

**E-9 Second Ministerial Review Meeting on
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**EDUCATION CHALLENGE
FOR SOUTH ASIA**

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Education Challenge for South Asia

It is certainly a great privilege to address this distinguished forum. The E-9 Forum is a very constructive initiative to focus the attention of national policy makers and international community on the challenging task of universalizing basic education in those countries where the illiterate population is the largest.

Unfortunately, the worst neglect of education has been in the South Asia region. It is time that we face up to the blunt truth that nearly one half of the world's illiterate adults live in three countries of South Asia – namely, India, Pakistan and Bangladesh. South Asia has emerged by now as the most illiterate region in the world, falling behind even Sub-Saharan Africa after starting ahead forty years ago. Such wide-spread illiteracy is undermining the development potential of South Asia – and will continue to do so till a vigorous effort is made to spread basic education to the vast populations which inhabit this region. The leaders of South Asia often dream of converting their countries into East Asian industrial tigers. But they must confront the unpleasant truth that no illiterate society has ever become an industrial tiger of any stripe or colour. In fact, there is not a single country in the category of industrial nations today which has an overall literacy rate of less than 80 per cent.

The comparison of South Asia with East Asia* is quite sobering in this context. In 1960, many South and East Asian countries had similar per capita income. Today, East Asian per capita income is 27 times higher than South Asia. What made such a dramatic difference in a period of less than four decades? Many explanations can be offered, including political stability, good governance, institutional reforms (particularly land reforms), higher savings and investment, and more open economies. But most analysts agree that the most critical factor was the huge investment in education and technology in East Asia. According to several World Bank studies, primary education explains 70 to 90 per cent of the predicted growth in the East Asian industrializing tigers. According to another study, per capita GDP in Pakistan in 1985 could have been 25 per cent higher if, in 1960, Pakistan had enjoyed Indonesia's enrollment rates.

There are many lessons for education strategy in this tale of two Asias, contrasting the experience of East Asia and South Asia. In East Asia, investment in education is much higher than in South Asia. For example, Singapore spent \$ 834 on every primary school student in 1985 compared to \$ 28 in India and \$ 21 in Pakistan. While the cost of education is different in different countries and any such global comparisons must be treated with great caution, the fact remains that East Asia has

* South Asia includes India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives. East Asia includes Hong Kong, Singapore, Taiwan, South Korea, Malaysia, Thailand and Indonesia.

invested much more in education than South Asia – not only today but even before 1960 – and reaped high economic and social dividends from this investment.

What is even more important than total investment in education is the strategy that lay behind it. There were three major differences in the education strategy of East and South Asia. First, East Asian countries spent most of their education budgets on basic education – as much as 70 per cent – since they firmly believed that higher education must be financed by private sector and paid for by the beneficiaries themselves. The role of the state is to provide basic education to all, not higher education to a privileged few. In stark contrast, South Asia built an inverse pyramid of education, spending less than 50 per cent on primary education. Second, East Asia realized the importance of technical education since it is not possible to conquer global markets without technical skills. As such, around 20 per cent of secondary school children in East Asia went on to technical schools. This contrasts with less than 2 per cent in South Asia. There is considerable evidence of educated unemployment in South Asia since markets require technical skills which their education systems are simply not producing. Third, East Asian countries forged alliances with the private sector, NGOs, civil society organizations and many grassroots movements to spread education at a quicker pace and in a more cost-effective manner. Some South Asian countries, particularly Bangladesh, are beginning to do so: for instance, BRAC in Bangladesh is an outstanding example of spreading basic education to poorer and more vulnerable groups in society at much lower cost than government can manage. On the other hand, some South Asian countries have adversely affected private initiative through nationalization of schools. For example, Pakistan took such a disastrous step in the early 1970's and it is somewhat surprising that its policy makers have still not considered denationalization of schools, despite many plans for privatization in other sectors of the economy.

There is simply no doubt that spread of basic education at a rapid pace is the most critical issue for South Asian development today. If we analyze it carefully, the economic frontier has been slowly shifting from the East to the South. The winning formula has always been the same. Poor countries have spread basic education and technical skills to their population, combined it with sensible economic management and good governance, opened up their economies, and taken over the global markets through high productivity of their labour force at a relatively low wage level. This is the way they have converted their poverty into an asset, leapfrogged several generations of development, and participated in global prosperity. This was the development strategy of Japan in the 1930s and 1940s; South Korea, Taiwan, Singapore and Hong Kong in the 1950s and 1960s; Malaysia, Thailand and Indonesia in the 1970s and 1980s; and China in the 1980s and 1990s. It is time for South Asia to adopt such a strategy and to benefit from the rapid pace of globalization of the world economy. But such an edifice of development can only be built on universal basic education and fundamental institutional reforms. Some South Asian nations which are trying to construct a modern economic system on the shaky foundations of largely illiterate

societies are undertaking a futile experiment which will prove as frustrating in the future as it has been in the past.

