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Distinguished Lecture

On Education as a Commodity*

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> I have no knowledge of either Sanskrit or Arabic. But I have done what I could to form a correct estimate of their value. I have never found one ... who could deny that a single shelf of a good European library was worth the whole native literature of India and Arabia.[1]
> If truth is not to be found on the shelves of the British Museum, where, I asked myself, picking up a notebook and a pencil, is truth.[2]
> Education is a weapon whose effect depends on who holds it in his hand and who is struck with it.[3]

I

Consider a shop, here and now, which stocks a finite but very large number of commodities, each of whose characteristics is known to both the shoppers and the shopkeeper, and each of whose prices is posted at the shopdoor. Let one of these commodities be units of *undergraduate education*, measured in years. The following scenario, thought-experiment if one prefers, brings out how the shop functions.

> I send someone shopping. I give him a slip marked "five years of undergraduate education." He takes the slip to the shopkeeper, who

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[1]From Lord Macaulay's 1835 *Minute on Indian Education*; see Macaulay (1972; p. 241).

[2]Virginia Woolf in *A Room of One's Own*; see Woolf (1929; p. 27).

[3]Joseph Stalin to H. G. Wells, as quoted in Curle (1966; p. 12).

> opens the drawer marked "education"; then he looks up the word "undergraduate" in a table and finds a sample opposite it; then he says the series of cardinal numbers–I assume that he knows them by heart–upto the word "five" and for each number he takes out of another drawer a certificate certifying the possession of an year's undergraduate education.[4]

If there is any passing[5] ambiguity as to what it is precisely that the certificates certify, which is to say a passing uncertainty as to the nature of the commodity characteristics the certificates represent, the shopper can, and does, merely *point*[6] to what he wants. The certificates are handed to the shopper, and money equal to the known price of the certificates is handed to the shopkeeper. Undergraduate education has been purchased and the transaction consummated.

There is the prior question of how the shopkeeper stocks his shop. The simple and straightforward answer is that he has suppliers who respond to his commercial needs; they supply him with all of the commodities (remember that they are finite in number) that he desires, and in the amounts that he desires. The shop is thus stocked not only with years of *undergraduate education* but also, among several other commodities, with years of *primary*, *secondary* and other levels of *school education*, as well as with years of *graduate education*. In relating to his suppliers, the shopkeeper has reversed his role, and turned into a shopper himself, but what is more of consequence is that neither as a buyer nor as a seller, he has any say, or almost any say,[7] in the determination of either the nature of the commodities–in particular, the various kinds of education–or the prices at which they are bought and sold.

These prices are equilibrium prices; they allow the shopkeeper to meet exactly the demands that his customers make on him, as well as the demands that he makes on his suppliers. He does not run out, or end up with unsold stocks of commodities, and neither do his suppliers. Furthermore, these prices are *right* not only from the shopkeeper's point of view, but also from the points of view of all

[4]Readers of Wittgenstein hardly need to be reminded that this passage plays, with the obvious substitutions, on Wittgenstein (1953; Article 1).

[5]I say "passing" because my description insists on the commodity characteristics, each and every one of them, being known to each and every agent. I return to this insistence below.

[6]Of course, it will not do to point out all of the commodities that are not *years of undergraduate education* but to the one that is; see Wittgenstein (1953; Article 30). For the importance of the gesture of "pointing" more generally, see the entries listed under the term in the Index to Wittgenstein (1953).

[7]The word "almost" emphasises the fact that this assumption of price-taking behaviour, has content in a setting with a finite number of shops and shoppers, however large this finite number may be; see the entries on **perfect competition** and **large economies** in Eatwell *et al.* (1987), henceforth *The New Palgrave*.

the individual shoppers and suppliers transacting with him. Indeed, if one is to see this as an association of agents, the prices are *right* from the association's point of view. Given my emphasis on the here and the now, this also implies that the *right* amount of the given variety of commodities are being produced and supplied at these prices. There is no incentive for any buyer or seller, individually or as a group, to take his or her resources elsewhere, and start another association on their own. Optimality prevails however one looks at the picture.[8]

The suppliers however need to be looked at somewhat more closely. How do they procure what they supply? How do they supply the shopkeeper with all of what he stocks?–in particular, the collateral for the certificates that he uses to denote the commodity, undergraduate education? These suppliers, if they are not merely shopkeepers for other shopkeepers, are also entrepreneurs and producers. They buy commodities that go towards the production of years of undergraduate education; they combine a variety of input commodities and produce, of course instantaneously in my timeless setting, a final output commodity labelled years of undergraduate education. In this, they depart from the 'simpler' role of a buyer and seller.

But how do these producers and entrepreneurs know what commodities they are to produce, the amounts in which they are to produce them, and the production techniques that they are to use? These decisions are in no sense different from the shopkeeper's decisions as to both the type and amount of the commodities that are to be stocked in his shop. The prices serve as the relevant guideposts, and since I go beyond the shopkeeper to his suppliers, and thereby the suppliers' suppliers, and in this way really to the association as a whole, it is useful to think of these prices as being posted in a more visible place than the shopdoor.

Indeed, as this allegory gets underway, the shop and the shopkeeper loose their central role. What becomes important is that there are a fixed finite number of agents categorised as consumers and/or producers, all part of an association in which commodities are being bought and sold, either to be consumed or to be used in the production of commodities to be consumed. There are, in principle, as many shops and as many shopkeepers as there are agents. Everybody is buying and selling something. What remains essential is the restriction of the here and the now, and that these agents do not deal directly with each other. To put the point another

[8]I describe here the so-called Arrow-Debreu model of a private ownership economy, and in particular, invoke the so-called fundamental theorems of welfare economics; the *locus classicus* is Debreu (1959); but see the entries on the **Arrow-Debreu model of general equilibrium** and on **general equilibrium** in *The New Palgrave*; also Khan (1991). In another connection, Oakeshott refers to this body of knowledge "as a centre of interest which may be said to distinguish nearly all economic writers after the middle nineteenth century from those in the eighteenth century and for which the expression 'welfare economics' was coined;" see Oakeshott (1958; p. 109).

way, all of their dealings are arbitrated by the prevailing price system. This is the only language that is spoken, and since in this world, there is no other relationship but that of buying and selling, and of instant manufacture, there is assuredly no need for any other language. The vocabulary is more than adequate to the demands that are made on it. There is no room for politics, and no need for any conduct *inter homines*; everything is being negotiated through the provident hand of an abstract and invisible market; and the comensurability of discourse is furnished by the impartial, but common and clearly understood, valuation of money.[9]

"What this language describes is primarily a picture. What is to be done with the picture, how it is to be used, is still obscure. Quite clearly, however, it must be explored if we want to understand the sense of what we are saying."[10] I turn to this.

II

How is a commodity such as undergraduate education different from a commodity such as an apple? When one speaks of "five red apples,"

> how does he know where and how he is to look up the word 'red' and what is he to do with the word 'five'?" What is the meaning of the word 'five'?"[11]

And then, of all the various kinds of red apples available, what particular variety of apple? and within that particular variety, what quality of that variety? The point is that in the allegory that I am in the process of developing, these questions must come to an end, and that too within a finite number of steps. The defining rules of my inquiry insist, at the very outset, on the characteristics of each commodity, and its valuation, being universally and unambivalently known to each and every agent, however finely one assumes these characteristics to be delineated. The question of the meaning of a commodity arises only in so far as it relates to its use.

> For a *large* class of cases–though not for all–in which we employ the word "meaning" it can be defined thus: the meaning of a word is its use in the language. And the *meaning* of a name is sometimes

[9]In a 1947 essay titled *Scientific Politics*, Oakeshott (1993; p. 101) writes that West European ideals during the last two hundred years have given us the belief that "economics can and should replace politics, ..., that the solution of every social and political problem lies in the discovery of an administrative technique, . . that the risk and uncertainties of both political and commercial bargaining can be replaced by the certainty of rational calculation."

[10]Wittgenstein (1953; p. 184).

[11]Wittgenstein (1953; Article 1). See also Article 28 where Wittgenstein considers ostensive definitions and concludes "That is to say: an ostensive definition can be variously interpreted in *every* case." Recall that he is discussing the meaning of the word '"two".

> explained by pointing to its *bearer*.[12]

The shopper already pointed to what the wanted, and since its price is known, that is enough–there is no need for further explication and explanation.

Thus, an year of undergraduate education, is simply that whose constitution, like apples, is decided by the use to which it is put, and that this use is fully reflected in the price at which it is produced, bought and sold.

> "I set the brake up by connecting up rod and lever."–Yes, given the whole of the rest of the mechanism. Only in conjunction with that is it a brake-lever, and separated from its support it is not even a lever; it may be anything, or nothing.[13]

And in the context that I discuss, the mechanism is the association–one constituted by the other commodities and by the other agents, producers and consumers, each with their technologies, needs, preferences and endowments[14]–and all that a shopper needs to know about it is summarised and proxied by the prices. An year of undergraduate education, as a commodity, is simply that which is demanded and supplied and manufactured by the agents of the association given its price, as well as the prices of all other commodities. It is, under this perspective, no different from apples–it can be bought and sold for the satisfaction and delight that it provides when consumed, or for the profit it brings when used as an input.[15] As for the joy of consumption, each agent is his or her own arbiter; and for production, any meaning beyond that expressed by the criterion of profits is hardly necessary.

But surely there has to be a difference between an year of undergraduate education and an apple, the analogy with consumption and production notwithstanding. Could it be that by working in a context which is timeless, and which emphasises the here and the now right from the beginning, I have been forced to neglect the one characteristic that may possibly be a defining one for education, namely time? My possession of five years of undergraduate education, or of a certificate to that effect, renders my labour a different commodity than what it would have been without it; and to the extent that I will sell my labour, now and in the future, the considerations that are introduced into the kind and amount of education that I purchase, are surely qualitatively different from those that obtain when I purchase apples. I buy education not for what it does to me as a person–my identity

[12]Wittgenstein (1953; Article 43).

[13]Wittgenstein (1953; Article 6).

[14]See Debreu (1959) for technical renditions of these concepts; also Khan (1991).

[15]In the production of apple cider, apples are obvious input commodities.

is either fully constituted as it is, or changes in it are non-marketable anyway–but rather for the skills that I can translate into future earnings.[16] I buy it as an investment commodity.

