



Does education reduce Poverty? Evidence from South Asia



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Theoretical link

Schooling equips individuals with skills, attitudes, credentials and rewards in the labour market thus helps them break out of poverty:

- Productivity and returns in labour market;
- Capacity to work in organizational hierarchy and obey orders – capitalistic production;
- Reducing inequalities, diversify social networks/social capital, attitudes, challenge exclusion and inequality;
- A number of indirect ways - health, nutrition, fertility, social equality, you transitions.

Human capital theory

- Endowments - abilities, values, networks, and skills;
- Families invest in education to maximizing welfare over generations (Becker 1967):
 - Poor (credit-constrained) would borrow from the perfectly functioning credit as competitive labour markets will offer them returns in the long-run;
 - Convergence (equality) in the long run between rich and the poor;
- Later evidence contradicted the convergence (equality) hypothesis (Loury 1981; Becker and Tomes 1979):
 - Limitations of credit and labour markets;
 - Poor make sub-optimal educational investments as they have higher marginal costs exacerbating educational and economic inequalities.

State of poverty in the region

| Proportion of poor population | | |
|-------------------------------|-----------------------|--------------------------------|
| Country | National poverty line | Multidimensional Poverty Index |
| Bangladesh | 24.3 (2016) | 41.1 |
| Bhutan | 8.2 (2017) | 37.3 |
| India | 21.9 (2011) | 27.5 |
| Maldives | 15.7 (2009) | 1.9 |
| Nepal | 25.2 (2010) | 35.3 |
| Pakistan | 24.3 (2015) | 43.9 |

Source: OPHI (2018); Various cited in Naveed and Sutoris (2020)

Wealth based educational inequality in SA

| Country | Primary completion parity by wealth (2010-15) | | | Lower secondary completion parity by wealth (2010-15) | | | Upper secondary completion parity by wealth (2010-15) | | |
|------------|--|---------|-----------|--|---------|---------|--|---------|-----------|
| | Wealth | Poorest | Poorest | Wealth | Poorest | Poorest | Wealth | Poorest | Poorest |
| | parity index | males % | females % | parity index | males % | females | parity index | males % | females % |
| Bangladesh | 0.70 | 57 | 68 | 0.40 | 30 | 27 | 0.10 | 4 | 3 |
| Bhutan | 0.47 | 41 | 44 | 0.21 | 22 | 9 | 0.11 | 10 | 2 |
| India | 0.87 | 86 | 82 | 0.76 | 73 | 67 | 0.39 | 28 | 21 |
| Nepal | 0.62 | 65 | 54 | 0.40 | 49 | 26 | - | - | - |
| Pakistan | 0.27 | 30 | 16 | 0.14 | 18 | 5 | 0.07 | 6 | 1 |

Source: GEMR 2017

Impact of education on poverty



Evidence from quantitative studies

- Poverty higher amongst households with illiterate heads in Bangladesh (Ali & Talukdar 2010).
- Longitudinal analysis (1988–2004) in Bangladesh (Nargis and Hossain 2006).
 - Households that fell into poverty at one point were the ones who could not invest in the education of their children.
 - Improvement in households' educational levels was one of the five factors associated with breaking out of poverty.
- Longitudinal analysis (2001, 2004, 2010) in Pakistan (Arif and Farooq 2014).
 - The lack of education was associated with the persistence of poverty as well as falling into poverty.
 - Schooling of household head significantly reduced the probability of chronic poverty as well as moving into poverty.
- Long-range (1986-2013) , household-level returns to schooling in rural Pakistan (Naveed 2019).
 - Increasing returns, differentiated across measures; higher returns on women's schooling;
 - Positive returns on the spending on schooling over and above levels of schooling.

