

EDUCATION POLICY IN LIGHT OF THE NEW POOR ECONOMICS

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GROWTH: ACCUMULATION OF CAPITAL

Adam Smith: Wealth of Nations

Solow Growth Models:

Maximize Investment, Minimize Consumption.

Governments all over the world

Maximize growth rate of GNP per capita.

But what investment gives highest returns?

WHAT IS THE BEST INVESTMENT FOR PAKISTAN?

- ◉ Energy - Dams?
- ◉ Large Scale Industry?
- ◉ Roads?
- ◉ Urban Transport?
- ◉ Health?
- ◉ Food Security?
- ◉ Environment
- ◉ Education - Primary, Secondary, Tertiary.
- ◉ Other Infrastructure.
- ◉ Export Promotion

HUMAN BEINGS ARE BEST INVESTMENT

- ◉ Not because of human capital
- ◉ BUT because GOAL of wealth is to provide welfare to human beings.
- ◉ Because every human being has infinite potential
- ◉ If you save a life, it is as if you have saved all lives.
- ◉ EVERY child has the potential to be a Ghazali, Ibn-e-Sina, Al-Khwarizmi, Ibn al-Haytham, Ibn-e-Rushd, Ibn-e-Khaldun etc.

HAQ: HUMAN DEVELOPMENT INDEX

SEN: DEVELOPMENT AS FREEDOM

- ◉ Development is NOT about accumulation of wealth.
- ◉ Rather: about development of human capabilities.
- ◉ Most Important question that we face:

HOW CAN WE MOST EFFECTIVELY DEVELOP THE POTENTIAL EMBODIED WITHIN HUMAN BEINGS LIVING IN PAKISTAN?

REQUIRED APPROACH: OPPOSITE TO CURRENT APPROACH

- ⦿ Accumulate Wealth to eradicate poverty

What is needed:

- ⦿ Eradicate Poverty to Accumulate Wealth.

We were told to take care of our GNP as this would take care of poverty. Let us reverse this and take care of poverty as this will take care of GNP. Mahbubul Haq: The Poverty Curtain

HUMAN BEINGS ARE BOTH THE MEANS & ENDS OF DEVELOPMENT

- ⊙ Basic Needs (Food, Shelter) -- Malnutrition
- ⊙ Health
- ⊙ Education

Modification of Solow Growth:

PRIORITY

AVOID

Consumption (Basic Needs) ***** (Wasteful)

Investment (Productive Capacity) (Gambling)

DUFLO-BANERJEE: NEW POOR ECONOMICS

- Poverty is NOT: ONE BIG PROBLEM



- Poverty is: ONE THOUSAND SMALL PROBLEMS



THE SPIRIT IS WEAK - NO POLITICAL WILL

SOLUTION COST IS LOW:

**\$40 BILLION TO OFFER BASIC EDUCATION, CLEAN WATER
AND SANITATION, REPRODUCTIVE HEALTH FOR WOMEN,
AND BASIC HEALTH AND NUTRITION TO EVERY PERSON IN
EVERY DEVELOPING COUNTRY.**



HEALTH, EDUCATION & NUTRITION

HOW TO CREATE
HUMAN
DEVELOPMENT

CHINA: BISP - INCOME SUPPLEMENT

- ◉ Did it improve nutritional status?
- ◉ NO - WHY NOT?
- ◉ Additional money NOT spent on FOOD?
- ◉ 67% of additional money WAS spent on FOOD!
- ◉ Switch to TASTY FOOD - Shrimp - reduction in calories.
- ◉ Money spent of weddings, funerals etc.

POLICY IMPLICATIONS??

- ◉ Educate the Poor?
- ◉ High Nutrition Foods into Staple Diet.
- ◉ ADD Micronutrients.
- ◉ Make it TASTY.
- ◉ CAMPAIGN against TEA, JUNK FOOD.
- ◉ HAVE nutritional quality labels -
- ◉ AND POPULARIZE them
- ◉ CULTURAL NORMS rather than INTELLIGENT CHOICES.



EDUCATION

DRAMATIC FAILURE OF PUBLIC SCHOOLS - WHY?

- ⊙ Parents want to occupy children with work.
- ⊙ Insufficient Income
- ⊙ Returns from Education not known.

NONE OF THE ABOVE: Schools are available, Parents want to educate children, returns from education are visible and known.

YET: High rates of absenteeism among students and school staff. WHY?

RAGING DEBATE:

- ◉ Can or Should Governments educate?
- ◉ Supply-Wallahs: Create good schools with good teachers, ensure attendance.
- ◉ MDG's are based on this premise.
- ◉ Results - absenteeism has gone down, supply of public schools has gone up
- ◉ BUT Learning Results are disastrous.
- ◉ 80% of children in 3rd grade cannot read one paragraph at 1st grade level.
- ◉ Median education is 3rd grade.