But do these considerations really not apply to apples? Does the consumption of apples not lead to better health, and hence to increased individual productivity, and hence to an increased stream of wages that reflect this increased productivity? Once these implications are understood and taken into account, doesn't the decision to purchase apples also change from being one of consumption into one of investment? Does not the decision to buy a particular kind of apple, as opposed to another, really reduce to the calculation of difference in the present value of the stream of health benefits that is engendered by that kind rather than by the other? Could it be that the problem is one of monitoring and marketability of these improvements in health? Does this reduce to the inability, or more precisely non-profitability, of apple-sellers to provide certificates guaranteeing improved health for a fixed number of years? Are there missing markets here?–missing futures markets for health conceived as a commodity at different points in time? Is it this absence that renders apples a consumption commodity?

In my allegory, however, there *are* no missing markets! As I keep repeating, all of the relevant commodities, a large fixed finite number, are given to begin with, and "each commodity is assumed to have an objective, quantifiable, and universally agreed upon (i.e. measurable) description."[17] All that the introduction of time does is to introduce another element in the space of characteristics. The difference between any two particular commodities, apples and undergraduate education, reduces to the difference in the *present value* of the stream of benefits, positive or negative, that is associated with them. And these present values are again summarised and proxied by the prevailing price system–a system that now involves both present and the future. Beyond this reinterpretation, no essentially new considerations are involved.[18]

In order to further elucidate this, all I need then is to broaden my setting, and allow my shop to sell, and to buy, present and future commodities, this future assumed to be of finite and universally known duration. Every shopper, prior to her shopping decisions, enters an anteroom, in which this future is unfolded before her in its entirety. And as before, the only relevant aspects of the quality and quantity of this future pertain to the price system. As the individual shop becomes increasingly unimportant, its anteroom becomes increasingly important. It is here that the

[16]Oakeshott puts this point another way, "A man, as Bentham understood him, might improve his circumstances by coming to enjoy a greater quantity of pleasure and a lesser quantity of pain; but the expression 'self-improvement' was meaningless;" see Oakeshott (1958; p. 79).

[17]See the entry on the **Arrow-Debreu model of general equilibrium** in *The New Palgrave*.

[18]See Chapter 2 in Debreu (1959) for a technical rendition of these ideas.

price system is rendered visible, and a buyer[19] purchasing five years of undergraduate education reckons the increased income stream that will result, for example, from five years of a Swarthmore education, as opposed to a Rochester one. In other words, it is here that the buyer is given enough certain information to compute the *private rate of return* to his purchase of five years of undergraduate education.

But once I introduce the rate of return, I make an explicit connection to another commodity that is pre-eminent in the investment commodity genre–machines. Such a connection is of long standing in the subject.

> A man educated at the expence of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expence of his education, with at least the ordinary profits of an equally valuable capital. Education in the ingenious arts and in the liberal professions, is still more tedious and expensive.[20]

But from the vantage point that I am trying to establish, machines, undergraduate education, apples as commodities are all subservient to the same principle. For each of them, each agent computes his or her private rates of return, given the price system, and expresses herself in the acts of buying and selling, demand and supply. The aggregate of the multitude of these actions pertain to both the present and to the future, and lead to the emergence of the very same price system which she had used to express herself in the first place. In somewhat more succinct, and "scientific", terminology, competitive equilibrium obtains and prevails in an intertemporal setting without uncertainty.

Equilibria based on futures prices, and embracing future demands and supplies, may be difficult to swallow, but given the basic parameters of my inquiry, uncertainty presents no additional pressing difficulty. I simply take an even more imaginative view of the space of characteristics, and allow it to include different contingencies, in addition to different chunks of time. Red apples, identical in all respects, including location and time, constitute a different commodity when it is

[19]Say our Quaid-i-Azam Lecturer.

[20]See Smith (1776; 113-114) Given the tedium and expence, Smith draws the conclusion that "The pecuniary recompence, therefore, of painters and sculptors, of lawyers and physicians, ought to be much more liberal: and it is so accordingly. [The 'ought' is equivalent to 'it is reasonable that they should be' ... and to 'must' in 'must not only maintain him while he is idle.]" He had got into the discussion from the observation that "When any expensive machine is erected, the extraordinary work to be performed by it before it is worn out, it must be expected, will replace the capital laid out upon it, with at least the [In the first edition, "the" is substituted by "its."] ordinary profits."

raining than when it is not, and most important of all, the universality of markets, and hence of the price system, reflects this, by possibly assigning a different price to apples in the event that it rains as opposed to an event that it does not. The phrase *universality of markets* is now reinterpreted for a setting in which there are contingent commodities,[21] each with their own price, commodities under each and every contingency, but the number of possible contingencies, as the number of time periods, is still restricted to be finite.[22] A buyer can now compute his or her private *expected* rates of return to a Swarthmore degree taking into account whether or not graduate admission will be forthcoming at MIT, and a job at Rochester.[23] The event that apples at a particular location are below-par, or that the number of rotten eggs higher than average,[24] are possible contingencies in themselves, and the equilibrium price system reflects this. I have now further decreased the importance of the individual shop; the action is all in its anteroom where each shopper divines the contingent future by simply studying the price system.[25] There is no need for her to go to the shop more than once in her entire lifetime. Optimality again prevails, and the picture now also includes an optimal allocation of risk.[26]

But now the question must be faced as to the use, rather than the meaning, of my allegory itself. The theorems on an optimal level of undergraduate education for the association hinged on what are called Arrow-Debreu commodities, commodities "whose descriptions are so precise that further refinements cannot yield imaginable allocations which increase the satisfaction of the agents in the economy." What is the value, *expected* value if one prefers, of this theorem for the world that we live in? Is it positive or negative? An optimistic tone is clearly implicit in the view that "the model of Arrow-Debreu, with its idealisation of a separate market for each Arrow-Debreu commodity, all simultaneously meeting, is the benchmark against which the real economy can be measured."[27] However, one is unduly stretching one's optimism if one disregards that

[21]See the corresponding entry in *The New Palgrave.*

[22]There is a technicality under which the number of contingent markets can be reduced by introducing so-called Arrow securities (see Arrow (1953)), but this technicality is not really relevant to the point I am in the process of developing.

[23]In the context of education, particularly educated unemployment, see Gerson (1993) and Upadhyay (1993) for the extension of the work of Blaug *et al.* (1969) and Chaudhuri-Khan (1984); also Bhagwati-Srinivasan (1977).

[24]As readers of Savage will note, this is obvious reference to Savage (1972; pp. 13–17).

[25]Since the uncertainty has now been "interpreted" as certainty, which is to say that the set of possible contingencies are known to everybody, there is no question of differentially informed shoppers. For differential information, see Radner (1968) and his chapter in the *Handbook* referred to in Footnote 33.

[26]See Arrow (1953), Debreu (1959; Chapter 7), Radner (1968) and the references therein.

[27]This, and the quote above, are taken from the entry on the **Arrow-Debreu model of general equilibrium** in *The New Palgrave,* (p. 116-117).

> capital problems are inevitably bound up with questions of uncertainty, limited foresight, and reactions to the unexpected [and that] one must admit that economics has barely scratched the surface here.[28]

The question, of course, is whether one is *proceeding* in the right direction, but it is not necessary to insist on an answer that resolves this issue–there is something yet to be learnt from my original atemporal, non-contingent setting, and I return to it.

III

In my reconsideration of the question of education as a commodity, I want to emphasise that missing markets are not inevitably bound up with time or uncertainty. There are commodities which can be owned but not possessed, which is an economist's way of saying that all of their characteristics cannot be appropriated by their owner. Light from a lighthouse, even a lighthouse I own, is not only mine; and it may be ridiculous to insist that only I be defended when a satisfactory defence for me guarantees, without any additional resources, the defence of all those with me. Such commodities are referred to in the technical language as *public goods*, and my consumption and ownership of such a good guarantees its consumption, willingly or unwillingly, in whole or in part, to those who do not own it. My enjoyment of an uncongested park leaves the same, or one hopes even an increased amount, of it available to others. A pure public good simply leads to the replacement of summation in aggregate demand by equality.[29]

Education it seems is at least an impure public good. My education, or lack of it, spills over to others in ways different than did my consumption of an apple. The education of the father may be as important for a daughter's education than what she learns in school; a husband may gain as much education from his wife as he does by purchasing it in any shop. It is the others' identity and their self-conception, and here I include the association in this other, that I influence through my education, and it may well be that this "spilling over", rather than time or uncertainty, isolates the essential difference between an apple and undergraduate education.

The question now is how are the rates of return to public goods, pure or impure, computed. When an agent proceeds with her private cost-benefit calculations, how does she reckon the implications of her actions on other agents of the association of which she is ostensibly a part? Whatever implications her actions may have on her own welfare, it is clear that the theorems guaranteeing social optimality of those actions can no longer apply. The prices are not *right*; they cannot capture the interdependence between the agents; there is a wedge which surely

[28]See Solow (1963; p. 13).

[29]See the entries on **public goods** and **public finance** in *The New Palgrave*.

cannot be ignored. But there is no need to begin anew, to wipe the slate clean and paint a new canvas. Piecemeal modifications can be made and intangibles valued. One simply "give[s] a name to the thing we are out to capture,"[30] and focuses on *social rates of return* to education rather than on private ones.

> "We name things and then we can talk about them: can refer to them in talk."[31]

This also leads to the development of my allegory in the direction with which I am by now familiar–a further expansion of my space of characteristics so as to take the proximity of other agents into account. I complete missing markets by the introduction of *named* commodities. A restaurant, here and now and on a rainy day is a different commodity when empty than when it is full. A piece of land may cost more when it is in the central business district as opposed to being in the cornfields. The price system is to be rescued and resurrected with "minor" modifications, modifications that simply adjust for all the intangibles, for the "spilling over" that incorporates the social, and in so doing salvages all the optimality theorems. The outlines of my allegory continue to hold; I simply have a *Lindahl equilibrium* involving public prices for private commodities, and private individualised prices for public commodities.[32]

The question of course is how these prices–these adjustments to obtain social rates from private ones–are determined. Who determines them? and under what criteria? Who creates and supplies these missing markets? These questions can be answered in exactly the same way as they have been for the uncomplicated and more pristine form of my allegory presented in Section II–which is to say, through silence. I am not concerned with questions pertaining to the existence, uniqueness, computability or stability, structural or otherwise, of the price system.[33] I am simply concerned with characterising its properties, with painting a picture of a world that could be held up to guide and understand.

> "If it did not *exist*, it could have no name" is to say as much and as little as : if this thing did not exist, we could not use it in our language

[30]See Oakeshott (1993; p. 46).

[31]See Article 27 in Wittgenstein (1953).

[32]See the entries on **Lindahl equilibrium** in *The New Palgrave*; also relevant sections in Khan (1991).