There is no question that the payoff from investment in education is extremely high, particularly from primary education. Various World Bank studies have calculated the social rate of return from investment in primary education at 18 per cent for the world as a whole and at 20 per cent for Asia. A recent World Bank study suggests that as much as two-thirds of the wealth of nations consists of human and social capital. But it would be a mistake to think of the payoff from education only in narrow economic terms. Knowledge is the very essence of human development; it distinguishes human beings from non-human beings; it is crucial for building up human capabilities and opening up human opportunities. Education is not only a powerful engine of economic growth, it is an invisible passport to better health, a potent contraceptive for family planning, the most important tool for people empowerment (particularly of females), and a firm basis for a broad-based democracy. Even the limited experience of South Asian societies illustrates the critical difference education can make in many fields. For example:

- In Bangladesh, it was estimated that the average salary of a secondary school educated woman was about seven times that of a woman with no primary education.
- In some Indian districts, an increase in the female literacy rate from 22 per cent to 75 per cent reduced the under-5 mortality rate from 156 per thousand to 110.
- In Sri Lanka, high female literacy rate has contributed to a decline in the population growth rate to 1.2 per cent.
- In Pakistan, it has been estimated by a World Bank study that an investment of \$ 40,000 in educating 1,000 women would have averted 660 births and thus saved over \$ 250,000 needed to sustain new babies at the level of the average per capita income. This yields a handsome benefit-cost ratio of 6:1 – that is, six dollars saved for every one dollar invested.

Despite such powerful evidence on the benefits of education, South Asian societies are mired in a swamp of mass illiteracy. The central question is: is it possible for South Asia to move towards universal basic education over the next decade and to finance such a rapid transformation of their societies? I firmly believe that they can do so. What is frustrating their educational advance at present is not lack of financial resources but lack of political will.

We can see the stirrings of this political will in Bangladesh. A Division of Primary Education was created and placed directly in the Prime Minister's Secretariat, with the Prime Minister leading the new education initiatives. Compulsory primary

education law was passed and enforced. All new primary school teachers were required to be females by a parliamentary law, which greatly cut down the drop out rate at primary level. NGOs and private initiatives were encouraged. As a result, the primary enrollment rates are expanding at a very fast rate, including girls enrollment, despite the fact that Bangladesh is much poorer than many South Asian countries. If political leaders in this region are willing to take up the educational challenge, the task of universal basic education can be accomplished in 5 to 10 years. This has been the experience of Cambodia and Zimbabwe where universal primary education was spread in less than 5 years. It is for the political leaders of South Asia to seize the initiative and to recognize that, whatever else they achieve during their tenures, this could be their most lasting legacy.

We must recognize that South Asia can, and it must, achieve universal primary education in the next 5 to 10 years. This requires bold and imaginative educational planning, many elements of which are already being discussed in this E-9 meeting, from the need for additional schools and teachers to the significance of non-formal schools, from the overall goal of universal basic education to the need for accelerating girls enrollment as a priority goal, from expansion in numbers to improvement in quality. I do not intend to touch on these issues as there are better educational experts present in this forum to address these questions. Moreover, we are devoting our 1998 Report on *Human Development in South Asia* exclusively to analyzing the current educational profile of South Asia and presenting a concrete plan of action to universalize primary education within a decade. It is for this reason that I propose to deal with only one central issue that bothers many educational planners: can the financial requirements for such an ambitious goal be met? Is it realistic from the point of view of resource availability?

I believe that the arithmetic on resources is fairly manageable one. The 1997 Report on *Human Development in South Asia* estimates that if the goal of universal basic education is to be achieved by the year 2010, it would require an additional investment of about \$ 37 billion, which is around \$ 2.5 billion a year, or less than one-half per cent of the combined GNP of South Asia during this period. Such investment will provide primary education for an additional 126 million children during the period upto the year 2010. This is a fairly modest investment and can be mobilized through a variety of initiatives.