Evidence from quantitative studies

Evidence from India

- During 1993-2005, secondary and above levels of schooling of household heads associated with lower probability of falling into poverty (Krishna and Shariff 2011).
 - Once poor, HHH schooling had no effect in breaking out of poverty.
- During 2004-05 to 2011-12: Middle education had 45% chances of upward mobility in first period and 58% in second period (Dang & Lanjouw 2018).
- During 2005-12, even primary schooling helped reduce the odds of falling into poverty, but **only college degree or above** had significant effects on escaping poverty (Thorat et al. 2017).
- Odhisa – Universal educational expansion benefited non-poor; need for targeting the poor (Mohanty 2016).
- A wider conducive environment for schooling to disrupt the transmission of poverty over time in Andhra Pradesh (Krishna 2005).

Making sense of the statistical patterns

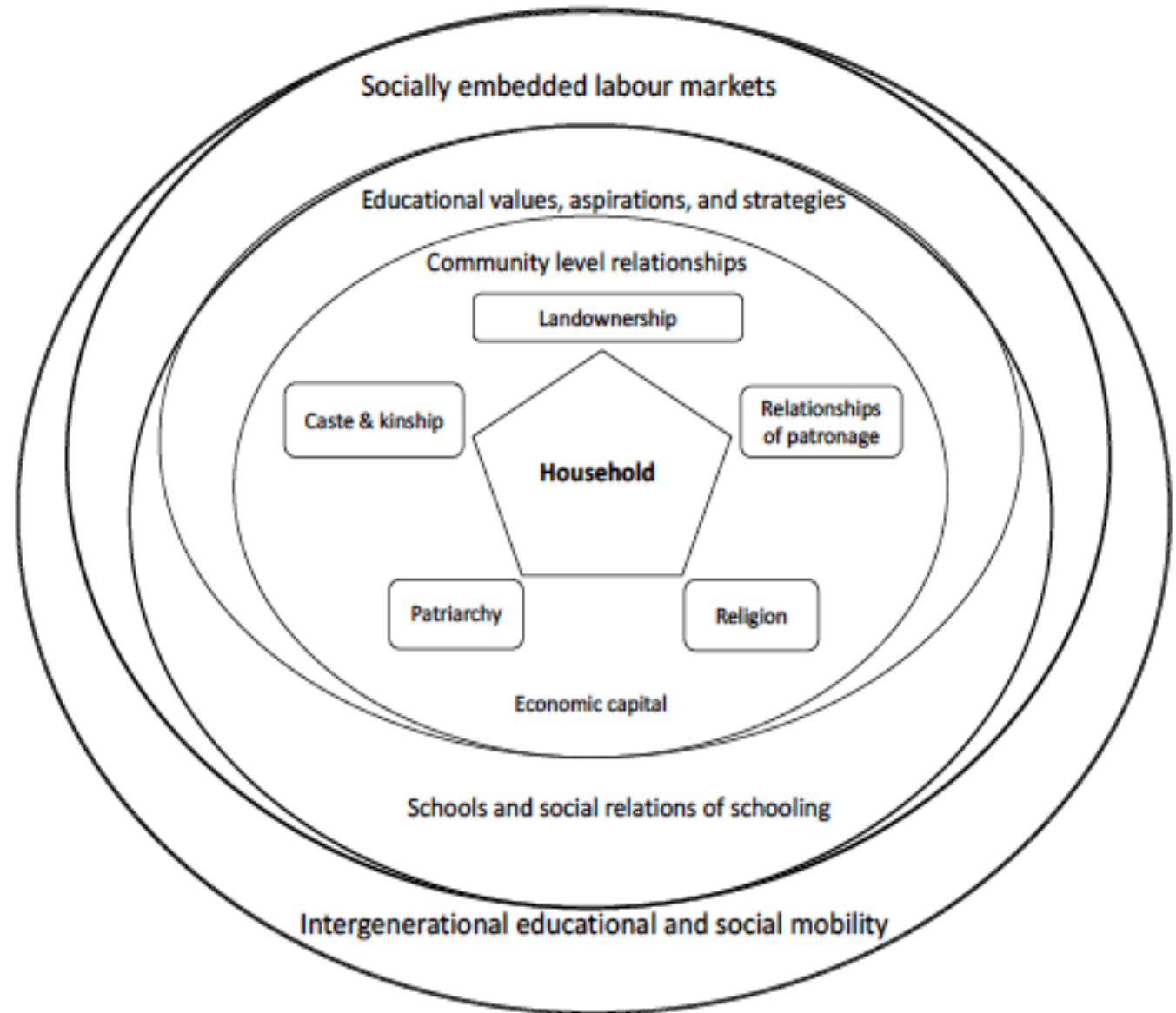
- Statistical evidence is varied, context and time-specific.
 - Wider social, cultural, institutional, and economic factors in shaping the transformative potential of schooling.
- **Low levels** of schooling may have a significant role in **preventing** families from falling into poverty by offering them necessary resources, opportunities and strategies to ensure the minimum standards of living.
- **Once under poverty**, education either did not help at all, or **higher levels** of education were required to break out of poverty.
- Considering the patterns of educational attainment for the poor, an overwhelming majority could not attain higher levels of schooling and are thus likely to remain poor.
- Unless educational systems in South Asia demonstrate parity at all levels, schooling is not very likely to be a viable strategy for the poor to improve their living conditions.