[33]For details as regards these issues, see the surveys in the five volumes of the *Handbook of Mathematical Economics* (Amsterdam: North Holland Publishing Co.) edited by Arrow, Intrilligator, Hildenbrand and Sonnenschein. Also *The New Palgrave*.

game.[34]

However, I cannot introduce, and remove, a wedge between the private and the social, and yet remain silent on how wide a net is cast by the word *social.* Indeed, in principle, I seem to have broadened the scope of my allegory, and stretched the *here* of the phrase "here and now",[35] to such an extent that my shop can be placed in a spatial dimension that includes the world. The price system is now an international price system; advantage, national or international; allocation of resources, nationally- or internationally-optimal; and the association an association of associations or of states. In the national context, the government tinkers with the price system through taxes and subsidies, and supplies a whole host of public commodities ranging from the provision of health and family planning clinics to educational infrastructure; in the international context, it decides on optimal tariffs, free trade zones, levels of emigration and, more generally, partakes in commercial policy as exigencies warrant.

In all of this, I disregard how the will of the association is to elicited, or constituted, or expressed, and subscribe to a tradition of government that goes beyond, in Oakeshott's terms, mere umpirage and the provision of a "stable means of exchange, namely a reliable coinage," to a conception in which "government ... [is] estate management, and its object [is] the efficient exploitation of the resources of the 'estate'. All conduct [is] subordinated to this end, and nothing ... allowed to stand in the way of its uninterrupted pursuit."[36] I draw on a particular kind of politics, that of the *universitas* and of an *enterprise association*;[37]

> the belief that politics, at their best, are the science of the arrangement and improvement of human societies in accordance with certain abstract ideals which are taken to be absolute in value and universal in application, the belief that the problems of the organisation of society are scientific problems (that political conflict can be resolved into scientific controversy), the belief that politics are (or should be) 'social engineering'.

In short, a politics in which "economics can and should replace politics, and the

[34]See Article 50 in Wittgenstein (1953). He continues, "What looks as if it *had* to exist, is part of the language. It is a paradigm in our language game; something with which comparison is made ... our method of representation.

[35]I am reminded of Article 410 of Wittgenstein (1953).

[36]See Oakeshott (1993; p. 68 and pp. 103-104).

[37]For an explication of these terms see Oakeshott's (1975) *magnus opus*; also his 1958 Harvard lectures.

ideal of government is the administration of things."[38]

Notwithstanding the fact that this tradition is "the main (though not exclusive) inspiration of political activity in Western Europe for the last two hundred years,"[39] it involves the compromising and tarnishing of pure self-interest. In a setting which includes public commodities, which is to say one under the umbrella of a Lindahl equilibrium, why does a shopper not strategically misrepresent[40] her demands so as to avoid paying for the lighthouse, or the park, or the infrastructure that goes into educational facilities? In asking her not to be a *free rider*,[41] are we not asking her to belong so much to others that she stops belonging to herself? But these questions no longer stop at the door of public commodities; they go to my original allegory itself. In Sections II and III, why should I accept the price system? and take it as a parameter? The response that I am *economically negligible* is no longer adequate, it is precisely my having a corner on a particular characteristic that necessitates the creation of an additional market, and in this market, I am a *large* trader. The apple-seller knows that his apples are of a worse quality than those available in his market, the blood donor knows better than any one the characteristic of the commodity he donates, the used-car salesman does not understand cars as well as an expert buyer. Indeed, when one translates the national into the international, it is precisely this non-acceptance and this resistance that leads a state to pursue its national advantage, and gives trade policy its basic *raison d'etre*. Why is it that what works for nations as shoppers is held not to work for shoppers in a nation?

The point of course is that there is a basic dissonance within the assumptions themselves; a tension in the fact that the more markets that are completed, the less tenable the assumption that maximising agents take the prices as given parameters, and refrain from exploiting the leverage that possessing a corner over a commodity gives them. I have again got entangled with the restriction that the characteristics of all of the commodities are universally known. To put the matter yet another way, there is no pure private commodity, all commodities have "publicness" in them.[42] There is asymmetry in any transaction, and time and space, with the inevitable contingencies that they bring in their wake, only makes it all the worse.

[38]See Oakeshott's 1947 essay titled *Scientific Politics* in Oakeshott (1993; pp. 100-101). Also Part 2 on *Dissecting Rationalism* in Oakeshott (1991).

[39]*Ibid.*

[40]See the entries under **strategy** and **strategic** in *The New Palgrave*.

[41]See the entry under this term in *The New Palgrave*.

[42]"In reality, it is very rare to find a market for a pure Arrow-Debreu commodity. The more finely the commodities are described, the less likely are the commodity markets to have many buyers and sellers (i.e. to be competitive);" see Geanakoplos' entry (p. 116-117) on **the Arrow-Debreu model of general equilibrium** in *The New Palgrave*.

> It is as if all current investment involved is *ipso facto* a kind of research, the results of which are automatically in the public domain, and cannot be appropriated or sold. [This] can create its own special kind of gap between the private and social rates of return ... It is a difficult model to test empirically, but there can be little doubt that it points to a real fact of life.[43]

In any case, what seems to be emerging in my description of education as a commodity is a tendency towards confounding that really ought to be resisted and kept at bay. It seems that my allegory, in being propelled by its own momentum, has entered into the very cave of politics. "So why is general happiness desirable to the man whose only good is personal happiness? The individual self can never be quite certain when he is promoting the good of the 'whole' that he will not be forced to exclude himself from that good, and on the other hand, it is always possible that in seeking his own good he may be denying the greatest good to the 'whole'."[44] However, we know that

> scientific experience is not the totality of experience and that the reality explicit in scientific judgements is not a complete assertion of reality. Scientific generalisation is statistical generalisation; scientific inference is statistical inference.[45]

It is to statistics, therefore, that I turn.

IV

In a recent article, Summers has exhorted economists[46] to shed "the armour of a stochastic pseudo-world before doing battle with evidence from the real one."

[43]Solow (1963; p. 66) writing in the context of Arrow's model of *learning by doing*, "[A] marginal increase in current investment will take account of the fact that each such increment constitutes some 'learning'; ... a decision to invest now, other things equal, means that each planned future act of investment will have the advantage of a larger volume of cumulated past capital formation, and will therefore be more productive; see for details and references."

[44]The questions are Oakeshott's in his 1925 essay *Some Remarks on the Nature and Meaning of Sociality*; see Oakeshott (1993; p. 51).

[45]The words are Oakeshott's who further writes "Scientific truth is less than the whole truth, and the world of science, in being a world of abstractions, is defective and incomplete, and must suffer supersession, Scientific experience is an arrest in experience, an attempt to abolish superstition rather than establish what is absolutely true;" see Oakeshott (1933; pp. 202, 206 and 209). For a further explication, though in different context, see Khan (1993 and 1993a).

[46]Strictly speaking, macroeconomists, but whether education or educational policy fall within macroeconomics or microeconomics is a question hardly of any import in my context.

> If empirical reality is ruled out, and persuasion is not attempted, ... I am not sure these theoretical exercises teach us anything. [E]vidence tells its story regardless of the precise way in which it is analysed. In large part, it is its simplicity that makes it persuasive.[47]

It is clear that Summers' methodological prescriptions can be, and have been, applied to the subject.[48] A formidable, and forbidding, amount of evidence has been accumulated on rates of return to investment in education on the basis of sample surveys, both at a particular period of time as well as over time, and these estimates have also been compared across countries. Indeed, a narrative charting the twists and turns of some of these efforts, especially from the vantage point of the World Bank, is a fascinating story in its own right,[49] and one wonders what is involved in such "figures of arithmetic"[50] that makes them so persuasive.

At its simplest, the question of the rate of return to education reduces to whether there is any relationship between two columns of numbers, one measuring the output of education, and the other, the resources expended in gaining this output, both sets of numbers pertaining to respondents from a "suitably chosen" sample–a sample that is representative of the association for which the rate of return is being computed. The output of education is typically quantified by a measure of earnings over the individual's life-cycle, usually whittled down to current wage, while the input into education is measured by some aggregate of the acquired years of schooling. The *correlation coefficient* between these two columns of numbers is then presented as an estimate of the rate of return to education.

The obvious question then is how "good" is such an estimate? How "well" does it estimate that which is to be estimated? Without going into the technical language of statistics, it is intuitively clear that any judgement about estimator quality must hinge on our *a priori* judgement about the relationship, mental picture or model if one prefers, that underlies it. The size of an error presupposes both the estimate as well as the parameter value that is sought; the properties of the estimate presupposed in the assumptions postulated about the error. And, of course, one wants to be clear that one has purposely not chosen the sample, or postulated the relationship, such that

> It is quite easy to imagine a *method of projection* according to which

[47]See Summers (1991; p. 145 and conclusion).

[48]Summers appropriates and relies on a 1946 piece of Friedman's as well as on McCloskey. In any case, Summers own work on this is a leading example; in addition to Summers (1992), see *Business Week* (11th May 1992), *Scientific American* (August 1992), *Bangladesh Observer* (6th September 1992).

[49]For this narrative, as well for references to the literature, see Jones (1992).

[50]The term is Mary Poovey's in Poovey (1993).

> the picture does fit after all. And it would then make sense to talk of a method of projection according to which the image of the sign was a representation of the sign itself.[51]

The question then is whether one ought to be concerned with the estimate of the coefficient, or with the quantification of the concept, or with the relationship that is *a priori* assumed. Is it a matter of collecting the sample in such a way that both *education,* as well as the other variables that "ought" to be kept constant in this statistical experiment, are adequately measured, or is this putting it the wrong way around? Is it, in reality, more a matter of quantifying the variables as best as we can, *given the sample,* and therefore in what has ultimately to be an *ad hoc* way? Is there a dichotomy between concept and measurement?[52] Is measurement simply a matter of clothing a concept–a good or bad fit–or does the particular measure change the concept itself? Are we back to the question of language versus reality, form versus content?

And the particular variables that are to be kept constant–the *ceterus paribus* clause–what are they? How well can we rely on theory to tell us the subspace on which one is to project?[53] *Human capital endowments* represent the congealed effects, at a particular point in time, of all the environmental and genetic influences on the individual from the time of his/her birth; are the *human capital endowments* of the parents included as explanatory variables? How about their parents' parents? How are they to be measured? Is there infinite regress built in to such an extent that we have no option but to conclude that we really are focussing on the wrong variables? Is the concept riddled with so much of a lack of identifiability with other socio-economic determinants, that misspecification is automatically built into the exercise? Is the question so broadly posed that it really cannot admit of an answer that furnishes insight? What do we really learn, for example, by saying that *human capital endowments* are "explained" by the *human capital endowments* of the parents or of their parents? This commitment to simplicity–does it allow us to skirt the fact that understanding is always conditional, that we are always forced to do

[51]The first sentence is an appropriation, with appropriate modification, of Article 139 of Wittgenstein (1953); the second sentence is Article 366. Also see Article 141. For an attempt to grapple with the difficulty of *projections* in economics, see Khan (1993).

