A Deep Dive Into Education

Episode 54 | Everything is Everything

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Abstract

There is a near universal agreement that more education is a good thing and that the solution to India's education crisis is more money, more schools, more teachers. Ajay and Amit spend this episode building a case for disquiet with that consensus. The data is damning: 57% of class five students cannot read a class two text, half of 14 to 18-year-olds cannot do basic division, and a job posting for 368 peon positions drew two and a half million applicants including 250 PhDs. Yet per-pupil government spending keeps rising while outcomes stagnate or worsen.

The conversation moves through the state of Indian schooling, the case for funding students instead of institutions through school vouchers, and then takes a sharper turn: citing Lant Pritchett's research, they question whether education as conventionally measured (years of schooling, literacy rates) causes economic development at all. This leads to a deeper argument that industrialized, age-sorted, exam-driven education mostly measures and rewards conscientiousness, not the flexible general intelligence that actually matters for a life well lived or an economy that grows.

The episode closes by translating this philosophy into practical guidance for parents, young people, educational leaders, policymakers, and philanthropists, arguing that real learning happens through immersion, community, changing one's mind, and treating school as what it often really is: daycare.

Supplementary Resources

- **Accountability in education** by Jeff Hammer (Resource) [1]
- **Rethinking NEET, and medical education** by Vijay Kelkar and Ajay Shah (Resource) [2]
- **Doing better than a competitive exam** by Nitin Pai and Ajay Shah (Resource) [3]
- **Where Has All the Education Gone?** by L. Pritchett (Journal article) [4]

- **The first PISA results for India: The end of the beginning** by Lant Pritchett (Resource) [5]
- **The Rebirth of Education: Schooling Ain't Learning** by Lant Pritchett (Book) [6]
- **Addressing the learning crisis: an emergent consensus** by Lant Pritchett (Book chapter) [7]
- **The mess in education** by Ajay Shah (Resource) [8]
- **Geniuses and economic development** by Ajay Shah (Resource) [9]
- **Education in India at the crossroads** by Ajay Shah (Resource) [10]
- **Carrying the ideas of NEP to execution** by Ajay Shah (Resource) [11]
- **The Right to Education Act: A critique** by Parth Shah (Resource) [12]

Contents

Introduction: The State of Education **4**

Chapter 1: Understanding the Problem **4**

Chapter 2: What About Private Enterprise? **12**

Chapter 3: Fund Schooling, Not Schools **16**

Chapter 4: Education and Development **20**

Chapter 5: The Importance of Early Childhood **28**

Chapter 6: What Should a Parent Do? **34**

Chapter 7: What Should a Young Person Do? **37**

Chapter 8: What Should Educators Do? **45**

Chapter 9: What Should Policy People Do? **45**

Chapter 10: What Should Philanthropists Do? **47**

Chapter 11: Amit Recommends **50**

Chapter 12: Ajay Recommends **51**

Introduction: The State of Education

[00:00:14] Amit Varma: Gentle readers, welcome to Everything is Everything. Today, Ajay and I are going to tackle a subject that's really close to our hearts, which is education, the state of education in India. It's a subject that I realized when I was going through my older pieces, that I've been writing about for literally twenty years now. And that gives away a little bit of my age, but let me also tell you that the problem is much, much older than me.

[00:00:36] Amit Varma: And what we're going to try in this episode is sort of sum up the state of education in India, talk about what has gone wrong, why many of the proposed solutions and the frames with which people think about it are actually wrong and they don't do anything to make it better. Try to give a holistic picture of what's really happening and what we feel is a way forward.

[00:00:56] Amit Varma: We also want to talk about why education is incredibly important and also why it can't achieve certain things that we think that it can, where we'll examine the conventional thinking around this as well. So that's sort of the structure of our episode today.

[00:01:16] Amit Varma: And people who've been in the sector, who've thought deeply about it, might know a lot of what is going to come in the first half of this episode, but I think we have some counterintuitive and novel things to say in the second half, so stick around for that as well. But we wanted to do this because we thought if you're just coming into this and you broadly have an understanding that, hey, things are a little messed up, I don't know why, I don't know what to do about it, then we'll just share our perspectives on all of that.

Chapter 1: Understanding the Problem

[00:01:52] Ajay Shah: So, I find the most striking thing about this field is that there is a near universal agreement that more education is a good thing and that more should be done about it, which generally translates to more public money, more philanthropic money, more teachers, more schools. There's just this bigger, better, faster, more. Everybody is lined up to push more on elementary education, on higher education. It is universally considered a good thing.

[00:02:21] Ajay Shah: We hope to leave you at the end of this episode with a little more disquiet that maybe this is not the way this works. So, Amit, get us started. Tell us the big ideas about what's going on.

[00:02:34] Amit Varma: That's really well put. And I'd say the key thing is that it's not about more, it's about better. And that's how we'll talk about how do we better tackle this problem and what are the areas we need to tackle. First, I want to lay out what is the lay of the land.

[00:02:34] Amit Varma: And I think every Indian kind of knows intuitively that the system is messed up, but where's the data? And the thing is, since I started writing about this subject twenty years ago, we actually have quality data which indicates how bad things are.

[00:02:59] Amit Varma: And the headline is that things are as bad or a little worse, but things have been abysmal throughout this period. Now, ASER carries out these great surveys on education every year. I won't refer to older ones, but I will link their website and ask you to peruse those as well. Let's talk about the more recent ones.

[00:02:59] Amit Varma: In 2022, what an ASER survey revealed was that 57% of kids in class five across the survey population cannot read a class two text.

[00:03:28] Amit Varma: Now this is really a big difference. 57% of kids in class five don't understand what's going on in class two. It's a disaster. And if they can't read a class two text when they're in class five, basically everything that is being taught to them is in a sense gobbledygook.

[00:03:28] Amit Varma: It's too much complicated language, they can't understand it. Somehow they'll sit through it, somehow they manage to get through it. There's no real learning happening.

[00:03:52] Amit Varma: Last year, another study was produced by ASER, which surveyed 14 to 18-year-olds. Now, 14 to 18-year-olds is basically 10th standard, 11th standard level kids. And what they found is that one in four kids in that age group could not read a class two text in their language. And that half the kids could not do basic arithmetic which is taught in class three, which is basically division where you divide, say, 100 by 10, basically.

[00:04:22] Amit Varma: So it's incredibly abysmal. We already sort of have a sense of this. And you find an illustration of this failure of the education system all the way through, not just in school, by what's happening in the job market. There is this incredible mismatch in the job market where on one hand we have a crazy unemployment problem, that people with the highest degrees are not getting jobs out there.

[00:04:45] Amit Varma: And on the other hand, I have entrepreneurs and friends who run companies who tell me that we can't find skilled people for the jobs that we are doing, which is why in Bangalore a lot of job hopping is so common because the supply of trained people, people with actual skills, is so low. And yet we have an unemployment crisis.

