<table>
<thead>
<tr>
<th>Title</th>
<th>Education as a vehicle of development: Some disquieting evidence</th>
</tr>
</thead>
<tbody>
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Education as a Vehicle of Development: Some Disquieting Evidence

The last decade was certainly one of tremendous development and expansion for formal educational institutions and enrolment. Growth rates in educational enrolment were world-wide. In some countries, educational expansion was phenomenal. For example, Turkey increased her primary school intake to two and a half million—a 100 per cent increase; secondary enrolment increased by 142 per cent in the last decade. Higher education increased even more dramatically. During the same decade, enrolment jumped 240 per cent. The story is repeated in Spain, Portugal, Yugoslavia and Greece (OECD, 1974). In the Asian region, the annual rate of increase in enrolment since 1970 was no less dramatic. The trend was for higher education to increase at a faster rate than secondary education, which in turn exceeded the rate of expansion at the primary level (UNESCO, 1975). Latin American countries were no exception. These countries, the developing and the underdeveloped, were all motivated by the mistaken notion that somehow by expanding education, economic development would automatically follow—the kind of growth logic generated by Schultz and Denison who showed that in the USA, between 1929 and 1957 increases in education had accounted for 23 per cent of the increase in economic growth. What is over-looked is that the productive role of schooling is measured via the marginal productivity theory (Hinchliff, 1975). The higher productive role of schooling may be a function of the existence of the complementarity of physical capital; in any case, it seems more reasonable to assume that more of each level of education follows economic growth rather than precedes it.

The desire for economic growth is inexplicably a compound of other motives—the desire to use schools for political socialization, for nation building and a host of other social functions, the achievement of which is sometimes cited to justify the cost. That schools were not really effective engines for these diverse and costly functions was never taken seriously by politicians (Hanf et al, 1975), some of whom saw education as a politically expedient weapon to gain popular support.

As an aside, it is worth noting that education expanded just as dramatically in developed countries. In the USA and UK, education growth was seen as part of the effort to equalize educational opportunities and thereby reduce income in equality. In the USA, higher education used up 2.5 per cent of the US national income, which is as much as what some countries devote to education as a whole (Carnegie Commission, 1973).

Such unprecedented expansion of the “optimistic” 60’s and blind faith in education was soon accompanied by disquieting events which have led to a serious re-examination of theories and policies in the 70’s. The efficacy of education systems in attaining the economic and social goals is seriously questioned as over-expansion leads to serious unemployment of school leavers and college graduates in less developing countries (LDCs) and incipient graduate unemployment in the USA (Gordon, 1974).

The concept of overexpansion of education is meaningful only when viewed relative to job opportunities for different levels of education. There is ample evidence that education in LDCs has outrun job opportunities; there are more school leavers and college graduates than there are jobs leading to the serious problem of educated unemployment and in some countries social and political unrest. Edwards and Todaro (1974) provide staggering figures of open unemployment for Bogota (13.6%), Venezuela (7.9%), Ceylon (15%), Malaya (9.8%), Philippines (11.6%), Kenya (14.9%) and Ghana (11.6%). What is more serious is that “the average level of education among the unemployed appears to be rising, suggesting that the growing investment in educational systems is increasingly an investment in idle human resources” (Edwards and Todaro, 1974). Other evidence of overexpansion besides open unemployment is underemployment, that is, those who have only part-time jobs. Over-expansion is also indicated when college graduates take on jobs that were formerly performed by those with lesser qualifications. As more and more higher level graduates flood the labour market, employers raise the educational pre-requisites for the jobs available, thereby squeezing out of the labour market those with a lower level of formal educational qualifications.

Public support for education may be interpreted as political pressure on the government to
increase the size of educational establishments particularly at the secondary and tertiary level as these are increasingly seen as the minimum requirements for entry into highly paid jobs in the modern sector of the economy. As over-expansion takes place swelling the labour market, the pressure for more schooling increases as jobs get rationed out to those with more and higher educational qualifications. Public support may also be interpreted as the use of public funds to support formal education. In the LDCs, almost the whole financial burden of schooling falls on public funds and heavy subsidization inevitably leads to over-expansion. As the private cost of education is considerably less compared to private benefits, the demand for formal education is bound to increase even if there is educated unemployment. Each individual making his decision calculates his probability of employment as higher than the next and even with waiting time for a job lengthening, the benefits are still substantial. Furthermore, with unemployment widespread among secondary and tertiary graduates, many drift into an almost "costless" college education which is wholly subsidized. Even after adjusting for the probability of unemployment, the benefits are still considerable (Blaug, 1972).

Solutions to resolve the overexpansion of education and prevent its reoccurrence are hard to come by and even if they are available and likely to be effective on the best evidence that can be culled from recent research, they may not be acceptable to the political decision-makers, the educational bureaucracies and the citizenry. One suggestion which has received increasing support among a small group of economists is that students ought to bear an increasingly larger share of the cost of schooling so that private cost and benefits are more in line with social cost and benefits (Edwards and Todaro, 1974; Carnegie Commission, 1973; Windham, 1976a; Blaug, 1972). This must be increasingly so for upper secondary and university education. A case can be made out for public subsidization of primary education for attendance is near universal but in the case of higher education, given the strong correlation between family background, wealth and educational achievement, the pool of candidates for higher education tends to come from the higher income group; subsidization of the wealthy at the expense of the poor is inequitable. User-financing of education would bring the private calculus of cost and benefit more in line with market demands for labour and adjust supply accordingly. User-financing could be supported by the creation of long term loans or the issue of vouchers to enable the poor but able children to get the education they need. Another measure which can be taken is a more realistic specification of educational levels required as pre-requisites for different kinds of jobs. Hopefully, this will break the vicious circle of spiralling education qualifications chasing after too few jobs. Blaug's suggestion (1972) of a policy of adopting maximum rather than minimum educational qualifications for a job may also do the trick to stop the mad rush for higher education. Another suggestion which comes from Windham's study of human resource development in Liberia deserves close attention (Windham, 1976b):

(a) raise the quality of schooling so that those who graduate from each level have the skills and competencies expected. Low quality education leaves the primary school leavers illiterate and innumerate so that the desire to acquire permanent literacy and numeracy sets up a demand for more education;

(b) make fuller use of non-formal education which is less costly and just as effective.

If we assume that fiscal resources for education are not unlimited, then it is necessary to ensure that funds are used where the returns are greatest. Though not acceptable to idealistic egalitarians in LDCs, some form of meritocratic selection may be necessary to ensure that the school system produces what can be realistically absorbed by the labour market. Politicians too have to be educated to realize that schooling can be a positive force for development "only to the extent that the specific forms and amounts of education produced are appropriate to the type of the development desired. There is nothing automatic in the process which should lead one to expect that $X spent on education in year one will lead to $Y of increased national output in year two. Similarly for social development, only a specific form of education may lead to the type of social change desired" (Windham, 1976c).
References