[52]There are somewhat subtle statistical issues involved here. For example, one is either limited to a subsample that earns wages, i.e. the employed; or one assigns, in an *ad hoc* way, a zero wage to the unemployed. In the first case, we are neglecting relevant information contained in the excluded observations because some of the variables influencing wages may also be the ones influencing the decision to be employed; and in the second case, we are simplying biassing the regression line to take account of essentially spurious values.

[53]See Khan (1993).

what we are not sure that we can do.[54] In a somewhat less abstract, and presumably more empirical vein, one can focus on the literature antecedent to my subject, and ask whether we can measure "innate ability" in a way that is not correlated with schooling so as to isolate the effects of schooling, and measure its rate of return in terms of wages, earnings, agricultural productivity, or yet some other proxies, market or non-market determined, for the output of schooling?[55]

In his 1977 address, Griliches discusses two polar views as regards *ability as an unobservable*.[56] The first of these is that "ability" is IQ, or "something close to it," while the alternative view is that "ability", in the sense of being able to earn higher wages, other things equal, has little to do with IQ.

> It is "the thing with feathers". It is an unobserved latent variable that both drives people to get relatively more schooling and earn more income, given schooling, and perhaps also enables and motivates people to score better on various tests. ... It is only loosely related to "ability" as commonly understood by psychologists. It could just as well be "energy" or "motivation."

In the context of the first view, Griliches discusses the standard econometric techniques,[57] and concludes

> I have the feeling now that much of this work, including my own, was somewhat misdirected.[58]

Arrow had already weighed in on the side of ability having nothing to do with IQ

[54]See Khan (1993a) for an attempted substantiation of this phrase in the context of economic theory as it has evolved in the last half-century.

[55]Let the "true" model be given by $y = \alpha + \beta S + \gamma A + u$ where y is some market-determined "output" variable, S a measure of schooling, A a measure of "ability" and u the error term. Let us now suppose that we ignore A and regress y on S, which is to say that we run the equation $y = \alpha + \beta S + u$. It is clear that the estimate of β will be biassed (under certain assumptions upward).

[56]This is also a title of a subsection in his address.

[57]"To the extent, however, that test scores are admitted as "indicators" of such an observable, ... the only problem is that our measures of it are subject to possibly large (test-retest) errors. If we had data on more than one test or on some other relevant instrumental variables, this would be a simple garden-variety "errors-in-the-variables" problem, to be solved by standard econometric techniques;" see Griliches (1977).

[58]He continues, "There is no good reason to expect the "relative ability bias" to be constant across different samples or to generalise easily form one study to another and to the population at large. Selection rules as to who goes to college (for example) have changed significantly over time. The relationship of ability to schooling within families (when we look into the behaviour of brothers or twins) may differ significantly from that between families. And finally, different samples may be selected differently, cutting off significant portions of the variance of schooling, changing thereby ... the implied estimate of the "ability bias."""

as early as 1973.

> But unfortunately these ability measures are wrong in principle. [This is] an unmeasured and unmeasurable variable. There may be no way of ever achieving a direct measurement; after all, ...[if] employers cannot measure ability directly, .. there is no reason to suppose the economist is going to do better.[59]

Scores of IQ tests are "measures of intelligence; but "ability" in the relevant sense means the ability to produce goods, and there is simply no empirical reason to expect more than a mild correlation between productive ability and intelligence as measured on tests;"[60]–a test designed primarily for measuring "cycling expertise" need not necessarily be identical to one designed for measuring "truckdriving" abilities, and "standards" of one ought not automatically to apply to the other. What these tests for *mildness* of correlations, for *automatic* applicability, or for *identity* of tests, themselves are, is a separate question.

But the fact that IQ tests are good measures of intelligence is itself a matter of some controversy. Gardner identifies seven types of intelligence[61] and asserts, undoubtedly tongue in cheek, that "in our society we suffer from three biases ... *Westist, Testist,* and *Bestist.*"[62] His dissatisfaction with the concept of IQ and with unitary views of intelligence, is explicit in the work of L. L. Thurstone, J. P. Guilford, and other critics, but he does not find there strictures forceful enough.

> The whole concept has to be challenged; *in fact, it has to be replaced.* I believe that we should ... look instead at more naturalistic sources of information about how people around the world develop skills impor-

[59]See Arrow (1973; pp. 214-215). Examples of such variables are legion in economics–Keynes's *animal spirits, female fecundity* in the context of studies on fertility, *effort* expended by peasants in sharecropping arrangements, and of course, *education* itself.

[60]See Arrow (1971). He continues "Intelligence tests are designed to predict scholastic success, and this is a function they perform well. But there is considerable evidence in direct studies of productivity (e.g. by the U.S. Navy) that ability to pass tests is weakly related to ability to perform specific productive tasks. It is only the latter ability that is relevant here."

[61](i) linguistic, (ii) logical-mathematical, (iii) spatial, (iv) musical, (v) bodily-kinesthetical, (vi) interpersonal and (vii) intrapersonal. "Interpersonal intelligence is the ability to understand other people: what motivates them, how they work, how to work co-operatively with them. Successful salespeople, politicians, teachers, clinicians, and religious leaders are all likely to be individuals with high degrees of interpersonal intelligence. Intrapersonal intelligence ... is a capacity to form an accurate, veridical model of oneself and to be able to use that model to operate effectively in life."

[62]"*Westist* involves putting certain cultural values, which date back to Socrates, on a pedestal. *Testist* suggests a bias towards focussing on those human abilities or approaches that are readily testable;" see Gardner (1987).

tant to their way of life.[63]

Arrow also has picked up what "professional educators" have long emphasised–that "the activity of education as a process of socialisation[64] is at least as important as the manifest objectives of conveying information–and questioned the conventional view among economists that education adds to an individual's productivity and therefore increases the market value of his labour. He has proposed that the acquisition of education, or more concretely, educational credentials such as degrees and the like, be viewed simply as a signalling device, a filter allocating types of labour. In such a filter model, an increase in the resources devoted to college education will have *no positive effect* on output in the non-educational sector, if all other variables are controlled for.[65] Given that "scientific generalisation always asserts a relation or a consequence, and never the existence of what is related; [being] concerned solely with adjectivals,"[66] one can surely proceed along Arrow's road and imagine conceptions of education–more accurately, pictures of "miseducation"[67]–in which years in the classroom kill all initiative, encourage servility, rob all joy of learning, and that to such an extent that the value of human capital endowments, properly measured, is *decreased.*

In summary, it is not a matter of despairing of "good enough" proxies for the variables that are of interest to us, proxies which "work"–with enough ingenuity virtually any variable works–the point rather is that the greater the ingenuity, the more contestable the findings. There seems to be trade-off between novelty and non-controversial acceptability here, between the ability to persuade and the ability to investigate. In any case, when we do empirical work, is it not well to ask whether, akin to philosophers,

> we are like savages, primitive people, who hear the expressions of civilised men, put a false interpretation on them, and then draw the queerest conclusions from it?[68]

But once the talk turns to interpretations, to pictures and to conceptions, I am back, *pace* Summers, to theory and to the painting of allegories–to my attempts in Sections II and III.

[63]See Gardner (1987); italics are mine. Also Walters-Gardner (1987).

[64]Arrow (1973) formalises this as "the latent content of the process, the acquisition of skills such as the carrying out of assigned tasks, getting along with others, regularity, punctuality, and the like."

[65]For details, see Arrow (1973). Also Stiglitz (1975) and an overview in Bhagwati-Srinivasan (1977).

[66]See Oakeshott (1933; p. 211).

[67]The term is Myrdal's–I return to it in the conclusion to this essay.

[68]See Article 194 in Wittgenstein (1953).

V

However, the allegory developed there is too involved with a purpose, with the politics of optimality and a corresponding politics of a lack of acknowledgement. There are too many silences about commodity characteristics and about that which leads to the universality of markets and to their completion. And it is far from clear that these silences cannot be construed as strategic justifications of a particular picture and a particular representation. To counter this, I now present an alternative scenario in which there are no prices in the anteroom, shopdoor, or anywhere else for that matter. Instead of a suburban shopping centre, I think in terms of a Middle Eastern *bazaar*,[69] where even though there are a finite but very large number of commodities, their characteristics are not universally and unambivalently known.[70] Here, one has to describe what one wants, and a sale is a bilateral transaction in which the only guarantee of the integrity of the commodity lies in the integrity of those who are transacting it.

> Language is not allowed to go on holiday; [and it is recognised that] an ostensive definition can be variously interpreted in *every* case; that the word "this" is not a *genuine* name; so that anything else we call a name was one only in an inexact, approximate sense.[71]

There is no buying or selling or production, in short no transaction, without conduct *inter homines.*

In the *bazaar*, the *type* of the buyer and the *type* of the seller is as important as the *type* of the commodity, and each *type* feeds into the determination of the other, however this "other" is conceived. There are contracts, but like markets, they too can be incomplete[72] and require supplementation by speech and by conduct. Instead of the invisible hand of the market, one relies on the visible hand of the agent.[73] A shopper, or better still an individual, in deciding the commodity bundles he or she is to buy, and more generally the actions he or she is to take, forms a judgement about the association she finds herself in, as well as expectations about the actions the members of such an association do, and will, take. In bargaining for apples, or for a college, she is consciously aware of the average consumption of what she perceives to be a particular kind of apple, or the proportion of individuals

[69]See Udovitch (1985) and Khan (1991), and the references therein.

[70]I bypass the question of how the number of commodities can then can be treated as being finite.

[71]See Articles 38 and 28 in Wittgenstein (1953).

[72]See the entry on **incomplete contracts** in *The New Palgrave*.

[73]I am now developing what readers may recognise as the CNH construction in Khan (1991). Also see Mintz (1961) and Geertz (1978) on which Khan (1991) draws.

in the association applying for, and obtaining admission to a particular college. She makes a judgement of societal actions, or at least statistical estimates of such actions, if not their totality, and then acts on the basis of these judgements and estimates.

