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### Education: Human Right or Financial Speculation?

What is the purpose of education? On a general, individual level, the acquisition of knowledge and personal betterment, among others. Personal hygiene, health, and financial success are all examples of personal gains from education. On a societal level, according to Yves Daudet and Kishore Singh (2001, p. 9), education can help fix “proliferating acts of violence and conflicts; poverty and illiteracy; the gap between rich and poor; and marginalization and social exclusion.” While this might seem like a tall order, education has a myriad of impacts on modern society and individuals, families, and communities understand the importance of investing in education with money and time, among other resources. Every person or society that commits resources to education is making an investment and speculating as to the returns which may be achieved; no one can initially tell the rate of return (ROR) on their investment and, in general, one must risk a decent amount of capital in order to make a difference in education. Because education can provide tools for overall personal betterment, it can be considered a human right, but it is primarily a form of financial speculation.

Some form of education is vital to support one’s interaction with society and allows for personal betterment. According to Ndem Ndiyo (2007, p. 1), education “creates improved citizens” and Henry A. Giroux in *Education as Enforcement* (Saltman and Gabbard 2003, p. x) says good citizens are “critical,” individuals who question and criticize instead of ignoring important facts and taking things for granted. This is a crucial skill: being able to question effectively encourages one to think for oneself. Another purpose of education is to give students practical skills so that they can become productive members of society, definitely a

personal benefit which allows someone to interact with others effectively. Ndiyo (2007, p. 2) also says that education leads to a better quality of life through achieving “means of understanding, controlling, altering and redesigning human environment.” Taubman and Wales (1975, p. 107) point out that “costs of education are not necessarily borne by the one who is being educated,” therefore an individual will almost certainly (barring forgone wages) get a great deal from education, which provides for a large personal ROR. According to Taubman and Wales (1975), one’s level of education may be used as a screening device for positions in top companies and Randall Collins (1971, p. 1003) agrees that “a number of studies have shown that the number of years of education is a strong determinant of occupational achievement.” Another important aspect of education is the teaching of basic skills and honing of mental ability. Taubman and Wales (1975, p. 101) determined that overall mental ability, specifically mathematical ability, is “a more important determinant of the range [of] income distribution than education.” Generally, “the highly educated and able can perform better and win promotions sooner” generating higher income, something Taubman and Wales (1975, p. 102) call “upward filtration”. Ndiyo (2007) also highlights yet another personal benefit from education: improved health, hygiene, and overall well-being which promote freedom from disease, poverty, and oppression. Education can be considered a right because it improves an individual’s quality of life, provides opportunities for a higher income, enhances mental ability, and increases overall personal health and well-being.

Society can also benefit from education, but seen from a societal point of view, education seems to fall more within the boundaries of financial speculation and investment than fulfillment of a human right. Education’s ROR can differ from society to society, but generally the value is less than that of personal ROR. As George Psacharopoulos (2006) mentions, the value of education is based on the balance of input to output in an easy-to-understand model. If the “resources committed to education by families, students, and the

state” (input) exceeds that of “what is produced by education” (output), there is a negative value of education (Psacharopoulos 2006, p. 113). If one looks at the resources dedicated by only the state and looks at the returns to society (including externalities) over the course of an individual’s lifetime, one gets the societal value, or ROR. It is not obvious what the ROR will be for each student at the time of investment, which is why it is a form of speculation. Each country hopes that its students will become productive members of society, even though some of them will inevitably not. According to Ndiyo (2007), Nigeria, a developing country, has committed a great deal of money towards education over the past five decades, which has had a negative rate of return and drained the state of valuable funds which could be used elsewhere. There is a great push to expand education in other developing countries, but in particular higher education should not be stressed in these economically struggling and growing countries, lest the entire country crash for the sake of the highfalutin ‘pursuit for enlightenment.’ Psacharopoulos (2006, p. 113) also compares narrow (“traditionally estimated”) and wide (“that include externalities”) social returns. It is vital to take externalities into account when dealing with societal ROR, and Ndiyo (2007, p. 1) agrees, stating positive externalities as one of the values of education, along with the widespread improvement of a society’s standard of living which accompanies widespread education. Medical personnel are normally a great example of a positive societal return on investment, as they increase the general health of the area in which they practice. That is, as long as these highly trained specialists have a place to work, which was apparently missing in Nigeria, leading to “job mismatch,” just one of the many problems Ndiyo (2007, p. 11) explores with the country’s massive investing in education. Psacharopoulos (2006, p. 122) says that *generally* “returns to education are higher, the lower a country’s per capita income,” due to the “relative scarcity of human capital in poor countries.” However, there are exceptions like Nigeria, with an increasingly negative ROR, which Ndiyo (2007, p. 1) points out has

problems with “labor market distortions, redundancy of the workforce, benefit captured syndrome, industrial dispute and job discontinuities,” and “leakages in the Nigerian society such as brain drain.” Nigeria and other developing countries should not be educating too “far ahead of the economy's need for educated manpower,” lest they create serious economic and social issues (Ndiyo 2007, p. 2). While society's ROR tends to be lower than that of personal ROR, it should not be negative, otherwise there will be strains placed on the economy of the country, something which developing countries may not be able to survive.

Investment in human capital is vital to the success of a society and there are numerous reasons why speculating financially on education could be beneficial or detrimental to an economy. For example, education has a higher rate of return than traditional investment (Psacharopoulos 2006, p. 125). There are also numerous external, non-market benefits to investing in education, among them lower crime, controlled fertility, and increases in household health, charity, technological change, and savings (Psacharopoulos 2006, p. 128). Investing in nursery and primary education is safer financially because rates of return “typically are higher at lower levels of education” (Psacharopoulos 2006, p. 122). While there are many other societal benefits of education, a country must take care to balance subsidies with the ROR, as more subsidies in a poor economy and for higher levels of education can cause a negative ROR have widespread effects (Psacharopoulos 2006, p. 123-4). Another balance to make is between private, for-profit educational centres and state-run schools and universities. Private institutions encourage competition with the state or public systems which ensures a better overall quality of education. Parents and students should be given options to attend any school they wish, and allowing private education without lowering standards can be a great way to lower societal costs while increasing overall education. Careful and calculated financial speculation in education can provide opportunities for students while increasing the societal rate of return on investment.

Education, either formal or informal, is required for a person's interaction with society. It allows individuals to better themselves and their quality of life by increasing personal health and providing opportunities for socio-economic mobility. When determining the usefulness of education as a financial investment, we must look at its ability to provide a positive rate of return. Generally speaking, personal returns from investment are higher than social ones, due primarily to the high subsidies government (society) provides individuals' education. If societal rates of return are negative, the government is subsidizing education too much, which could cause economic and social problems. This could be particularly devastating to a developing country, since capital is scarce and must be spent where most effective. While the other four factors of production are important, human capital is crucial for society's success and investment in education, within certain limits, can be beneficial to an economy. There are numerous nonmarket benefits to educational investment as well, including lower crime rates, a higher standard of living, and overall improved health. Education may be considered a human right, but it does fall more under the umbrella of financial speculation because of its inherent ability to improve or destroy individuals or society.

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