[00:05:05] Amit Varma: I've done many episodes on education on The Seen and the Unseen. We'll link them from the show notes. One of them was a mega episode with Kartik Muralidharan. He's also written a book that came out recently on the Indian state with a good chapter on education.

[00:05:05] Amit Varma: And one of the statistics that I got from him was that when there was a recent advertisement for 368 jobs at the level of a peon, 368 peon jobs, two and a half million people applied for it, including 250 PhDs.

[00:05:33] Amit Varma: Something to that effect. Basically the figure came out to six and a half thousand applicants per peon job. This is an incredible crisis. And what it tells you when you see the number of unemployed PhDs out there is that a lot of these degrees, a lot of the education all the way up, is not actually leaving you with any trainable skills.

[00:05:33] Amit Varma: And we're not just saying in a vocational sense. We're just saying that you can't understand the world, you can't understand text. You're not reading books. This is a terrible, terrible problem.

[00:06:03] Amit Varma: Now, a conventional way of thinking about this problem is that fine, Nehru prioritized higher education, thank God we have the IITs, but nothing was done for primary education, let's pump in more money. That is the traditional sort of recommendation that you'll get from people. And at a surface level, it makes sense, we need to do more. But the truth is about seven and a half thousand crores are spent every year by the Indian state on education, which is about 3% of GDP.

[00:06:28] Amit Varma: Most of this goes on things like staff and teacher salaries and maintaining infrastructure and buildings and some of it on student inputs and all that. And the truth is that focusing on output and not looking at the outcome is a mistake. Spending more money won't really help you. Kartik in his book, for example, talks about findings which show that if you spend more on infrastructure, like better buildings, more toilets, it does nothing for outcomes.

[00:06:55] Amit Varma: If you spend more on taking an effort to hire better teachers across whatever parameters you rank them, it does nothing for teacher outcomes. If you spend things on inputs for students like school bags and midday meals and all that, it does nothing for educational outcomes — midday meals may help in many other ways and indeed they do. So the traditional ways fail. And the reason these traditional ways fail, we have to realize, is the design of the state, is the incentives.

[00:07:22] Amit Varma: One startling revelation that I got from Kartik again in the context of some government job, I don't remember if it was this one, but it was that the person is putting in the effort till they are made permanent. Once the job is confirmed, then they are chilling. Rates of teacher absenteeism in government schools is incredibly high. It is sky high.

[00:07:22] Amit Varma: And especially in rural India where you have the job, you have the job. It's basically tenure at that level. You don't show up. And it's a disaster.

[00:07:53] Amit Varma: And so when we think about India's potential, we say, 1.4 billion people or whatever the current number is, increasing every day, which is a good thing because people are brains, not stomachs, but also an issue because we're not training those brains to think properly. And the thing with that potential is, one thing we've discussed in the past, is that what people miss is that most of the people in our country are living in economic conditions equal to Sub-Saharan Africa.

[00:08:18] Amit Varma: The people we think of as our chauffeurs and domestic help are actually the real middle class of India, which is about 10-20 crores. And there's a very tiny sliver of elites, as we are fortunate to be, who are kind of above that level. And we look around, selection bias, we're sitting in a cafe, drinking coffee, we think this is India, so much potential, entrepreneurship, startups. Actually most of India is Sub-Saharan Africa.

[00:08:40] Amit Varma: And to add to this problem, most of India is not getting educated. It is a disaster. The difference in cognitive level is often stark. We have lamented in the past that you can make out from the difference in heights a person's social class in India because of the quality of nutrition that they get.

[00:08:40] Amit Varma: In the 1990s when I came to Bombay, I would travel by local train. It was heartbreaking to see that the people in first class were on average significantly taller than the people in second class.

[00:09:07] Amit Varma: That is visible, that is the scene. What is unseen is what the lack of education also does to people. And that's a terrible tragedy. So that is one part of the problem I think we need to understand — that this is the state of education, and just pouring more money after bad doesn't necessarily help.

[00:09:07] Amit Varma: We need to think about where that money is going, what is the design of the education that we are providing, how we can spend better.

[00:09:32] Ajay Shah: At this point I want to add two measures to the discussion because we need to pin our conversation in this field around numbers and measures. So, you correctly emphasized ASER and the remarkable work that they have been doing with very simple measurement of learning outcomes done on a large scale in India and most important, done year after year on a consistent basis.

[00:09:57] Ajay Shah: One of the most influential moments in the history of Indian education was the establishment of this measurement. Gentle reader, in field after field, this is a recurring theme — that the first step of the journey of change, of the road to change, is data. In a policy pipeline, the story starts at information. You don't have the information, you can just thrash around for decades with various politically influential beliefs, but you're never making progress because you don't have the data.

[00:10:31] Ajay Shah: So, ASER was a major milestone in India. Turning to the international landscape, there is a very important measure that is called PISA. OECD runs a system that is called PISA and they do measurement all over the world. And for anybody taking interest in this field, you need to know what is PISA and you need to have some rudimentary sense about numerical values in PISA.

[00:10:57] Ajay Shah: PISA takes a random sample of 15-year-olds. It's important to take a random sample of 15-year-olds, not people in school at age 15. You need to go to the households, random sample the households, get a random sample of 15-year-old boys and girls. And OECD PISA is a science and mathematics intensive exam that is applied to these individuals.

[00:11:26] Ajay Shah: For any science and mathematics exam to make sense, what matters is not rote memory, what matters is not the mechanical procedures to solve maths problems, but the fluid general intelligence of being able to apply these things into little more realistic situations. And that is what OECD PISA pushes in their measurement.

[00:11:51] Ajay Shah: So, it has been in operation all over the world. The world's highest PISA scores are in Finland, and lots of people are hence very curious about what Finland is doing right. Countries like South Korea and Japan do very well. And there is a little bit of OECD PISA measurement in Shanghai with astonishingly good results.

[00:11:51] Ajay Shah: So, they're doing very well in that measurement.

[00:12:18] Ajay Shah: The Indian education bureaucracy long resisted any OECD PISA measurement in India. And this is just par for the course in India. The Indian state likes to not be accountable. Vast sums of money are spent, but you don't want to measure outcomes and you don't want to be held accountable.

[00:12:18] Ajay Shah: So this is a normal recipe of the Indian state. It likes to be a ruling class where power is controlled, money is controlled, but you're not accountable for outcomes.

[00:12:50] Ajay Shah: So, with a great deal of pushing, the international community got the Indian state to the point where a little bit of OECD PISA measurement was introduced in the state of Himachal Pradesh, where we are right now, and in the state of Tamil Nadu. So, the Indian bureaucracy chose Himachal Pradesh and Tamil Nadu, hoping that it would make India look good.

[00:13:19] Ajay Shah: And it didn't. It shows the 15-year-olds in Himachal Pradesh and Tamil Nadu as being amongst the worst in the world in terms of their knowledge on average. There are some redeeming features. The OECD PISA performance in India is highly unequal and there is an upper tail bump.