DEMAND-WALLAH'S

- ◉ Demand is low because returns to education are low.
- ◉ Fix the economy - create employment, jobs for educated.
- ◉ Demand will go up.
- ◉ People will find ways to get education for children.
- ◉ Strong Evidence that demand matters:
- ◉ Call Centers led to greater education for women - quick response to opportunity,

PROBLEMS WITH DEMAND

- ◉ Parents make choices for children.
- ◉ Whether they educate depends on many factors - views about future, number of children, social norms of duty to parents.
- ◉ THIS is the argument for compulsory schooling - state looks after welfare of children.
- ◉ Limited state capacity → Conditional Cash Transfers.

EVALUATING CCT

- ◉ Unconditional Cash Transfers have about equivalent effect on increasing education.
- ◉ CONCLUSION: More money allows a longer term perspective, leading to greater education at lower income levels.
- ◉ ARGUMENT for intervention. All high income children education. Very talented poor would not get educated.
- ◉ BUT: Can it be done? Higher government spending may just be wasted? Easterly argues for this.

STRONG EVIDENCE FOR BOTH SIDES

- ◉ Supply Helps: Indonesia, Malawi, Taiwan
- ◉ Large Beneficial Side Effects == lower Infant Mortality, Other positive externalities.
- ◉ Demand also matters. Many examples.
- ◉ Even poor quality schooling HELPS - strong evidence from many studies.

MAIN ISSUE:

HOW to make schooling better?

SOLUTION: PRIVATE SCHOOLS?

- ◉ Less qualified teachers, less paid.
- ◉ Better educational outcomes.
- ◉ **STRONG CORRELATE:** Educated Females (previous batch, from public schools).
- ◉ **BUT,** outcome are not **GOOD** outcomes, just better than public schools.

IMPROVED OUTCOMES

- ◉ BalSakhi Program
- ◉ Community Driven Development
- ◉ Dramatically improved outcomes.

WHY? If it is easy, why dont people get these results by themselves?

People value education HIGHLY.

They are willing to spend and sacrifice to get good education.

It can be achieved with easy interventions. But it is NOT. WHY NOT?

“EXPECTATIONS” IS KEY

Parents perceptions/expectations from educ:

- ◉ WEALTH and GOVT. JOBS.
- ◉ High risk gamble.
- ◉ No payoff to low levels of education
- ◉ Pick the winner approach is common - concentrate resources on the ONE most likely to succeed.
- ◉ Wrong Expectations create a poverty trap!

COLONIAL HANGOVER

TEACHERS EXPECTATIONS:

- ◉ Preparing a small class of elite to govern.
- ◉ Target on picking winners.
- ◉ No point in wasting time on losers.
- ◉ Majority are losers

EXPERIMENTS:

- ◉ Teachers spend more time, get better results with potential winners.
- ◉ Feel that remote/backwards areas are waste of time.

DRAMA OF CONSENSUS EXPECTATIONS:

- ⊙ Parents dont believe in their children
- ⊙ Teachers dont believe in their students.
- ⊙ Children dont believe in themselves.

The Software of Failure.

INTERVENTIONS

- ⦿ Laws to COVER curriculum. (F)
- ⦿ Support, plus change of target.
- ⦿ EXPERIMENTS: Same teacher does terribly in conventional setting, does very well in alternative settings.
- ⦿ Rich go to schools where all are expected to succeed.
- ⦿ Poor go to schools where only few talented geniuses will be selected - rest are just waiting to drop out.

ABYSMAL FAILURE

- ⊙ Provide everyone with basic necessary skills.
- ⊙ Identify talent to train
- ⊙ Raman Boards Story: Creative genius abounds.
- ⊙ Failure due to:
 - UNREALISTIC expectations from success
 - pessimism by all participants.
 - Wrong set of incentives for teachers.

CHEAP & EFFECTIVE INTERVENTIONS

- ◉ Every child must master basic skills.
- ◉ Teachers incentivized along these lines.
- ◉ Use Young, Enthusiastic teachers.
- ◉ Minimal training required for effective teaching.
- ◉ Community awareness and participation helps a lot.

Interventions:

- ◉ Learning-to-Read
- ◉ Reading-to-Learn

EFFECTIVE INTERVENTIONS

- ◉ Track and monitor learning.
- ◉ Separate by level.
- ◉ Offer level appropriate learning.
- ◉ Several models exist in our historical past.
- ◉ Change unrealistic expectations.
- ◉ Provide information on value of education.
- ◉ Provide proximate goals for short term achievement. Competitions, scholarships
- ◉ Self-paced learning, technological interventions with smart-phones.