conscience”. Building up such conscience among all sections

of population within a country and across countries would go a long way towards accelerating economic growth, promoting a “shared growth” process, improving the quality of life for all stake-holders in the society, and thus evolving a compassionate society.

The spontaneous response to the recent Tsunami disaster provides a glimmer of hope for India. Not only did the private corporate sector demonstrate its sense of social responsibility, but also people from all walks of life celebrities, professionals, the average householders and even the not-so-well-to-do families, students rose as one man to wipe the tears of those afflicted by this terrific natural disaster.

It is in such monumental crisis that the core of a society's culture manifests itself. It should be the central objective of all educational institutions academic, professional or vocational to inculcate this strong sense of fellow feeling. One does not have to wait for a national calamity to occur for such feeling to express itself: but this feeling should be an integral characteristic of all educated persons.

Let us by all means invest in education but ensures that it is the right kind of education. Unbridled greed, ruthlessness in accumulating personal wealth, insensitivity to surrounding miseries of fellow human beings these ills characterise the cream of today's, educated society. Let us seek to replace this section of the society with the new breed of educated persons, who would have acquired, as part of their educational equipment, development conscience.