[00:13:19] Ajay Shah: So, it tells a story that relates to what all of us know and understand about India, that there is a tiny core at the top that is outrageously good.

[00:13:48] Ajay Shah: As an example, I think Lant Pritchett did some calculations, I did some calculations, where you take that upper bump and multiply through — sorry, gentle reader, there's a kernel density plot, there's a probability distribution of the OECD PISA score for 15-year-olds of India. There's a little bump at the top, so there is an unusual number of people with remarkably high OECD PISA scores.

[00:14:18] Ajay Shah: So what we're going to do is we will count those percentages and multiply them by the cohort size of 15-year-olds present in India. I don't remember whether Lant did this or I did this. But you get an estimate of a scientific and engineering workforce of plausible capability. And lo and behold, you get an answer that India is the second largest or the third largest plausible scientific and engineering workforce in the world.

[00:14:47] Ajay Shah: So that upper tail is cool. That upper tail is amazing. There are a lot of very smart people in India, but the main line is horrible. And I seem to remember that once the OECD PISA measurement showed Himachal Pradesh and Tamil Nadu doing badly, then the Indian bureaucracy ran away from this project and stopped the measurement.

[00:14:47] Ajay Shah: So we have very little of this data and I'm not even sure much of the microdata has ever been released.

[00:15:15] Ajay Shah: So, a cover-up was pulled off and very little of this information has been allowed to creep out into the larger consciousness. And that puts us back once again on ASER. ASER is the glory. Year after year, they are here.

[00:15:15] Ajay Shah: They measure every year. And as Amit said, the quick headline over twenty years is things have gotten worse. So you've done this giant intensification, you spent a ton of money.

[00:15:41] Ajay Shah: As a good orthodox ex-Ministry of Finance person, the counterfactual that I would always ask is, we would have done better by taking all that money and paying down debt instead of spending that money on a system that produced reduced outcomes by intensifying the money. So this is the first number I want to introduce in addition to what you said. It is the OECD PISA measure. When you read education as a field, you will always stumble on OECD PISA as a measure.

[00:16:10] Ajay Shah: The second number I would like to introduce for this field is called PPE. And no, that does not mean personal protective equipment. In this context, it means per pupil expense. So what you do is you take the spending by the public system, the government system, and divide by the number of kids attending the government system.

[00:16:10] Ajay Shah: So that ratio is called per pupil expense.

[00:16:35] Ajay Shah: Note, it's not the government education spending divided by the number of kids that exist in India. Because, as Amit is going to describe shortly, many people are exiting the government system and going to the private system. So, we count fair and square: how much money is the government system spending, and divide by the number of persons enrolled in the government system. That leads to a number, PPE.

[00:16:35] Ajay Shah: So all discussions around government spending on education should juxtapose these two numbers.

[00:17:05] Ajay Shah: That PPE is a measure of the money that the government is putting in. And the PPE has been doubling and quadrupling regularly because there is this universal consensus in India and amongst the global development community that more government spending on education is a good thing. And on the outcome side, you have either an OECD PISA, or in India, the ASER measure.

[00:17:29] Amit Varma: Ajay, you're looking very hot today. Can I give you an upper tail bump?

Chapter 2: What About Private Enterprise?

[00:17:43] Ajay Shah: Okay, Amit, so far we've whined about the government system. Tell us about private schools. What do we know about private schools? There are two caricatures.

[00:17:43] Ajay Shah: Some people say private schools are for rich people, charging ridiculous sums of money, inaccessible to most people. At the other extreme, there are a lot of really bad, low quality private schools. So generally, there is a negative view about private schools. Tell us facts.

[00:18:05] Amit Varma: So one of the great complaints both of us have about the Indian state is not just that it doesn't do the things it should do properly, but also that it constrains private enterprise from doing what private enterprise should. And a lot of this goes to attitudes of the past. Nehru once famously said to JRD Tata, do not speak to me of profit, it is a dirty word. So there was a sense that the profit motive is a bad thing.

[00:18:27] Amit Varma: And because education was such an important sector, one of the ways in which private enterprise was constrained is that there was this rule that you cannot open an educational institution with a profit motive. So anybody who wanted to open a private institution had to find proxies and do it via a trust or whatever, but you couldn't do it for the profit motive, which really came from a fundamental misunderstanding of the profit motive — that in a competitive marketplace, you earn a profit by serving something, in this case, serving better education.

[00:18:59] Amit Varma: Along with this, there were various restrictions placed, like licensing restrictions. I think I wrote a piece for the Wall Street Journal circa 2007 about school vouchers, which we'll come to later. But I vaguely remember that in one of my pieces I had this thing about how to open a private school in Delhi, you need some 42 licenses or whatever, I forget the exact number.

[00:19:21] Amit Varma: It is incredibly cumbersome. Apart from that, there are regulations like the playground should be this size, there should be this many toilets. And all of that imagining a utopia — that this is how a school should be, and regulating to create that utopia, but ignoring the real world and how these things emerge from the bottom up. Now, you're completely correct that a lot of people believed that private schools are expensive.

[00:19:46] Amit Varma: We think of DPS and all the big expensive private schools, and they are for rich people — what about the poor of India? Interesting studies I want to point you to: James Tooley and Pauline Dixon a few years ago did a study in Hyderabad where they showed that a significant number of slum dwellers preferred to send their kids to a budget private school where they paid, rather than to a free government school.

[00:20:10] Amit Varma: Similarly, there was a study by the Centre for Civil Society many years ago which showed the same thing in Delhi. They surveyed households with incomes below 5,000 a month and they found that again, a large percentage of them are sending their kids to budget private schools. Now, what are budget private schools? If there is an organic need in society, somebody will come up to fill the demand, even if it's illegal, even if it's not conforming to the regulations — they'll say there is a demand, let's fill it, let's make some profit.

[00:20:36] Amit Varma: And so you have budget private schools coming up all the time in slums and in poorer neighborhoods, which may not have playgrounds and the adequate toilet-per-student ratio or whatever, but they are providing education. And the best people to decide where their kid should go to school is the parent. It is not the state. Parents know desperately, viscerally — every parent wants their child to do better than they themselves did, to have opportunities they never had.

[00:21:04] Amit Varma: So parents vote with their feet and they go to these private schools even if they appear to be fly-by-night, even if they are in shady buildings. They think, no, the free government school won't work, the teacher won't come, they don't teach well, we'll go to a private school. And James Tooley, in fact, has a wonderful book on this called The Beautiful Tree. Link that from the show notes, do read that as well.

[00:21:24] Amit Varma: And all of this is the work of people on the ground working among the poor, seeing how they live, seeing what they do. Now let's go to the data. In the last chapter, you correctly made the point that we should challenge our conventional thinking with data because the data is there. It is there in front of us.

[00:21:24] Amit Varma: We should not ignore it. What does the data show? The data shows that in terms of outcomes, different studies will show either that private schools are a little better in terms of outcomes, or they are about the same.

