

Does Prosperity Depend on Education?

by Christopher Lingle

NEW DELHI, India—It has become an article of faith that economic progress depends on having an educated citizenry. A corollary is often attached, requiring governments to provide resources to meet this end. However, like so many self-evident truths, there may be less than meets the eye.

Let's look at this conventional wisdom. Amartya Sen, Nobel Laureate in economics, insists that India's plague of poverty will be best remedied through massive additional state spending on education. Naturally, politicians and state-employed educationists eagerly embrace any idea that lets them acquire more power and gain access to ever more tax money, especially when where there is little accountability for corruption and nonfeasance.

There are several problems with assigning so much importance to education as the basis for a community's prosperity. On the one hand, formal education is neither necessary nor sufficient for either an individual or a community to be prosperous. On the other, proposals to increase public spending on education ignore extensive theory and endless examples of the failures of government provision of goods and services.

What of the effect of education on material success? At the individual level, numerous

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self-made tycoons succeeded with limited formal education. For example, a Balinese friend of mine never attended school. He learned English and enough of several other European languages to sell curios on the beach. As he grew up, he expanded into handling local art work and then eventually built an art gallery. He plowed some of his money into property that is now worth several million dollars.

Moreover, formal education is not sufficient for economic progress. Consider Cuba and Zimbabwe, countries that are at the top of the charts when it comes to literacy. Obviously, that is no guarantee of success.

What about tax funding for schools? A good place to start is with the numerous failures associated with government provision of education. An Indian government-sponsored "Probe Report" revealed that serious "malfunctioning" of government schools causes harm to low-income families. During unannounced visits researchers found "teaching activity" in only 53 percent of the schools, while the head teacher was absent in 33 percent.

Those problems were not found in private schools serving the poor. Random visits revealed "feverish classroom activity."

Thus it is no surprise that despite desperate economic conditions, many of the poor abandon state-funded schools to place their children in private schools. Government schools offer free tuition, books, and even lunches. Yet in Hyderabad, India, for exam-

ple, official figures indicate that 61 percent of all students attend schools in the private, unaided sector. This ratio is probably higher since government schools overstate the number of their students to insure more funding.

Private schools are driven by a commercial logic instead of depending on handouts from the state or charities. Despite charging low fees, the private schools in urban ghettos of India make reasonable profits, which are reinvested. Ironically, most private-sector teachers receive about one-fourth of what is earned in government schools because teachers unions have succeeded in detaching wages from performance.

It turns out that the principal reason for the difference between the two kinds of schools is the lack of accountability for government teachers. Private schools provided stronger incentives for teachers to perform well and for administrators to insure that they offer quality education. Teachers can be

dismissed by the administrators and parents can “fire” the school by withdrawing their children. No similar incentives operate within government schools, where teachers have jobs for life. Such security leads to complacency instead of inspiring them to be better teachers.

Even though the poor choose private schools, educational entrepreneurs in the slums face hostility from government officials and official barriers to offering their services. One estimate for India suggests that before a private school can be opened, at least 35 different requirements must be satisfied.

The private sector in India, as elsewhere, is ready and able to fill the needs of the people by providing education at all levels. Lessons can be learned from the behavior of many of India’s poor, who know that private schools offer better services than government-funded schools. □

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