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Kaushik Das: The state of funded education

The government's false philanthropy is a bid to control our thought processes

Kaushik Das / New Delhi June 17, 2004

The Common Minimum Programme (CMP) of the United Progressive Alliance lists among various priorities, the necessity to raise expenditure on education to 6 per cent of GDP. The financing of this expenditure would be carried out by a cess on all federal taxes.

Such policy prescriptions hinge on the presumption that it is the government's duty to educate people and liberate them from ignorance, from which they themselves otherwise would not have deliverance.

I would like to clarify that I am not against education. But I am definitely against state-funded and prescribed education. The socialists often confuse this subtle difference between government and society.

Now, let me draw your attention to the difference between "schooling" and "education". It is not necessary that attending school will give you a proper education. When we talk of education in India, what we actually mean is schooling. And when such schooling is under the state's control, it can be detrimental to society.

Almost all government-funded schools and colleges not only follow state-prescribed text books but the syllabus is also decided by the state.

So there will be a tendency to distort the facts and present them in a manner that creates a favourable impression of itself. The state will tend to teach what it wants its citizens to know. State education instils in the minds of even the brightest students the belief that they are here to serve the interests of the state and not the other way round.

Let me share my personal experience. As an economics undergraduate, I was taught a subject called Welfare Economics. It is still taught today with much gusto. I was on the verge of being convinced that development and welfare economics was the prescription to cure the problem of poverty. But then, luckily, I read a landmark book written by Deepak Lal titled 'The Poverty of Development Economics'.

He made the point that development economists tend to advocate theories that will perpetuate poverty, because the day the less developed economies become developed, development economics as a branch will cease to exist and they will all lose their jobs.

This logic — that vested interest groups will always try to steer the outcomes in their favour — made me probe deeply into another branch of economics — public choice theory, which questions the traditional assumption that politicians

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and civil servants are motivated only by the desire to serve the public, rather than serving their own interests of maximising votes or the size of their budgets.

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Sadly, they do not teach public choice theory even in premier colleges such as the Delhi School of Economics. How can the state allow such subjects to be taught that can pose a threat to its own existence in the future?

The macro economics that is taught today is still dominated by the redundant Keynesian Economics — the paradox of thrift, fiscal policy, monetary policy and so on. Students are taught that it is possible to take the economy on a growth path by easy money policies and by running a deficit without long-term consequences.

But they are never exposed to Austrian field of economics, the business cycle theories propounded by Ludwig von Mises and Frederic von Hayek, which teach that savings-induced growth is sustainable and that credit-induced growth is not. How can the state allow such theories to be taught that will be a direct threat to its main ally, the Reserve Bank of India, through which it can steer economic policies as it desires?

The most common model that is taught today in micro economics is the perfect competition model, which is based on illogical assumptions such as there is perfect information among participants. Then there would be the emergence of a whole new branch of economics that researches information asymmetry and cites that the market is bound to fail in presence of information asymmetry.

Socialist policy-makers would then grab at the opportunity of hailing Nobel Laureate economists such as Joseph Stiglitz as a messiah to fight against globalisation. Have you ever wondered why it is so easy to find books by authors such as Stiglitz (Globalisation and its Discontents) and Amartya Sen in every academic book stall but you rarely see books by free market economists like Jagdish Bhagwati (In Defense of Globalisation) and Hayek (Road to Serfdom) in India?

I am convinced such socialist propaganda is continuing in other spheres of social science as well. Now, I may be accused of speaking in favour of only a fraction of society that is lucky enough to secure higher education. People might agree that the government should not intervene in higher education, but they are likely to question: surely the government has a vital role to play in providing primary education, which half of our citizens are deprived of?

But before we get swayed by emotions, let us pause and ask ourselves: how efficient are these government subsidies?

Most government-funded schools are broke due to leakages in the system and there is significant teacher absenteeism. Poor parents are willing to pay for private education but government restrictions on setting up new private schools through numerous permissions and clearances have left the private schools expensive and out of their reach.

If primary education were privatised, several private schools would have emerged; competition among them would not only drive the fees down, making it affordable for poor people, but would also keep the teachers on their toes to provide quality education, for fear of losing students in case of poor performance.

State-funded education through subsidies will not only cause a strain on the exchequer, thus driving up the fiscal deficit, but will also have the disastrous consequence of "thought control" of minds. We should stand up against the state's false philanthropy.

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