[00:21:51] Amit Varma: But as government schools — the important headline finding is that government schools are spending three times as much per student. So they are spending three rupees to give the same level of education that in a private school costs one rupee, which is an important headline finding. And what is more critical is that private schools in some way are accountable. If teachers don't show up, there will be pressure from parents — we are paying fees, where is the teacher?

[00:22:18] Amit Varma: How do we tackle this? And there is sort of this mentality that we have, that privatization is bad and greedy people will take our kids for a ride. The point is that society serves its own needs through the mechanism of voluntary exchanges, through the market. All of these come up to serve a particular need, a need that is viscerally and deeply felt.

[00:22:43] Amit Varma: And people like you and me are not recommending that the government completely stops spending money on education or whatever. As we'll discuss in the chapter, there is a space for both to exist. You need to spend the money intelligently. But what I would point people to is: look at other fields where markets have been allowed.

[00:22:43] Amit Varma: I think of, in the 1980s, airlines. Airlines were prohibitively expensive. Tickets were perhaps in rupee terms in many cases the same prices as they are today.

[00:23:09] Amit Varma: Despite all the inflation and everything — I was a son of an IAS officer, I really can't recall traveling by a domestic flight. It was too much even for us. We took like one foreign holiday every three years or whatever, and then we would fly, but domestically it was way too expensive. Similarly telecom — you used to wait five, six years to get a telephone line.

[00:23:09] Amit Varma: Years would go by.

[00:23:33] Amit Varma: There was this joke that when your daughter is born, you book a scooter so that by the time of her marriage it will be ready. Those were the kind of jokes. Now both of those, after the '91 reforms, markets were allowed. And you look at the remarkable things that have happened in those areas, how much more accessible they have become, especially in terms of phones, where in five minutes anybody can get a phone and the access is so widespread.

[00:24:00] Amit Varma: People in villages, people in the most remote areas, have access to the knowledge of the world and can communicate with anyone because it has become so cheap. And in areas like that, we allowed markets, but in what matters most deeply for our country — education — we did not allow markets. So my plea is, and people will always look at it as a binary — oh, you're a market fundamentalist, you want to privatize, etc., etc.

[00:24:23] Amit Varma: And my plea always is, no, that's not what I'm saying. Improve government spending — we'll suggest ways of doing that, please do so, spend as much as you want — but just allow private forces to get into play and then see how things turn out. Today, MTNL, BSNL, whatever the state telecom operators are, are essentially irrelevant. It's the same thing when it comes to — we saw the same movement with airlines.

[00:24:49] Amit Varma: Once private enterprise comes in, people solving each other's problems — which is what happens in society if you allow individual freedom — then a lot of things become clearer. So that is sort of my spiel on private enterprise: whatever you want to do as a state, do it, but at least don't constrain private players and let us solve our own problems in society.

Chapter 3: Fund Schooling, Not Schools

[00:25:22] Ajay Shah: Amit, what is a way in which we can get a better coexistence between public and private education and a little more fairness in the use of public money?

[00:25:34] Amit Varma: Let's just talk about public money. Let us assume that you want to continue spending as much money on education as you are and that you are not convinced by my argument — but I hope you are convinced by my argument that we should enable the private sector to do whatever it's doing — but you want to continue the government spending as it is. The question then that arises is how do we spend it better?

[00:25:55] Amit Varma: We've seen in the journey over the last few decades that spending more is not an answer. The system is messed up, the incentives are screwed, and all the data in the world shows that, which we'd urge you to look at. The answer is to fund schooling, not schools. Now what do I mean by this?

[00:25:55] Amit Varma: What I mean is that right now what is happening is that, say, government money will go into a moribund government school.

[00:26:15] Amit Varma: Incentives are terrible, they're not really teaching anything, teachers are absent most of the time, when they do show up, they don't give a shit, etc. That's the system as it is. I would say that the funding from the government can continue, but don't send it to the schools — give it to the parents. And the way to do that is through something called school vouchers or education vouchers.

[00:26:15] Amit Varma: And here is how it works.

[00:26:37] Amit Varma: In the current system, let's say you're living in a slum, your income is super low. What do you do? You have to send your kid to the free government school. I am saying that instead of spending that money on the school — in terms of per student, whatever you spend — you give a voucher to the parent.

[00:26:37] Amit Varma: And you tell the parent that you go, you educate your kid wherever you want, it is up to you, and where you go, that place will get the voucher.

[00:27:01] Amit Varma: Already parents are voting with their feet and spending their hard-earned money. I'm saying, no, it's okay, let the state fund that. Give vouchers to parents. Parents have their kids' best interest at heart.

[00:27:01] Amit Varma: Which parent doesn't care deeply about their kids' education? They are best placed to judge. They see their kid come back from school every day — beta, what did you learn today — they can monitor all of that.

[00:27:23] Amit Varma: So let the parent decide which school. Now what this does is that schools now start competing with each other, even the government schools. The government school is told, boss, direct funding won't come, you'll get a voucher. And if you do a good job, parents will come to you, you will get your funding, otherwise no.

[00:27:23] Amit Varma: And similarly, private schools everywhere will be told, you want to start up, start up. And we'll let people vote with their feet and you cash in your vouchers when you get the education vouchers.

[00:27:51] Amit Varma: Now this is not a utopian solution. I have libertarian friends who will object to this and say, no, no, why should the state spend anything at all? There's an opportunity cost to this money, all this money is coerced from people, etc. Let us take the view that, forget that argument for now, let's not let the perfect be the enemy of the good.

[00:27:51] Amit Varma: The truth of the matter is that this is where we are.

[00:28:13] Amit Varma: If that money is going to get spent, how do we spend it best? And I'm like, don't be patronizing, saying we'll decide where kids should go to school, sitting in Delhi they'll decide where kids are going to school. Give it to the parents, let them decide, let schools have to compete. If a teacher in a government school who's today absent is told, boss, if we don't lift our game, you don't have a job next year because the school is not getting the funding — then everybody starts competing, and that competition brings the best out of the situation.

[00:28:43] Amit Varma: So for me, it's important — how is that spending happening? We are spending a large amount of money and we need to think about how we spend that money. And vouchers were, of course, first proposed by the great Milton Friedman. And this is a great way, in my opinion, to set some of the incentives right, to actually have competition happening and letting parents decide, and I think this would really help.

[00:29:09] Ajay Shah: I want to add two things to this idea. Parents have the best interests of their children at heart. That's a lucky thing in this field. There are many other problems in public policy where you don't have such a smart, well-incentivized allocative mechanism.

[00:29:09] Ajay Shah: And yeah, we should take parents seriously. The important way to think about it is like this: there is a large chunk of money, about 10,000 rupees a year, being spent by the government as per-pupil expenses for the kids who attend government schools.

