

THE ROLE OF EDUCATION IN ECONOMIC DEVELOPMENT

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Introduction

THE inter-relation between education and economic development is so obvious that any discussion of the role of education in economic development would appear to be unnecessary. However, what we need to know about education's role in economic development is much more than an assertion that education is necessary for economic development.¹ Especially from the point of view of educational planning, the most important questions are : What is the relationship between education and economic development ? Does education make any contribution to economic development ? If so, what is the exact nature of this contribution ? Further, do various types of education (e.g. primary, secondary, university ; general and technical ; and vocational or on-the-job training) make a uniform contribution to economic development ? If not, how to take account of the differences ?

The purpose of this paper is not to provide answers to these difficult questions. What it attempts to do is to review some of the arguments and evidence basic to the discussion of these questions, in the hope that it will be helpful in understanding the complex nature of the problems which have to be faced in assigning the correct role to education in the national development plans.

Contribution of Education to Economic Growth

Economic growth is usually taken to mean an increase in production that gives a country more real income over a period of time and increases in national income at constant prices are used as a measure of economic development or growth.

¹ The following might give some idea of the way in which the faith in close relationship between education and economic development is generally expressed :—

"There is a considerable evidence that investment in education has a high pay-off in terms of accelerating economic growth, and it is certainly true that countries which have a record of rapid economic development, such as Japan and U.S.S.R., have made heavy educational investments. It is, of course, difficult to give any quantitative weight to the role of education in economic growth, but there are enough studies to prove our general point." — Maddison Angus, *Planning Education for Economic and Social Development*, OECD, p. 25. (Continued on next page)