In such an interdependent setting, a natural question arises as to equilibrium actions. How are the demands and supplies brought into line when mutual interdependence is tending to obliterate elemental notions of self-interest and self-identity? Is there a counterpart to the equilibrium in my earlier allegory which, without the self-absorption of the completion of markets, keeps its feet on the ground? Is there a scenario and a picture in which this interdependence between agents is explicitly taken into account but without the mediating, to some far-fetched, fiction of a universal price-system? Following a long-standing tradition in economics, the *bazaar*, or the game which is played there, is said to be in equilibrium if individual actions sustain the very judgements on the basis of which these actions were taken. I assume that traffic will be proceeding on the right hand side, and therefore, pursuing my self-interest, drive on the right hand side, and in so doing, sustain the traffic pattern on the basis of which I drive. The assumption that Rochester is the best department in the country for the study of international economics, leads the best students in international economics to apply to it, and hence sustains and perpetuates its reputation. We have here, in the *bazaar*, what is called a *Cournot-Nash equilibrium.*[74]

This equilibrium of a game, large or small, with or without imperfect information, does what it is supposed to do, makes manageable and cuts through what seems to generate, and degenerate, into sure chaos.[75] By focussing on self-sustaining actions, it engenders identities of both the players and the association, norms of society and self. The picture feeds not only into generating equilibrium actions, commodity bundles if one prefers, but also into generating particular equilibrium *types* of agents, and particular equilibrium *types* of association. When I am in a *bazaar* that extols the language of greed and appetite, I too speak in that diction and with that vocabulary. On the other hand, the *bazaar* may be "a civilising agent of considerable power and range," and may inculcate in me and in my fellow-players, "*douceur*, polish, gentleness and even cordiality."[76]

The interesting question is what happens out of Cournot-Nash equilibrium? Can we characterise a picture, or a process of learning, in which agents and their association move towards a position of equilibrium from one of disequilibrium? and

[74]See Khan (1994) and the references therein. Also the entries under **Nash** in *The New Palgrave*.

[75]See Aumann's entry on **game theory** in *The New Palgrave*. It can be supplemented by the references in Khan (1994) for the theory of large games.

[76]On this theme, see in particular, Essay 5 in Hirschman (1986).

once there, remain there? Can a determined group, for reasons apparent only to them, by driving on the left hand side, disturb the equilibrium, and the equilibrium social convention underlying it, and lurch from one chaotic configuration to another? How do time and uncertainty, or space and uncertainty, feed into these considerations? Do not the difficulties of the special case only multiply in a more generally interdependent setting? Can one follow the same feat of imagination and resurrect contingent commodities in the phraseology of contingent contracts? How about optimality, individual or social? And how about threats and counterthreats, poses and counterposes? Is this allegory really useful for deciding the allocation of resources, or have we moved out of the boundaries of our subject? into politics and psychology?

However, under the pressure of such questions, it is far from transparent that the allegory of the *bazaar* is all that different after from that of the shop. Even though the interdependence between a shopper and a fictitious agent in the form of a market, and the resulting Walrasian auctioneer, is explicitly replaced by a universal interdependence between all of the members of the association, and the possibilities of strategic misrepresentation and manipulation to that extent multiplied, conduct *inter homines*, is still kept at arms length. In equilibrium, the arbitration of the price system is replaced by the arbitration social norms. The silence on the determination, and the determinateness, of the equilibrium price system in my earlier allegory is matched by even a more resounding silence on the determination of the equilibrium social norms in the present one. It seems that one has modelled a santised *bazaar* as opposed to a "real" one, and blunted the possibilities of a Hobbesian state of war into the precise steps of a country dance. The rules for the equilibrium of the game are well specified, and regress as to the rules for the making of rules explicitly ruled out by the Cournot-Nash assumptions. However, it cannot be denied that the language is enriched, and in its concern for how cooperation is engendered by competition, the complacent optimality of one setting is at least shaken to some extent. But my focus on language allows me to turn to what seems to be a totally different and novel view of education.

VI

The view that I would now like to articulate is one that denies at the outset that education is a commodity but affirms it to be a *transaction* and an *engagement.* It is a transaction which goes towards defining the identity of those who are transacting, and the identity of the association under whose umbrella the transaction is being pursued. Indeed, it is a transaction in which how to transact is itself being articulated.

> Agents ... emerge in a transaction between the generations called

> education, in which new-comers to a local human scene are initiated into its 'mysteries'; that is, into practices which human beings have invented for themselves. And like every other transaction *inter homines*, this engagement to educate is itself utterances, actions and responses governed by a practice in which a relationship, distinguished from all others, is articulated: the relationship of teachers and learners. And what is learned in this transaction is languages of self-disclosure and self-enactment; not what to do or say, but the arts of agency.[77]

However this initiation into the mysteries of current practices is one which involves at its very centre an element of transcendence from these very practices, and as such, is an engagement that is pervaded with ironic over- and undertones. In letting oneself be *poetically composed*, one *poetically composes* also, both oneself and ones environment.[78] There is "a definite given context into which she has to fit and thus does not become a word without meaning [by being] wrenched out of its associations," but to fit in such a way that she also gives new meaning to the words and to the context in which she is made to fit. She both corrects, and is corrected by, her environment.

> The business of the teacher (indeed, this may be said to be his peculiar quality as an agent of civilisation) is to release his pupils from servitude to the current dominant feelings, emotions, images, ideas, beliefs and even skills, not by inventing alternatives to them that seem more desirable, but by making available to him something which approximates more closely to the whole of his inheritance.[79]

But how is one to delineate the relevant context?[80] What kind of commodity is this inheritance that forms the background to this engagement? Can it be bought and sold? and if so, where and at what price? Can it be transacted in a shop, with or without an anteroom, or in a *bazaar*? How is to be absorbed and produced at the same time? How does one learn and unlearn one's inheritance? How is it to be taught and untaught at the same time? Can it be pointed to? What seems to be the driving force of this conception is that the agent, the *engagé*, and the commodity,

[77]See Oakeshott (1975; p. 59).

[78]These are well-known and celebrated Kierkegaardian categories; see Kierkegaard (1841; p. 283).

[79]See Oakeshott's 1975 essay titled *A Place of Learning* and reprinted in Oakeshott (1989; p. 17).

[80]For an elaboration of this difficulty, see Khan (1993) and his references.

which is to say the engagement, cannot really be differentiated. Indeed, if I move away from issues of inheritance and context, and from the open-endedness that they let in, to the consideration of the more concrete relationship between the buyer and seller of education, the teacher and the student, the ironic element comes more prominently to the fore.[81]

> Teaching is a practical activity in which a 'learned' person 'learns' his pupils. The activity of a teacher is, then, specified in the first place by the character of his partner... that the initiation *he* undertakes is one which has a deliberate order and arrangement, and that, as well as knowing what he designs to transmit, he has considered the manner of transmission.[82]

And yet it is not a dance, simply because the dancer and the dance-master are the same, understood identities still waiting to be understood,[83] "the producing I the same as the produced I. What is being sought is in its own seeking–and one is a spectator even when one is himself acting."[84] Thus "learning is a paradoxical activity: it is doing and submitting at the same time," and what seems to distinguish this relationship is its symmetry as well its tone of non-purposiveness, a tone that seems to belie its earnestness and enthusiasm.[85]

> Thus, this transaction between the generations cannot be said to have any extrinsic 'end' or 'purpose': for the teacher it is part of his engagement of being human; for the learner it is the engagement of becoming human.[86]

Thus, this engagement is a central rather than a peripheral one, and goes towards basic questions of self-identity.

> The ideal of success and accomplishment would be rejected for one in

[81]See Guillory's interesting1993 reading of the work of de Man; in a chapter titled *Literature after Theory: The Lesson of Paul de Man.*

[82]See Oakeshott's 1975 essay titled *A place of Learning,* reprinted in Oakeshott (1989; p. 17).

[83]Oakeshott uses this phrase in his consideration of the nature of a *state*; see Oakeshott (1975; p. 231).

[84]See Kierkegaard's (1841) dissertation, pages 273, 72 and 283 respectively, for a development of these phrases.

[85]It is useful to recall here the Kierkegaardian opposition of irony and enthusiasm; see Kierkegaard (1841; p. 319 and the last section of Part Two). Also see Curtis (1993) for a development of Oakeshott's thought in terms of non-purposiveness.

[86]See Oakeshott's 1972 essay titled *Education: The Engagement and its Frustration,* reprinted in Oakeshott (1989; p. 70).

> which the achievement striven for was the realisation of a self. This inseparability of learning and being human is central to our understanding of ourselves. It means that none of us is born human; each is what he learns to become. A man is his culture, and what he is he has had to learn to become: this is the human condition.[87]

All of this is somewhat dizzying, especially when viewed from my earlier perspectives of a shop, with and without anterooms, and that of the *bazaar*. Admittedly, there the steps of the dance were well specified–there were equilibria, Bayesian or Nash or whatever, even in the *bazaar*–but does this alternative conception really have anything to do with education out there in the 'real' world, 'real' education which has to be bought, sold and produced? Have words changed their meaning in Oakeshottian prose? Where are such teachers and such students to be found? How much do the teachers charge? or do they pay? Do the students pay? or do they charge? How are such educators produced? Are they shoppers, or shopkeepers, or commodities? How does one compute rates of return, private or social? Indeed, which is more 'unrealistic'–my allegories or this description which replaces them? Has this description left its feet off the ground? or is there a basic criticism of my allegories that goes beyond the somewhat hackneyed phrases of "missing or incomplete markets," or the "absence of learning?" How would Oakeshott react to these allegories–what is in them that he would find objectionable? I turn to this.

VII

The first question is "What is the worth of this ideal character, 'human nature', as an instrument for understanding substantive actions?"[88] Oakeshott's answer is clear.

> There is no such thing as 'human nature'; there are only men, women, and children responding gaily or reluctantly, reflectively or not so reflectively, to the ordeal of consciousness, who exist only in terms of their self-understandings.[89]

[87]The first sentence is from Oakeshott (1989; p. 32); and the successive sentences are from Oakeshott's 1975 essay titled *A Place of Learning*, reprinted in Oakeshott (1989; p. 17 and 29). Elsewhere he writes "A human being is 'free' not because he has 'free will' but because he is *in* himself what he is *for* himself."

[88]See Oakeshott (1975; p. 94).

[89]See Oakeshott's 1975 essay titled *A Place of Learning*, reprinted in Oakeshott (1989; p. 28). In his 1993 book, he states "In the world, the experiences which begin to unlock to us the nature of the self are parting, separation, bereavement and, most penetrating of all, exile, ... to dwell permanently in exile from all that is nearest to us, country, countryside and friends, is beyond doubt the greatest tragedy our life affords (p. 53)."