Making sense of the statistical patterns

- Non-economic pathways out of poverty (Colclough 2012)
 - Health, nutrition and fertility; youth transitions; gender relations; citizenship
- Changing/increasing marginal returns to schooling ?
- Increased supply of labour with primary schooling?
- Educational expansion and low per-capita spending?
- Increased years of schooling but poor learning levels?

Listening to the voices of the poor

- Recognising the collective, relational social life where the conditions of poverty are reproduced or challenged (Naveed and Arnot 2019).
- Hierarchical position in the social(power) structure gives different values and meaning to people. These further give them a differentiated cultural capacity to aspire thus widening inequality in and through education, over the long run. (Naveed 2021):



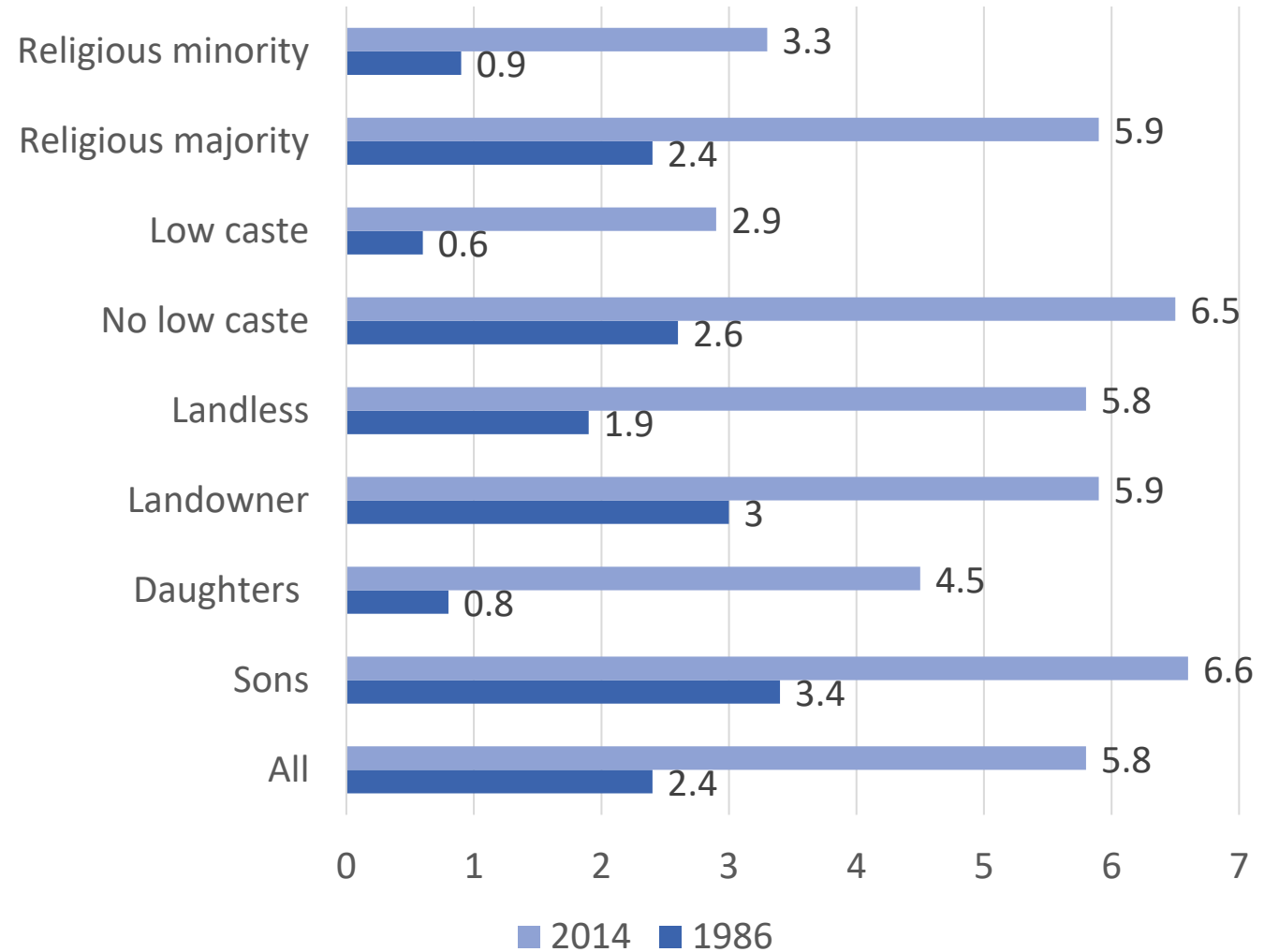
A Pentagonal rural social structure in Punjab (Naveed 2021)