First, it is time that South Asian countries, particularly Pakistan and India, review the relative priority of investing in people vs. investing in arms, of human security vs. arms security. No one can underestimate the imperatives of national security in this region. But if arms accumulate but people starve, there is no way that national security can be safeguarded. Like in all human affairs, it is a question of the proper balance. India and Pakistan are spending around \$ 14 billion a year on military, which expenditure can be considerably reduced if current negotiations towards a constructive détente succeed and if there is a peaceful settlement of all outstanding disputes. Both countries can invest a great deal more in education if they invest a little

less in arms. In fact, if military spending is cut by 5 per cent a year, it can yield a total peace dividend of \$ 125 billion over the next 15 years. Even a freeze on military spending could yield \$ 80 billion. This is more than enough to finance universal primary education. It is encouraging to see that this is no longer an elusive dream. Pakistan has already cut its defence budget by 10 per cent in real terms in June 1997. Pakistan's Army Chief has spoken openly, and in a most statesmanlike fashion, for reduced military spending and for more development opportunities for the people. The Prime Ministers of Pakistan and India are both showing extreme courage and farsightedness in seeking normalization of relations between the two countries. These may be only a few straws in the wind. But, for once, the winds are very favourable. The very destiny of this troubled region can change if some of the investment in arms is diverted increasingly to an investment in education.

Second, if South Asian countries are willing to take courageous steps themselves, it is more than likely that global community will support their efforts. Today, South Asia receives only 12 per cent of global official development assistance (ODA), even though it contains nearly 50 per cent of the world's absolute poor. What is more, only 9 per cent of aid is allocated for human priority needs (basic education, primary health care, nutrition, safe drinking water and family planning services), which is not in line with the spirit of the 20:20 compact endorsed at the World Social Summit. In addition, the relatively poor economies of South Asia carry an external debt of over \$ 150 billion, involving heavy debt repayments amounting to a quarter of their export earnings every year. Some of this debt can be swapped for spending on education, as has already been done in several African and Latin American countries. Another promising proposal is the one made by John Williamson, Chief Economist of the South Asia region in the World Bank, in a recent meeting of the North South Roundtable last week in New York. He suggested that basic education must be treated as a fundamental human right and the international community should issue education vouchers for every child born in poor nations. Perhaps, the cost of these vouchers can be shared equally by external donors and developing countries. These are all realistic prospects, but only if national leaders take decisive steps domestically to show that they are serious about their own social action programmes.

Third, South Asian countries can free themselves from the burden of expensive domestic debts by privatizing their public assets. These domestic debts are taking away 5 to 6 per cent of their GNP, which can be spent instead on social services, including education. Unfortunately, the pace of privatization in South Asia is the slowest, most hesitant and most bureaucratic in the world at present. The longer the privatization process takes, the more opportunities these countries will lose in balancing their budgets and in implementing their social agendas.

Fourth, South Asian education budgets need a critical scrutiny. Primary education must be allocated 70-80 per cent of the scarce resources allocated to education. Incentives and facilities must be provided for at least 20-30 per cent of secondary school children to opt for technical education. The recipe for a major

educational breakthrough is fairly established by now: universal primary education plus widespread technical education. The education budgets of South Asia often fail this test of priorities. In addition, South Asian governments should form more partnerships with the non-formal sector so that their limited money can have much greater mileage by supplementing private initiatives.

Let me conclude by saying that I am very optimistic about the future of South Asia. If we can turn around our development vision and priorities, we are in a position to emerge as the most dynamic engine of development in the 21st century. For this, investment in education will be the key. South Asia was once the cradle of civilization and educational progress. It can rediscover its lost heritage once again. For this, we shall have to learn from both the outside world and from our own experience. Let us hear some of the voices of the past. In 1926, Bertrand Russell wrote: "New knowledge is the chief cause of progress, and without it the world will soon become stationary". Even earlier, from South Asia, Sir Syed Ahmed Khan raised his voice and said: "I regard education, and only education, as the means of our progress". The world has heard these voices and implemented this advice. In Asia, we now also have the recent experience of Japan, East Asian industrializing tigers and China. Is it possible, just possible, that we may also hear these voices of wisdom and rediscover our own human strength?

Address delivered in the E-9 Second Ministerial Review Meeting on Education for All in Islamabad on 15 September 1997 by Dr. Mahbub ul Haq, President, Human Development Centre, and former Finance and Planning Minister of Pakistan.