A different dividend

Education is not a generic investment, argued economist Tapas Majumdar. So, before investing, the State should find out what the people want or believe. But our policy-makers don’t realise this at all.

On a recent trip somewhere, a Uruguayan economist I just met asked me if I was a Bengali. “Aren’t all Indian economists Bengali and all Indian mathematicians south Indian?” I demurred, pointing to that great triad of non-Bengali economists, Bhagwati, Dixit and Srivnivasan, but like many stereotypes there is a kernel of truth in it; it’s still not possible to open an issue of certain journals without noticing a Bengali name or two.

How did this come about? Amartya Sen notwithstanding, it is not because of something in the Bengali genes. It had to guess it has much more to do with a couple of generations of outstanding teacher-scholars in Kolkata who, implausibly (remember the old joke: “an accountant is an economist with charisma”) managed to turn economics into the sexiest thing that you could study. Those wonderful teachers are now, alas, mostly all gone. We lost one of last remaining of them, Tapas Majumdar, in the middle of October.

I never had a chance to study with him. He moved to Jawaharlal Nehru University a few years before I started college to lead what quickly became one of India’s leading centres for education research. But my parents and the Majumdars were close friends, and I have been fortunate to have them as a second set of parents looking out for me all my life.

Tapas has, as the whole world knew, was the first person to ask me to comment on a serious manuscript — he was writing his 1985 book, Investment in Education and Social Choice, when I was starting graduate school. I don’t remember what my comments were — I cannot imagine they were worth anything — but I will confess now that I struggled to find anything useful to say. I was young then, and entranced by the idea that economics should be an all-encompassing narrative about the world, and thinking about the economics and politics of education, seemed to me, pretty small potatoes, compared to all the big questions (capitalism or socialism; “growth or the environment”) that animated me. Why was someone as obviously brilliant as he so involved with the nitty-gritty aspects of education?

Over the years as I became more and more immersed in the economics of education, I went back to Tapas’s book many times, every time with a deepening understanding of what he was trying to achieve. What is clearer to me now is how far ahead of the entire field he was back then and probably indeed now. I certainly keep discovering new things that I need to worry about; and many of them are in his book.

The economics of education in 1985 was built around one simple idea: education is an investment like any other. Families invest to maximise returns on their investment but may not have enough resources to invest enough. Which is why the government has to step in and invest in areas that are not getting enough private investment. This is nice and simple, but also reductionist in a way that makes it not very useful as a guide to policy. Tapas’s book is all about why.