Schooling within the social structure

- Schooling an integral part of *taraqqi* – social mobility for rural families.
- Great desires for achieving a good life but the *pentagonal* social structure differentiates meanings, values, aspirations and strategies for social mobility and the role of schooling in it (Naveed 2021).
- A non-linear role of schooling in poverty reduction – creates opportunities for upward mobility for some but also creates new inequalities for others (Arnot and Naveed 2014)
- Intense power struggles over scarce resources and opportunities, and a sense of exclusionary social closure enacted by those in the positions of privilege, with weaker counter strategies of the dominated (Naveed 2019; forthcoming).
- The complex interplay between structure and agency, and between cultural, economic and social resources can leave schooling as a mechanism for social reproduction, capable of perpetuating poverty and existing inequalities rather than encouraging social mobility.

Schooling and social structure in rural Punjab

Average years of schooling 1986-2014



Source: Naveed (work in progress)

Social structuring of intergenerational economic mobility in rural Pakistan (1986-2014)

| Social groups | Rags to riches (%) | |
|---------------------|--------------------|--------|
| | Income | Wealth |
| All | 13.4 | 7.0 |
| Landless in 1986 | 5.7 | 6.7 |
| Owning land in 1986 | 20.6 | 7.6 |
| Low caste | 3.8 | 1.0 |
| Non low caste | 19.8 | 6.8 |
| Religious minority | 6.9 | 0.0 |
| Religious majority | 14.1 | 7.8 |

Source: Naveed (work in progress)

Concluding remarks

- Education is significant in the lives of the poor. However, there is a limit to what schooling alone could achieve in poverty reduction.
- Educational expansion in the highly unequal contexts can exacerbate educational, social and economic inequalities. Without creating a level-playing field, as a precondition, there is a little that schooling alone can achieve in reducing inequality and eradicating poverty in contexts such as rural Pakistan.
- The struggle for educational inclusion and equality has to be pursued outside the education systems at least as much as the inside of these systems. There is a need for wider social and economic transformation for schooling to play an equalizing and pro-poor role.
- Increasing returns to schooling – is labour market concealing something else?

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