In his 1975 book *On Human Conduct*, Oakeshott elaborates this basic denial, and emphasises the self-understanding on which it is based.

> [An agent] is what he understands himself to be, his contingent situations are what he understands them to be, and the actions and utterances in which he responds to them are self-disclosures and self-enactments. He has a 'history', but no 'nature'; he is what in conduct he becomes. This 'history' is not an evolutionary or teleological process.[90]

But is this denial really a problem for my first allegory?[91] It nowhere presupposed knowledge of human nature. Each shopper was each unto herself, transacting with an impersonal market, and in an association which, for all intents and purposes, exists only in terms of the prices that prevail in these markets. There is nothing to hinder each shopper from pursuing his or her self-interest as he or she understood it to be, provided this pursuit was in terms of the association's price system. The allegory did not even require a shopper's preferences to conform to basic postulates of 'rationality' such as *transitivity* or *completeness*.[92]

However, it is precisely this preoccupation with self-interest and a lack of awareness of the other agents in the association, this lack of conduct *inter homines* that is explicit in the dialogue with an impersonal market, that Oakeshott seems to be taking issue with.

> An action identified as a chosen response of an agent to a situation which he recognises as his own does not postulate a self-absorbed agent incapable of understanding a situation other than in egocentric terms and therefore unable to identify his own as a concern for another. The myth of the necessarily egocentric agent is a denial of agency.[93]

For Oakeshott, "a character, like language, is a composite character prey to many internal stresses, a balance of dispositions, [and in particular, the] disposition to

[90]See Oakeshott (1975; p. 41).

[91]Or even the second one, for that matter?

[92]See, for example, the entry on **transitivity** in *The New Palgrave*; and Debreu (1959) for basic definitions of these concepts and their role in the theory of value. It is one of the achievements of the modern theory of competitive markets that these assumptions can be dispensed with.

[93]See Oakeshott (1975; pp. 52-53). He continues, "What predicates action is an agent's understanding of his own situation as, in some respect, unacceptable to himself; but there is nothing to hinder his understanding it to be unacceptable to himself in terms of the unsatisfied wants of another, except a contingent inclination not to do so."

take a sympathetic interest in the fortune of others."[94] But this dependence on others is explicitly touched on in my allegory of the *bazaar*. There the actions of one agent play an essential role in determining the well-being of another. There are no optimality theorems for the allocation of resources, but such an allegory aspires towards providing a non-cooperative basis for cooperation. And in so doing, appears to give a handle for understanding. It is precisely this handle that Oakeshott refuses to grasp. What is being denied in his work, and it is an elusive denial, is the overarching conception of actions which can be rationalised, and the commendatory nature of the adjective "rational."

> Ever since the eighteenth century we have had presented to us a variety of forms of behaviour or projects of activity, each recommended on account of its 'rationality'. There have been 'rational education', 'rational agriculture', 'rational diet', 'rational dress', to say nothing of 'rational religion', and 'rational spelling'.[95]

Consequently, when Oakeshott identifies conduct *inter homines*', it is in terms of an agent "disclosing an enacting himself in performances whose imagined and wished-for outcomes are performances of other agents or other performances of himself: satisfactions, not only pursued in actions and purchased by actions, but wholly composed of actions."[96] Of course, one may "imagine an 'ideal' human character and may use this character to direct his self-enactments, [but] there is no ultimate or perfect man hidden in the womb of time or prefigured in the characters who now walk the earth.[97] For Oakeshott, if this is 'rational' behaviour, then it is not impossible in fact, but also undesirable.

Impossible, because it is an abridgement of conduct into general principles, "a convenient shorthand expression descriptive of a certain style or manner of conducting affairs, in which a complex and intricate manner of behaving is reduced to generality.[98] "Men do not behave in this way, because they cannot. No doubt those who have held this theory have thought that they were describing a possible

[94]These quotes are from Oakeshott's 1958 Harvard Lectures; see Oakeshott (1958), pages 16, 29 and 65 respectively. Oakeshott (1958; p. 66) quotes Adam Smith, "The man of the most perfect virtue, the man whom we naturally love and revere the most, is he who joins, to the most perfect command of his own original and selfish feelings, the most exquisite sensibility both to the original and sympathetic feelings of others." More generally, the section on Adam Smith, despite its brevity, is a reading well worth contrasting with more current, 'mainstream' readings of Adam Smith.

[95]See Oakeshott's celebrated 1950 essay, *On Rational Conduct*; also in Oakeshott (1991; p. 100).

[96]See Oakeshott (1975; p. 36).

[97]See Oakeshott (1975; p. 41).

[98]See Oakeshott (1958; p. 14).

form of behaviour; and by calling it 'rational', they recommended it as desirable: but they were under an illusion.

> The practical danger of an erroneous theory is not that it may persuade people to act in an undesirable manner, but that it may confuse activity by putting it on a false scent.[99]

But, of course, all understandings involve abridgement and abstraction, sometimes useful, and at others, serving only to obscure the truth.[100] It is when a caricature is no longer seen as simply revealing the potentialities of a face, or parody the potentialities of a style,"[101] but themselves are seen as the face or the style, that an abstraction leads to "a mind fixed and callous to all subtle distinctions, [and to] emotional and intellectual habits that become bogus from repetition and lack of examination, [leading to] unreal loyalties, delusive aims and false significances,"[102] The abstraction has at this stage become "vicious, something which results from an arbitrary analysis of any community as we know it and exists nowhere outside that analysis."[103] It furnishes a vocabulary in which, and through which, we misunderstand others and ourselves, and do damage to others and ourselves. It is not that we strategically misrepresent our parameters to the Walrasian auctioneer in the pursuit of our self-interest, but rather that we misrepresent, strategically or otherwise, ourselves to ourselves and start conforming to what we erroneously believe who we ourselves are, as well as the nature of the association that we find ourselves in.

Thus, this position is somewhat deeper than simply whether a particular assumption can, or needs to be relaxed or not. It denies a particular worldview and an entire way of thinking that goes with it. Oakeshott traces this worldview to the Baconian identification of education as a "concern with 'things, not words.'"[104]

> To recognise oneself in terms of one's wants, to recognise the world as material to be shaped and used in satisfying wants, to recognise others as competitors or co-operators in this enterprise and to recognise our inheritance of arts and practices, including a common

[99]See Oakeshott's essay, *On Rational Conduct*; also in Oakeshott (1991).

[100]Under possibly useful abstractions, Oakeshott lists law and economics; his disapproval is directed to "many of the abstractions of so-called political science;" see Oakeshott (1993; p. 85).

[101]Or one may add, an economic model, the structure and health of an economy! In any case, the phraseology is Oakeshott's in Oakeshott (1993; p. 148).

[102]This is an appropriation of a passage in Oakeshott (1993; p. 93).

[103]See Oakeshott (1993; p. 82).

[104]"He was not to be put in the way of understanding himself in a new context or of undergoing a plingenesis in which he acquired a more ample identity; he was merely to be provoked to see himself more clearly in the mirror of his current world;" see Oakeshott (1989; pp. 86-87). On the Baconian concetion of the state, see Oakeshott (1975; pp. 287–291) and (1958; pp. 101–107).

> language, as valuable instruments for satisfying wants–all this is, unquestionably, *a* self-understanding. It gives *an* answer to the question, who am I.[105]

The notion of self-improvement has no place is such a conception, and the capability of one individual being improved by the activity of one another, the desirability of conduct *inter homines*, is as puzzling as it is alien. All other thoughts are either idle fancies or shadowy reflections of this relationship based on wants. but, of course, this is not the only kind of self-understanding–there are a variety of other relationships and identities and "that this identity as exploiters of the resources of the earth is not only evanescent and insubstantial when set beside those others but is itself conditional upon them."[106]

However, once conditionality is emphasised, I have to confront the nature of the association, and/or of the state. Oakeshott is clear that, in addition to "man [having] no moral and intellectual stature, society has no moral or intellectual worth. In short the arts of agency are nowhere to be found save in the understanding of adepts; there is nothing whatever to correspond with the corrupt and corrupting expressions, 'collective understanding' and 'social learning'."[107] In my discussion so far of the kinds of association, I have been silent on the political component, the choice or characterisation of the *representative agent*, so pervasive in economists' discussion of policy. I have disregarded that

> the state must be self-subsistent, something which carries with it an explanation of itself and requires to be linked on to no more comprehensive whole in order to be understood... when it is full enough to be complete in itself.[108]

In his *magnum opus*, Oakeshott explores the connection between a *universitas* and a *societas*, between an *enterprise association* and a *civil association*.[109] It will take me too far afield to pursue these ideas; the interesting question is how these criticisms of my two allegories–the denial of a fixed and unchanging human nature, the denial of conduct *inter homines*, the denial of a fixed and unchanging purposive association, the dangers of these denials in understanding the human

[105]See Oakeshott (1975; p. 26).

[106]See Oakeshott (1958; p. 75). Also see Part One In Flathman (1992).

[107]See Oakeshott (1975; p. 87).

[108]Recall that this is Oakeshott's criterion for the validity of the conception of the state; see the essay on *The Authority of the State* in Oakeshott (1993; pp. 83-84).

[109]See Parts II and III in Oakeshott (1975); also the elaborations in Curtis (1993) and Franco (1990).

condition–impinge on education, on education both as a commodity and as an engagement? I turn to this.

VIII

In his 1975 lecture on *A Place of Learning,* Oakeshott takes these denials as a backdrop to launch into several dichotomies: that of information versus judgement; of instructing versus imparting; of "exploiters of the resources of the earth" versus those "capable of considering the truth or falsehood of a theorem;" of "learning to satisfy one's wants and liberal learning."[110] He thunders against the former and really excludes it as learning.

> The world in which many children now grow up is crowded ... with happenings ... a ceaseless flow of seductive trivialities which invoke neither reflection, nor choice but instant participation. The world has but one language, soon learned: the language of appetite ... and of meaningless clichés.[111]

As opposed to this there is genuine learning.

> [liberal learning] is a somewhat unexpected invitation to disentangle oneself from the here and now of current happenings and engagements, ... an invitation to be concerned not with the employment of what is familiar but with what is not yet understood.[112]

Oakeshott considers modern divisions of the curriculum, drawing especial attention to the division of the natural sciences, mathematics, the humanities and the social

[110]The first tow dichotomies are also developed in his 1965 essay *Learning and Teaching.* For both essays, see Oakeshott (1989).