[00:29:45] Ajay Shah: Now, Indian parents are doing something hair-raising. They're being given a choice between one thing that is free — the government school — versus something else where they have to spend their own money, maybe 4,000 rupees a year of their own money, and they go to a private school. And it is hair-raising that they're choosing to go spend their own money, rupees 4,000 per child per year, instead of going with free.

[00:30:13] Ajay Shah: That's a remarkable piece of exit. And I think there is no more revealing statement about the failures of the Indian state. And then I think of this as pure fairness. So I would walk back to an even milder position than what you said.

[00:30:13] Ajay Shah: I'd like to say to the government school, you do what you want. You have teacher absenteeism, you have empty schoolhouses, or you're basically a canteen, running a midday meal.

[00:30:46] Ajay Shah: Okay, fine, you do all that. But when the parent chooses to send a child to a private school, I feel fairness demands that we should have some symmetry between public spending. Public spending should be symmetric per child. It should not be that if you come to the government system, I'll have all the money for you, and if you exit the government system — bracket, which is a great indictment of the government system — then I will shun you and I have no money for you.

[00:31:12] Ajay Shah: I just find that to be extremely unfair. So I feel a first port of call is to equalize the use of government money on a per-pupil basis whether they attend government school or not. And then we have to rethink what to do with government schools. I have a great proposal, which is they should be canteens.

[00:31:12] Ajay Shah: So you use the government school as a physical facility to run the midday meal program.

[00:31:33] Ajay Shah: So the kids will attend the private school, at 12:00 noon a bell will go off, the kids will run to the government school, get a lunch, at 12:45 a bell will go off and they'll run back to the private school and they'll do their education in the private school. So this is a great harmonious coexistence.

[00:31:51] Amit Varma: Or run back to a school of their choice. So school of their choice could also be a government school that is now learning to compete.

[00:31:55] Ajay Shah: Realistically, no. In my proposal, we are not changing any of the rules of competition. So the civil servant school teacher retains their job — nothing is going to change there. And we've got a long-term trend, again, the ASER data shows year after year, the exit process is becoming stronger and stronger.

[00:31:55] Ajay Shah: The parents are moving their kids out of a government school to a private school. So then I consider that that exit will just go on if you're not willing to reform government schooling at a deeper level.

[00:32:25] Ajay Shah: But I find this the most fundamental notion of fairness — that it is a wrong use of public money to turn your back on the people of India who have chosen to walk out of a government system and go to a private system. That's just wrong, it's unfair. And finally, on the choice by parents, I think parents think about issues like safety. They may choose a school where it is easier to get the child there safely and back.

[00:33:00] Ajay Shah: And these are not things that researchers understand or bureaucrats care about. So parents are subtle, parents think about everything, and they see more than we will often attribute to them. Similarly, the great rise of English in India is related to parents. Parents understood that English is the ticket to progress for them as a family.

[00:33:00] Ajay Shah: And even though there was a time when many government schools in India were insisting on a first language that was the vernacular, the parents were voting with their feet and saying, no, I want English for my children.

[00:33:36] Ajay Shah: And educationists and researchers in education will tell us that the switch from our traditional mother tongue, the Indian vernacular, to an all-English household is a three-generation story. You take a beating for a long time because the language spoken at home is different from the language at school, and it does damage to learning outcomes. And I respect that.

[00:34:03] Ajay Shah: But that is where we are — that the lingua franca, the link language for India, is English. So the most powerful network of India is English. And so it's reasonable that every parent, every child, wants to plug into the English-speakers network of India. And so this is a reality, and this is something where private schools played a great role — they created the exit valve whereby prescient private parents could set their households on a one-generation, two-generation, three-generation journey to transform their lives, which is something they understand the best.

Chapter 4: Education and Development

[00:34:48] Amit Varma: So in the next two chapters, we are going to look at aspects of education which are not often recognized by people and which might even seem counterintuitive. Now, the chapter after this will be about a dimension in which education is incredibly important and people often don't get how important it is at a personal level.

[00:35:07] Amit Varma: But in this chapter, we want to talk about one assumption that I had, and when I was first told otherwise, I resisted. I sat back and said, no, what are you saying? And that assumption was that the path to development, to becoming a developed country, is through education. First you educate your people and then we can become a developed country.

[00:35:28] Amit Varma: And more than a decade ago, I realized, looking at the data and looking at what people were writing, that actually there's no evidence of that — that often it goes the other way. Education doesn't lead to development, but after countries become developed, then they put an emphasis on education, but the causal impact isn't that high. I remember this in the context of my dear friend Murali Neelakantan, who had a couple of interesting tweets out a couple of weeks back after my episode with Lant Pritchett.

[00:35:55] Amit Varma: Now, he heard my episode with Kartik Muralidharan, where Kartik was implying that you have to focus on education because development will follow. He didn't say it in so many words, but that was the implication. And Lant was pointing out that it's nothing like that — that actually development and education, important as they both are, are completely unlinked things. That there is no evidence, and the causality is the other way — that development leads to educating people more.

[00:36:22] Amit Varma: But education itself, on that particular goal of development and economic growth, has no impact. And Murali was musing aloud that maybe it's like a two-way relationship and it's a virtuous cycle, and actually it's not — if you look at the cold, hard data, Lant is spot on. So I want you to elaborate on that.

[00:36:41] Ajay Shah: All of us grew up with this notion that to be an advanced economy is to have education. So always, I find it very interesting to peer into the minds of the Indian leadership about 1927 to 1947 — twenty years which is where the Republic of India was forged. So a person like Jawaharlal Nehru would look at the UK. The UK was our role model and the one we admired.

[00:37:13] Ajay Shah: And what you found was very high levels of education and literacy, schooling, a well-established school system, going all the way to the top, with Cambridge and Oxford being some of the greatest universities of the world. So it was easy to think that education is an essential part of the development enterprise. And compare and contrast in India at the time, at independence, female literacy was about 6%.

[00:37:43] Ajay Shah: So it felt reasonable to think that a central part of the Indian development journey is to get literacy up and to get schooling up, and then we would be well on the journey to development. In 2001, Lant Pritchett wrote one of the most important papers in the history of development economics. It is called "Where Has All the Education Gone?" And what he did was just a cold statistical analysis of a large database of countries across large amounts of time, looking at changes in schooling and wondering — does this make conditions for development?

[00:38:23] Ajay Shah: Is this either necessary or sufficient for economic development? What does education do for growth? And the answer was — not, as some skeptics had suggested, some small numbers, some small gains — the answer was essentially zero. There was no gain.

[00:38:23] Ajay Shah: So all over the world, after the Second World War, a giant global enterprise had built up of governments, philanthropists, schools, herding kids through school, getting them little exams and diplomas.

[00:39:02] Ajay Shah: And Lant, as he does so well, was the child saying that the emperor has no clothes, that all this mattered diddly-squat. It made no difference. And Lant loves to say things like — the educational measures of Haiti today are comparable with those in France in 1970. And France in 1970 was an extremely developed economy, and Haiti today is deeply stuck in its development journey, and we don't know whether in the next 50 years Haiti will make any progress.

