

ECONOMIES OF EDUCATION

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INTRODUCTION

Education is promethean force. It foretells mankind's progress. It is a medium to enhance productivity and economic creativity among men and women. It releases tremendous human potentialities to undertake and perform stupendous tasks. It is in reality a beginning of an endless task.

Primarily it is based on formal education. Experience also by and large reinforces it. Its function is to feed and fascinate the student, teacher, worker, and administrator etc. It consequently builds up confidence, widens outlook, visions, and imagination of mankind without which no progress can ever be conceived.

Education is an investment both to an individual as well as to a nation. It is very remunerative. It promotes basic individual and human values. However, education as an investment does not have an independent existence; it is embodied in human beings or still more specifically in members of the labour force. Unlike physical capital it cannot be measured. It is intangible and cannot be separated from the man. Its returns are visible only after sometime.

Advanced countries very often spend more on education. 'Literacy has a direct bearing on gross national product'.

Anderson and Bowman in their article "Concerning the role of education in development" say that a certain level of income, say about \$ 300 per head was never exceeded by countries with less than a 40 per cent literacy rate. They also establish a growing relationship between GNP and higher enrollment rates, particularly at the secondary and college levels of education. They conclude that economic development and growth are correlated. Skill and quality of the labour force, and technology are difficult to achieve without some kind of formal education. It is explained with Cobb-Doughlas function. Viz

$$X = AKL$$