[111]See Oakeshott (1989; p. 41). This is as violent an essay as I have seen in the Oakeshottian *oeuvre*. He continues the paragraph by "The idiom may be that of the exploitation of the resources of the earth, or it may be that of seeking something for nothing; but this is distinction without a difference. [T]heir utterances reproduce only what they have heard said. Such discourse as there is resembles the barking of a dog at the echo of its own yelp. To a large extent [school] has surrendered its character as a place apart where utterances of another sort may be heard and languages other than the language of appetite may be learned. It affords no seclusion, it offers no release." Earlier he had discussed how education "has had to be rescued from the formalism into which it degenerated [and] has had to resist the seductive advances of enemies dressed as friends. Its most naive self-betrayal is merely to have listened to the seductive voice of the world urging it, in the name of 'relevance' to take up with extraneous concerns and even to alter course (p. 30-31)."

[112]He adds that "it is an invitation to detach oneself from the urgencies of the local and contemporary, to explore and enjoy a release from having to consider things in terms of their contingent features, beliefs in terms of their applications to contingent situations and persons in terms of their contingent usefulness;" see Oakeshott (1989; p. 39).

sciences. Referring to social sciences within "the lineaments of this education as it comes to us now", he writes, "But distinguished they now are; and if the project of distinguishing them from the 'humanities' was an unfortunate mistake, the terms of the distinction are nothing less than a disaster."[113] The word *social* comes in for particular condemnation in this context.[114]

In his *magnum opus*, Oakeshott returns to the theme of how the grip of "false and misleading metaphors"–the description of the *vis vitae* of a society in terms of mechanics as if it could be rightly compared with a machine, or in terms of biology as if it could be imagined as an organism, or yet as a problem in statistics[115]–has perverted the meaning of education.

> Education is not to be confused with that accommodation to circumstances in which a newcomer learns the latest steps in the *danse macabre* of wants and satisfactions and thus acquires a 'current' value in the world.[116]

He identifies modern education institutions as having taken on the character of "schools of dancing," and traces this trend, present in the last two hundred years, to "confused beliefs about the transaction itself, procured by 'enlightened' governments." Nevertheless, he singles out "fragments of an educational engagement ... relatively uncorrupt educational institutions which have not entirely surrendered their character, and the persons of teachers who refuse to become dancing masters."

The question is the extent to which Oakeshott's is a pathetic cry, articulating an ideal, but essentially nostalgia for "a shared community of literate and tasteful gentlemen who ... take forms of conversation as their stylistic ideal, and whose obsession with figures of irony, paradox and ambiguity derives at once from the contradictions inherent in their project and from their virtually oratorical impersonation of the detached stance of the disinterested man of letters."[117] Rather than consider this, in the remainder of this section, I attempt to document how Lyotard

[113]See Oakeshott (1989; p. 34). He continues, "Rules are misidentified as regularities, intelligent winks as physiological blinks, conduct as 'behaviour' and contingent relationships as causal and systematic connections (p.35)."

[114]"John Seldon in the seventeenth said of the cant expression *scrutamini scripturas*, 'these two words have undone the world'; a single word has sufficed to undo our cruder twentieth century." Also see his essay *Some Remarks on the Nature and Meaning of Sociality* in Oakeshott (1993).

[115]See Oakeshott (1993; p. 47) where he continues, "Our talk has been full of such phrases as 'centre of gravity', 'equilibrium', and the 'resolution of forces'."

[116]See Oakeshott (1975; pp. 93-94).

[117]The phraseology is that of Bender and Wellberry (1990; p. 35) discussion of the "new criticism." For Oakeshott's view of education "as an initiation into the skill and partnership of ... conversation," see the 1959 essay *The Voice of Poetry in the Conversation of Mankind* in Oakeshott (1991; exp. p. 490).

picks up several of the Oakeshottian themes and carries his project further. In his report on knowledge titled *The Postmodern Condition*, Lyotard focuses on

> "The question of legitimacy: "What is your 'what is it worth' worth."[118]

He emphasises the absence of a grand metanararrative, the fact that "philosophy may in no way interfere with the actual use of language: it can in the end only describe it. For it cannot give it any foundation either. It leaves everything as it is."[119] If I use the positive/normative distinction, so pervasive in modern economics, as the crutch to compare and contrast the reactions of these two thinkers to education as a commodity, I would say that Lyotard's position is one of resigned acceptance. He refers to the "mercantalisation of knowledge–knowledge in the form of an informational commodity indespensible to productive power"[120] in a way that one has the distinct impression that for him "*this* is how it has to *be*!"[121]

> The old principal that the acquisition of knowledge is indissociable from the training (*Bildung*) of minds, or even of individuals, is becoming obsolete and will become even more so. The relationship of the suppliers and users of knowledge to the knowledge they supply and use is now tending, and will increasingly tend, to assume the form already taken by the relationship of commodity producers and consumers to the commodities they consume and produce–that is the form of value. Knowledge is and will be produce in order to be sold, it is and will be consumed in order to be valorised in a new production: in both cases the goal is exchange. Knowledge ceases to be an end in itself, it loses its "use-value."[122]

Once knowledge is identified with its exchange value, I am back to the outlines of my two allegories, but Lyotard draws the parallel with a commodity that is missing as a distinguished commodity in both of them; namely, money.[123] This is not only a medium of exchange, but also a store of value, both circulating and fixed capital; and the relevant dichotomy is no longer one of knowledge/ignorance but of "payment knowledge versus investment knowledge." Learning [circulates] along

[118]See Lyotard (1984; p. 54).

[119]See Article 124 in Wittgenstein (1953).

[120]See Lyotard (1984; p. 106). Lyotard also concerns himself with implications of this view for the state and for the competition between nation states which does not concern me here.

[121]See Article 112 in Wittgenstein (1953).

[122]See Lyotard (1984; p. 5).

[123]As is well known, there is a numeraire commodity but no money in Debreu's *Theory of Value*.

the same lines as money, no longer for its "educational" value or political (administrative, diplomatic, military) importance, but to optimise the performance of a project.[124]

With optimisation, we are back to the metaphor of society as a giant machine and to the question of the goals that have to be programmed into this machine. How can it maximise its own performance, and according to what criteria? How can one guarantee that performance maximisation is the best goal for the social system in every case?[125] Lyotard exploits the distinction between knowledge and its transmission to inquire into the predominance of the performativity criterion.

> If we accept the notion that there is an established body of knowledge, the question of its transmission, from a pragmatic point of view, can be subdivided into a series of questions: Who transmits learning? What is transmitted? To whom? Through what medium? In what form? With what effect?[126]

In the terms that I have been using so far, who supplies the missing markets? or determines and informs on the social norms? or perpetuates and guarantees the inheritance and the tradition? It appears that I am no nearer to the determination of the nature of education as a commodity than when I began. However, it is time to close the discussion and summarise.

IX

Despite my ramblings, I appear to have isolated "two powerful and contrary dispositions, neither strong enough to defeat or put to flight the other"[127]–understanding obtained through mastery of a technique, and understanding obtained through experience;[128] education as the acquisition of pragmatic information, and education as the induction into a way of life; education that can be bought and sold, and education that is destroyed and debased if it is bought and sold. This dual conception leads me to the three epigraphs to this essay.

When Virginia Woolf talks about truth being found in the British Museum, she presumably talks about what a certain community of

[124]See Lyotard (1984; p. 6).

[125]See Lyotard (1984; p. 16).

[126]See Lyotard (1984; p. 48).

[127]Oakeshott uses this phraseology in the context of human character; see Oakeshott (1975; p. 323).

[128]I also see this duality in Wittgenstein. "What one acquires here is not a technique; one learns correct judgements. What is most difficult here is to put this indefiniteness, correctly and unfalsified, into words;" see Wittgenstein (1953; p. 227).

> human beings *say* is true and false; and they agree in the *language* they use. This is not agreement in opinions but in form of life.[129]

It is important, however, to see "a 'language game' as a whole, consisting both of language as well as the actions into which it is woven."[130] It is needless to emphasise what any anthropologist or historian of science already knows, that one human being can be a complete enigma to another even if they speak the same language.[131]

> We do not *understand* the people. We cannot find our feet with them. *They* are not readily accessible. If a lion could talk, we could not understand him.[132]

In his allegory of imperial education in the Indo-Pakistan subcontinent, Kipling captures this when he writes

> The ... boy had his own manners and customs, which do not resemble those of any other land; and his teachers approach him by roads which an English master would not understand.[133]

None of this is new to Oakeshott; already in 1950, he had whittled down the question "What garment is best adapted to the activity of *propelling* a bicycle of a certain design?" to the question, "What garment combined within itself the qualities of being suitable, all thing considered, for an English girl to be seen in when riding a bicycle in 1880?" and concluded that it "admits of no *certain* answer, because it involves an assessment of opinion; and it is one which cannot be answered once and for all, because the problem is tied to place and time."[134] If designing a garment, tailored towards a well-defined and particular purpose, is an exceedingly complex end, there being "tension within the purpose itself,"[135] what then of educational policy? Is it an oxymoron? What is miseducation? What does it mean to say

[129]This is article 241 from Wittgenstein (1953). Emphases are his.

[130]See article 7 from Wittgenstein (1953).

[131]Article 23 and 19 of Wittgenstein (1953) respectively state "The term language-*game* is meant to bring into prominence the fact that the *speaking* of language is part of an activity, or of a form of life. [But] to imagine a language means to imagine a form of life." Also see Quine (1990) and his references.

[132]See Wittgenstein (1953; p. 223).

[133]This is from Kipling's *Kim* as quoted by Suleri (1992; p. 127). I am much indebted to Suleri's reading of this work.

[134]See his celebrated essay titled *Rational Conduct* in Oakeshott (1984; Part II, Essay 1).

[135]Oakeshott identifies this tension as a result of "anatomical and mechanical principles pulling one way, perhaps, and social custom another."

that the educational problem in South Asia has to be thought of anew?[136] By whom? Must Pakistani educational policy be decided by Pakistanis alone?[137] Is learning by rote necessary in the Muslim schools in the mosques? How does one foster independent thinking? or at least the growth of an inquisitive and experimental bent of mind.[138]

Joseph Stalin and Macaulay clearly have clear answers to these questions. They understand the differences between training and imparting, between *abrichten* and *unterricht* on the one hand, and *beibringen* on the other.[139] Macaulay 1835 *Minute on Indian Education* laid the foundations of educational policy in the subcontinent for at least a century. It was a purposive endeavour in which a profit maximising company was being given advice on the production of a *public input*,[140] on engendering a class of "native informants."[141]

> We must at present do our best to form a class of persons, Indian in blood and colour, but English in taste, in opinions and morals, and in intellect.[142]

Of course, Macaulay was not forging national identity or fostering self-understanding for the people for whom the policy was being designed–it is far from clear that he was in a position to do so even if he desired, because such understanding is "inseparable from learning to participate in what is called a 'culture.'"[143]

When more modern theoreticians exhort governments to spend more

[136]The words are Myrdal's (1968; pp. 1622-1624). "Just as there is no universally applicable educational technology, so there is no definite ideal for educational reform in South Asia that is generally accepted as being superior to prevailing practices. Such an ideal simply cannot be imported from advanced countries since the educational needs are very different there. The problem of reforming education in South Asia is far from being merely a quantitative one of providing more schools; it is as much or more a problem of eliminating miseducation. A lack of precision is inherent in the problem of education. The educational problem in South Asia has to be thought of anew."