[00:39:42] Ajay Shah: So there's something fundamentally wrong in counting literacy, schools, years of school education — all the standard measures of schools and education — it just does not work. It does not deliver development. It does not deliver growth. So we just need to cry halt and question this whole enterprise — is this enterprise doing anything at all?

[00:40:08] Ajay Shah: And for an Indian version of this argument, what I would say is, if you went back to Jawaharlal Nehru in a time machine and said, you know, 2024, we've got like 75% literacy in India, he'd say, "Oh great, wow, then you must be at 60, 70% of the UK per capita GDP." And then we'd have to hang our heads in shame and say, "No, no, things are really bad, we are like at a PPP-adjusted per capita GDP which is one-tenth of the global frontier, and we are a very poor country, we are basically a lower-middle-income country." So the rest didn't happen. We got a lot done on education.

[00:40:45] Ajay Shah: And that's again a way of narrating the Lant idea of "where has all the education gone." So, first I just want to put this up as a fact — that you take standard simple measures such as literacy, such as years of schooling, and you examine the data, you interrogate the data, and look at India: vast escalations of per-pupil expenditure, vast escalations of literacy, vast escalations of school enrollment, vast escalations of years in school.

[00:41:16] Ajay Shah: It has not worked very well for India. And in fact, the Indian growth project is primarily a story of one huge surge in Indian growth, 1991 to 2011. After 2011, the education machinery has kept on spending, kept on expanding — all kinds of happy propaganda films can be made about the glories of Indian education — but actually growth is stuck. So I feel that the links between education and growth are up for question.

[00:41:50] Ajay Shah: It is far from established that education helps at the level of the society. And this is going to shock many viewers, but it is true. You're welcome to read the paper, you're welcome to read the downstream literature. Today it is considered a reasonably established fact that the vast escalation of education worldwide did not generate the impact on growth and development as was once thought to be true in about 1945.

[00:41:50] Ajay Shah: I feel this is now a well-established proposition.

[00:42:25] Ajay Shah: So I'm not even that confident about the education dream. I'm no longer that sure that it's about public schools versus private schools — you could spend one-third the money, get the same outcome. I feel we are in more dangerous territory.

[00:42:43] Ajay Shah: Now the interesting questions come. Why? And there are a couple of different answers, and let's put up a couple of rival views, and they each are interesting, and that's where the debate is, and that's where we should be applying our minds. So, one view is: education is a good thing, learning outcomes are a good thing, we just screwed up the implementation.

[00:42:43] Ajay Shah: So it is the enterprise of government schools that was at fault.

[00:43:16] Ajay Shah: That's one explanation that can be put up, and that's an explanation that readily fits us in India, and it is completely consistent with the stories you told us earlier — that parents are walking out, parents are exiting the public system. Where else in India would you ever get a situation where a parent is paying 5,000 rupees for something the government is giving away for free? This doesn't happen often. So government schools must be mind-blowingly bad for parents to walk out like this.

[00:43:43] Ajay Shah: And so you explain the paradox by saying what is at fault is government schools. The problem with this explanation is that in the global data, there are actually many countries that have done a decent job of building a government educational system. And so years of education is not as meaningless elsewhere in the world as it is in India. And the international evidence is based on lots of countries, it's not just India.

[00:44:10] Ajay Shah: So while this phenomenon is true, that government schools in India are pretty horrible, it doesn't explain away the problem. The evidence is based on a broad spectrum of countries, including most countries where actually government education systems and private education systems have done better in delivering educational outcomes. So the ASER-type result is an India outlier. You seldom get places in the world where educational outcomes are as bad as India.

[00:44:40] Ajay Shah: The OECD PISA results for India are essentially amongst the worst in the world. It looks like an African country, and this is not something that happens elsewhere in the world. So we in India tend to be attracted to this explanation, but I think that on a global scale, this explanation can't be the only thing at work.

[00:45:00] Ajay Shah: Okay, element two. Country after country has an internal cross-sectional distribution where more educated people tend to earn higher incomes than less educated people. So the paradox is — why does, within a country, education predict income, but it doesn't generate development over the long term? So the story would be that really education is a signaling value.

[00:45:00] Ajay Shah: It's a Louis Vuitton bag.

[00:45:27] Ajay Shah: You pay the money, you close your nose and suffer the misery, and in return you get a diploma, and the diploma plays a signaling role in the labor market. So education is playing a role in filtration, in sorting, and that's about it. And if that was the case, then, as an economist, I would carry this to the limit. Then what the universe requires is just a bunch of standardized exams.

[00:45:55] Ajay Shah: What we need is private firms like ETS running an exam, and people would go get a certification about their level of knowledge, and for the rest they would fend for themselves in the labor market. This whole enterprise of an IIT-JEE and then four years in the university seems less useful, if all you are doing is really riding on the brand name of IIT rather than actually getting an education at the IIT.

[00:46:21] Ajay Shah: So similarly for schooling — that a person has done so many years of schooling has some signaling value, maybe you are upper class, maybe you have higher cognitive capabilities, but it's not the things you learn at school that actually added any value. So that's explanation number two — that education is basically one big signaling story. All it is doing is — it's the Louis Vuitton bag, it's the up-and-coming North Indian business person who buys a used Mercedes to try to signal that she is so successful. It's just being used for signaling.

[00:46:21] Ajay Shah: It has nothing to do with the actual content.

[00:47:01] Ajay Shah: So this is story number two — that education does signaling, and for the rest, it is pretty useless. And story number three is that we're fundamentally wrong in what we are doing as education. Education is supposed to be about fluid general intelligence. It is supposed to be about cognitive capability.

[00:47:01] Ajay Shah: It is supposed to be about kindling the fire and not filling the pail. But instead we have industrialized it. We have bureaucratized it.

[00:47:30] Ajay Shah: We've turned it into a soulless machine where we fill the pail. We say there's a fixed curriculum, you're supposed to know how to solve quadratic equations, and then we will mindlessly teach people how to solve quadratic equations. And some kids will have — think of the five-dimension personality traits measurement — one of those personality traits is conscientiousness.

[00:47:59] Ajay Shah: I think modern formal industrialized education only measures conscientiousness. It has nothing to do with the others. It doesn't nurture the others, it only nurtures conscientiousness. So the kids that take orders, the kids who will obey, are the ones who will flourish in the industrialized education system.

[00:47:59] Ajay Shah: And that's really not what flexible general intelligence is. And therefore, when you just build an industrialized educational system emphasizing rote memory and obedience and acquiring the skills that can be delivered in an industrialized way — which really pick out conscientious children in the class and give them a badge or make them a PhD — that's not a way in which we are going to create the machinery that will help the growth of the country, that will help GDP growth, that will help economic development.