[137]The question has a parallel with Oakeshott's example of Chinese designing bloomers or that of "South American republics applying to Bentham for a rational constitution."

[138]This set of two questions follow as negative assertions from Myrdal's finding that "The methods of teaching in the pre-colonial era were .. all heavily weighted in the direction of making the pupils memorise texts, whether they understood them or not ... where an important part of the curriculum was reading the Koran in the Arabic language." Myrdal underscores the first assertion by "of course," and supplements the second by describing these qualities as "so essential for development." On all this, see Myrdal (1968; p. 1645).

[139]See Macmillan (1983) and the references therein for Wittgenstein's "pedagogic vocabulary of great subtlety–a subtlety that may be lost is the translation into English."

[140]These are analogues to *public goods* considered in Section III; for details see Khan (1983) and his references.

[141]Suleri (1992). Also Viswanathan (1989) and Thiessen (1992).

[142]See Macaulay (1972; p. 249). Macaulay (1926) is also relevant here.

[143]See Oakeshott (1989; p. 28).

resources on education, using terms such as *best investment*, or *most cost-effective measures*, they do not describe the nature of education that is to be given,[144] and though their silence on this score finds resonance in Kipling, they miss his sense of irony and self-reflexivity, how he feels constrained to pair in the same sentence "sell" with "give" and "pay" with "help".

> Do they give or sell learning among the Sahibs? And–the more money is paid the better the learning is given. It is no wrong to pay for learning; to help the ignorant to wisdom is always a merit. The rosary clicked furiously as an abacus.[145]

Once one is pushed to specify the concrete nature of education as a commodity, what was taken for granted particularly in my allegory of the shop, one has to conclude, along the lines of a recent World Bank volume, that "little can be said with much certainty... At this time, advancing ... in certain settings requires proceeding with best guesses. It involves designing strategies based on what has worked well under similar circumstances and based on what theoretically might work. It requires experimentation and careful monitoring."[146]

But Governments need to make decisions as to the allocation of resources, and the resources allocated to education in particular. Can we not give the Minister of Education unambiguous guidelines fortified in numbers, instead of precariously and tensely balanced ambiguities? Does she have to counter "figures of arithmetic" with "figures of speech? devote attention to the supply of basic skills as well as to the poetic composition of her environment? Do we not know how to fix an airconditioner or to fly an airplane? Are these skills not purchased in a *bazaar*, if not in a shop? Do we not know how to remove the distortions in an economy, and to put it on its optimal growth path? Can one not measure the rate of return to the inclusion of Mir Dard and Shah Latif in a particular curriculum?[147] the rate of return to studying the work of Iqbal as opposed to canonising him? Can we not determine the optimal amount of resources devoted to *qawwali*, to the preservation of monuments, to the study of religion? Are these not skills which are bought and sold in econom-

[144]See Khan (1992) for an amplification of some of these issues.

[145]Suleri (1992; p. 127) writes, "Kipling assiduously omits to describe the education that the lama buys for Kim, and furthermore draws the reader's attention to this omission." For reference to the quotation, also see the same page in Suleri.

[146]See Bellew-King (1991). The authors continue with the obvious, "We do not prescribe a single strategy for any country or a group of countries, often a combination of interventions is needed. How governments, communities and donors approach the issue will depend on the country-specific context, including the existing supply of schools, prevailing cultural and social norms, families' incomes and productive activities, women's opportunities for paid work, and the quality of education."

[147]Needless to say, I have Schimmel (1976) and the recent communal disturbances in Sindh in mind.

ics departments? "And if our concern is with [Pakistani] self-understanding, why all this paraphernalia of learning? Is this not something we each do for ourselves?"[148]

Whatever the answers to these questions, and whoever is to obtain them, the market or the minister, it is salutary to keep in mind Oakeshott's distinction between a theorist and a theoretician.[149] The former is devoted to the "unconditional pursuit of conditional understanding," whereas the latter umpires conduct,

> certifying performances to be 'correct' or condemning them as 'incorrect' inferences from the theorems of an alleged understanding of conduct in terms of its conditions. But since such theorems are incapable of specifying performances, ... he is a fraudulent tutor; and the certificates he issues are counterfeit, acceptable only by those who share his belief in the truth of his theorems and share also his delusions about their character.[150]

But then I shall leaving hanging the question of the extent to which every theorist is a theoretician and every theoretician a theorist, at least at some level.

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[148]See Oakeshott's essay *A Place of Learning* in Oakeshott (1989; p. 28). However, I substitute "Pakistani" for "human," and may have ended by defacing his statement.

[149]Oakeshott (1975; p. 30) also uses the terms *philosophe* and *intellectual* for the *theoretician;* also see his essay on *The New Bentham* in Oakeshott (1991). For the theory/practice distinction in Oakeshott, as well as in Wittgenstein, see Chapter 1 in Flathman (1989).

[150]See Oakeshott (1975; pp. 27–28). Readers for whom this language is not strong enough are treated to the statement that "[A theoretician] has no respectable occupation [and] the engagement of a 'theoretician' is a spurious engagement in conduct itself, an undertaking to direct the activities of map-makers, diagnosticians and agents by systematic deception. In virtue of being a theorist he purports to be concerned with the postulates of conduct, but he mistakes these postulates for principles from which 'correct' performances may be deduced or somehow elicited."

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Comments on "On Education as a Commodity"

Professor Ali Khan has invited us to think about education in ways suggested by non-economists. This may be difficult for economists, since we are members of an imperialist tribe more used to invading other disciplines to encourage sociologists, political scientists and historians to rethink their problems with the aid of concepts and tools developed in economics. The latest Nobel Prize, awarded in 1992 to Professor Gary Becker of the University of Chicago, attests to the power of economic reasoning in the analysis of such areas as crime, marriage, divorce, and, of course, education. In commenting upon Professor Khan's paper I focus on the title of his talk to suggest some of the ways in which economists can view education as a commodity, but a commodity with a rich variety of characteristics. Hopefully, economic concepts can be harnessed to capture much of what commentators in other disciplines have in mind when they view education.

At a basic level, a commodity can either yield utility by being consumed or create utility indirectly by being used as an input in a production process. Education qualifies on both counts. As an example of a pure consumption good, a surgeon or a pianist who takes a literature course in Shakespeare may do nothing to improve his or her productive skills, yet experience a direct increase in utility. That is, education would be a direct input into the utility function much as going to the opera or getting a shoe shine. At the other extreme is the kind of simple model presented years ago by Peter Kenen in his "Nature, Capital and Trade" (*Journal of Political Economy,* 1965). In the Kenen framework basic or "raw" labour and land are unproductive until capital is applied. This transforms the "raw" factors into "fertile" land and "educated" labour, which can then be used to produce commodities traded on international markets. Although Kenen's intent is to discuss the role of capital in trade, the scenario provides a crude example of the use of education to improve skills. Thus education can be viewed as an input into further productive activity or as a directly consumed output of no further use in production, or as a combination of both.

One feature of education as a commodity that is left out of this simple account is that both the process by which education is created and the benefits that flow therefrom (either as direct utility or as raising labour's productivity) take time. An example of an economic model which embraces these intertemporal aspects in an equilibrium setting, stressing the productivity role of education, is that of Ronald

Findlay and Henryk Kierzkowski ("International Trade and Human Capital: A Simple General Equilibrium Model," *Journal of Political Economy*, Dec. 1983). Labourers have the option of receiving the basic wage for uneducated labour over the course of their lifetimes or of investing some periods of time obtaining an education at some direct cost, receiving a higher return for the remaining periods. Again, this is a simple set-up, although it now incorporates education in a framework in which equilibrium levels of the education activity are determined by relative factor supplies and attitudes towards time preference.

This intertemporal aspect of education is important in some societies in which direct household inputs are supplied by some members (e.g. the labour of mothers in present-day Japan) to help educate the next generation in the family. Since people have finite life-times, a certain amount of this activity is required just to keep the aggregate labour force at a given level of knowledge and education, just as replacement investment is required to maintain a level of the capital stock. But as in the latter case (in which obsolescence as well as depreciation are covered by new investment) education alters the level of knowledge–traditional values in society can be transmitted as well as updated versions of useful productive knowledge.

Two other features of education as a commodity need to be stressed: First, education possesses many of the attributes of a public good and yields externalities. Such features lead naturally to the question of the extent and character of optimal social involvement in the education process. Already at this conference we have heard eloquent testimony as to the benefits of education, especially greater involvement of women in the process. For example, it has been argued that more education leads to a fall in fertility rates. In many countries there is an ongoing issue as well as to the appropriate role of private educational facilities and choice between public and private that should be allowed with public funding. (Although current policy in the United States still falls shy of allowing grants to individuals to select private schooling at the primary and secondary levels, policy-makers seem to have forgotten the earlier post-war success of the G. I. Bill of Rights whereby individuals could use funds to pay for private university education.)

Secondly, there is much uncertainty as to the future value of any given education. Education is like a differentiated product–it comes in many forms and the choice of curriculum is an important decision. Of particular interest, in my view, is the time profile of the usefulness of any given education in a world in which technology is rapidly changing. Thus training focused on particular skills may have a short half-life as compared with more basic education stressing fundamental skills of writing, reading comprehension, and computational facility, which can prove to be flexible and useful for decades after their acquisition.

Let me return to the characteristic of education as a commodity. It can enter the utility function. But, unlike other commodities which also appear as variables in

this function, education can itself *alter* taste patterns. This puts it in a peculiar capacity. But in economics we do have an analogy on the production side, whereby production functions are altered via learning-by-doing. Heavily stressed in the current growth literature are the externalities represented by knowledge acquisition, interpreted as increasing returns or as shifts in the functions. The economist's treatment of education is, in my view, sufficiently rich in its approaches to encompass many of the insights into education provided by practitioners alien to our discipline, although the language we use may appear different.

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