[00:48:59] Ajay Shah: So these are three rival explanations, and maybe the truth lies to various extents in all three. There are people who would argue that some part of the Lant Pritchett paradox is solved by just counting learning outcomes and not inputs. And that is certainly part of it, but it only works part of the way, it doesn't go all the way. So this is the remarkable and fundamental assault on the Jawaharlal Nehru view on education.

[00:49:29] Ajay Shah: That education is a great thing, we should do more education, education is necessary for economic development, and if only we will commit ourselves to a lot of education, we will be well on our way to making progress as a country. That is not true.

[00:49:45] Amit Varma: So I want to double down on one of these stories that you told, but before that, a little trick that I learned from you yesterday, in fact, for the gentle listeners — is that if you go to Google Scholar and you go to any paper, let's say you go to Lant's brilliant paper, which you should read in its entirety, you'll see the number of citations there. You click on that citations list.

[00:50:05] Amit Varma: You then can see all subsequent papers that have engaged with the findings of Lant's paper, both critical and, say, other studies which might have tried to duplicate it and tried to go beyond and look at nuances, and it's all available there. So you can really enter rabbit holes on this, and I'd urge you to absolutely do that. And I'd like to say that Lant's finding is, at first glance, incredible.

[00:50:28] Amit Varma: But I would say that education as it is currently defined does nothing for development. That's what he's found. I would go with your third story, because it is something I have thought about deeply, and we are defining education wrong. We are in the wrong paradigm.

[00:50:28] Amit Varma: Our education system is a nineteenth-century machine designed to solve a problem of the twenty-first century.

[00:50:51] Amit Varma: That whole paradigm that kids of the same age study together, they study a bunch of subjects, they're together for 10 years or 12 years and all of that — that whole system was designed to turn out workers for the Industrial Revolution or babus for the bureaucracy or whatever. It simply doesn't fit today. There's another column I've written, I'll link to it from the show notes — I wrote this 15, 16 years ago, where I spoke about what happens when you go to a supermarket.

[00:51:17] Amit Varma: I go to a supermarket, I will get 40 types of ketchup, I will get 30 types of ghee, I will get so much variety in toothpaste — but in what really matters, education, we get no variety at all. If you are going to test a monkey on how to climb a tree, you are also testing a fish on how to climb a tree. It is incredibly unfair. All kids are different.

[00:51:17] Amit Varma: They need to grow in different ways. It is this paradigm of how we define education that we need to think about.

[00:51:41] Amit Varma: The key skill over the next 20, 30 years will be what you speak of as that general intelligence, that cognitive ability. I think of it as learning how to learn. The key skill in modern times is learning how to learn. That involves learning how to think independently.

[00:51:41] Amit Varma: And as far as I'm concerned, that is the great problem of our times and the problem that we want to fix. And at this point, I will turn to our gentle readers and tell them of a little dent that Ajay and I have been thinking of for a while that we can make in this.

[00:52:12] Amit Varma: One of the things I realized as I grew older is my education system taught me nothing. Life taught me everything. The system taught me nothing. And there are so many life lessons I wish I had learned much earlier in my life — whether it is numeracy, understanding numbers, probabilistic thinking, how to communicate, how to write in simple clear prose, and a bunch of stuff.

[00:52:12] Amit Varma: And Ajay and I are thinking of putting together a course called Life Lessons, where we build a package of subjects which we think everyone should know, adult or otherwise, and it doesn't matter how old you are.

[00:52:41] Amit Varma: But if you feel — I want to up my game, I want new mental models, I want to master learning how to learn — then we are thinking of putting something together and offering it to you. So tell us in the comments, would you be interested in something like that, and what would you like us to cover if we wereto do something like that?

Chapter 5: The Importance of Early Childhood

[00:53:06] Amit Varma: So Ajay, one of the important studies that you introduced me to was Jim Heckman's work on the importance of early childhood and the importance of the environment you are in and cognitive development and so on. I've spoken about it in different episodes of The Seen and the Unseen, in fact, because when you told me about it, I was shook by it. It just seemed so important, and it also seemed so tragic. So elaborate a little bit more on that.

[00:53:31] Ajay Shah: So let's think about interventions. At various different ages, you might conceive of different interventions. Jim Heckman is the great economist at the University of Chicago who coldly spent his whole life asking the question — what works? Where would we put in money and score interventions that generate a meaningful impact.

[00:53:31] Ajay Shah: And he emphasized the hard-nosed measurement of return on investment.

[00:53:59] Ajay Shah: He tried to sweep aside the goody-goody and the feel-good and all the humanitarian considerations and all the sloppy thinking which has brought us to the mess that we described early in this show. And he instead tried to say, "Show me the numbers, show me the evidence, show me proof that this works, show me proof that it makes a difference, show me proof that it makes a sustained difference to the life of a person."

[00:54:27] Ajay Shah: And his idea is that the most important things are early childhood interventions. Depending on how you want to think about it, it is age zero to three, or age zero to five. He says this is the window where you can make a huge difference. And he says this is particularly true for disadvantaged children.

[00:54:27] Ajay Shah: And I'm going to explain that a little more in a moment. What are these interventions?

[00:54:49] Ajay Shah: To some extent, it is the standard things that industrialized education cared about. It is reading, writing, arithmetic. They are important, and they do matter, and it is an essential ability to navigate the world — to be able to do 100 upon 10. Or, I think in ASER there is a question where they are given two single-digit numbers and they have to orally manipulate them, like 2 + 6 or 2 - 7.

[00:54:49] Ajay Shah: That ability to be able to do that manipulation orally is obviously very important.

[00:55:23] Ajay Shah: So that's part one. But then also there is social and emotional learning and regulation of behavior, which is very, very important. So the extent to which children get those attributes in early life, it makes a big difference. And now, in the Jim Heckman context, there is a very big emphasis on children in disadvantaged families — which, in America, means poor people who often have bad things going on in their family.

[00:55:53] Ajay Shah: And it's a little different from India. There is a better social environment in many poor families in India. But still, to some extent, the key ideas go through. So Jim Heckman has worked on developing a whole battery of intervention techniques that are thought through with great care and measured with great care.

[00:55:53] Ajay Shah: And they tell a different story as compared to normal industrialized education. And if Jim Heckman could wave a wand, he'd be telling us that could we downplay the traditional machine of industrialized education, and could we put a little more effort on early childhood interventions.

[00:56:34] Ajay Shah: One of the most fascinating things that I found about this early childhood intervention is the role of what children overhear. I think there is a little too much emphasis on making eye contact with the child and talking with the child, which is, of course, true. It is mind-blowingly important to make eye contact with the child and talk with the child. But nobody does that all day long, and there are no households, there are no good high-functioning households where that is done all day long.

[00:57:04] Ajay Shah: An important story of what happens to children is what happens by overhearing. And this is true at many, many ages, going all the way up, but it is also true at early childhood. For a child to be in a room where adults do complex conversations, that use a rich vocabulary, that engage in a complex discussion — not just about, will you make tea and I want masala chai, but conversations about the world and conversations about ideas.

[00:57:37] Ajay Shah: Children are flapping their ears and they are overhearing everything. So, as part of this work, I was brought to a fact that from age 0 to 3, the child is adding one million neural connections per second.

[00:57:59] Ajay Shah: Okay. So 0 to 3 is an incredibly rich time. There is an explosion going on in the mind of the child. And feeding that mind is something that is disproportionately important.

[00:57:59] Ajay Shah: But then more generally — hearing complex words — so I read an interview with Jim Heckman, I think, where he tells a story about something like this. I think he was only half kidding. He says, see, there are two problems in the world. There is the problem of starving graduate students, starving PhD students who don't have enough money, and there is a problem of children in disadvantaged families.

[00:57:59] Ajay Shah: And the great solution of the world is to bring both together — can we get more starving grad students some money by paying them to sit with kids and talk to them about ideas, talk to them about the world — and this would be a potent intervention. It would make a material difference.

[00:58:47] Ajay Shah: That kids need that exposure to ideas. And I also think that the modern world has become drowned in mass media to the extent of drowning out contemplation and sophisticated conversation. So I think of an Indian middle class that has emerged out of somewhat more complex conversations and a knowledge society into being drenched in mass media, and I'm not sure that was such a great thing.

[00:59:17] Ajay Shah: So I think that this is really something where education can matter, where careful thinking and decision-making by a variety of actors — and we should get to each of the actors in a moment — can make a difference. But all this is a long-winded way of talking about what education ought to be about. What it ought to be about is the development of general intelligence, the development of general problem-solving skills, not a regimented obedience and the ability to mechanically repeat certain procedures of solving quadratic equations.

[00:59:55] Ajay Shah: But being able to look at the rain falling on a roof and imagine how to synthesize knowledge of quadratic equations and answer useful questions. And that's what it is to be a rich, sophisticated member of the human race. And the whole machine of age-sorted classrooms and exams just doesn't get that at all.

[01:00:17] Ajay Shah: The psychologists have long emphasized the problem of age-segregated classrooms, which you mentioned a moment ago as an industrial revolution technology. Age segregation is uniquely harmful to the poor blokes in there because, in some subtle sense, there's very little a ten-year-old can teach a ten-year-old. And when you go back to primitive times, in hunter-gatherer tribes, the beautiful model of education was where kids grew up together, where there was a diverse range of ages which hung around as a mad pack.

[01:00:53] Ajay Shah: And they played games, and then they participated in the economic life. They participated in a hunt. This is a very healthy way to grow up. And the whole modern prissy attitude that kids should be in school with age-segregated people is held by people who have not thought deeply about education, who have a commitment to a nineteenth-century business model of schooling and not a commitment to the intellectual capability and cognitive development of the child.

[01:01:20] Ajay Shah: What works for children is age-segregated — sorry, age-heterogeneous groups, the complexity of engaging with the world with a mix of play and reality. So kids are playing in the forest in hunter-gatherer tribes. There is a natural segue from that to kids getting involved in hunting and gathering activities. Kids are involved in the triumph after the hunt, and they get engaged in doing things.

[01:01:45] Ajay Shah: The exposure to ideas, the exposure to knowledge, the exposure to conversations, being in a house filled with books, being surrounded by people of diverse ages, and not being herded into a factory where you are a ten-year-old with other kids just like yourself — that is just a great disservice to the child. It's much better to be at home around these kinds of capabilities, which is why, after all these years, family is a critical site and a critical predictor of how all these things work.

[01:02:15] Ajay Shah: So it's a little fact that there is a great difference between social programs between Denmark and the United States, but the power of family, the predictive power of family is as high in both. So you do a rich, complex, modern European-style welfare state, or you do a light, skimpy, low-expenditure welfare state like the United States — you compare Denmark and the United States — but still, family, family background, the exposure to adults, the exposure to knowledge inside the family, the apprenticeships that spring up inside the family, the everyday, effortless, almost unnoticed transmission of knowledge inside the family.

[01:02:55] Ajay Shah: So, in modern populism, it's become fashionable to diss what children get from parents. You are accused of being a nepo baby, people don't want dynasts. I think that's missing the reality. The family is a site where tremendous intergenerational transformation and knowledge flows take place.

[01:02:55] Ajay Shah: And we would be foolish to not recognize that by trying to say that we will replace this by the institution of the school — that is not appropriate.

[01:03:20] Ajay Shah: So, for example, Jim Heckman's work involves an attempt at developing interventions that work at home, that work for the parents, that ask what can you do differently to make the home of underprivileged households better.

[01:03:33] Amit Varma: And the profound insight in this for me was an extra layer of privilege I hadn't thought about. It is obviously understood that if I am from a higher social class and I have a greater income, then my kids have more privilege and more opportunities. But there is an extra layer to that. What Heckman's studies show is — the skies are crying at the state of the world, but what Heckman's studies show is that if you are surrounded by a cognitive discourse, by complex conversations, there's an extra layer to your cognitive ability between the ages of zero to five.

[01:03:33] Amit Varma: And if you miss that, nothing can compensate for that.

[01:04:09] Ajay Shah: And beyond. Heckman's work on early childhood interventions is zero to five, but developmental psychology people will tell you that that's really a lifelong journey.

[01:04:17] Amit Varma: It's a lifelong journey, but the early years, you cannot make up for it later. It's not like, okay, then you overdose between six to ten and you've got it — no. If you miss it in those years, you have completely missed it. So money is not the only marker of privilege there.

[01:04:17] Amit Varma: It is being surrounded by these conversations, surrounded by books, surrounded by all of this stuff which you take in through osmosis, which is why that home environment matters so much.

[01:04:42] Ajay Shah: Yeah. And which is different from the modern Indian affluent middle-class household, which is either drenched in test prep, where you have an industrialized factory and computer-aided software on how to solve quadratic equations, or it is drenched in mass culture. Neither of these is the essence of flexible general intelligence.

[01:05:05] Amit Varma: Right now we are getting drenched, but we will continue this episode. Next chapter coming up in a moment.

Chapter 6: What Should a Parent Do?

[01:05:19] Ajay Shah: Amit, we've been through this long journey, and it seems like there's so much conflicting knowledge — that, cross-sectionally, more educated people do better; flexible general intelligence is the most important thing in the world; the Indian education system is broken; and across countries, vast investments in conventional industrialized education have not added value in terms of inducing growth and development.

[01:05:47] Ajay Shah: How are we to put this together? And let's go closer to the actors who make decisions. And the most important actor of all is the family, the parent. If you were speaking with a family, if you were speaking with a parent, how would you synthesize all this and translate it into some knowledge, some wisdom that they can act on, that they can use, that they can use to attenuate their present trajectory of industrialized education?

[01:06:17] Amit Varma: This is actually a subject I feel strongly about, because I feel too many people jump into parenthood when they're not ready for it. Perhaps it is a conventional expectation, perhaps they underestimate what is required, maybe they don't think hard about it. I had once written a provocative column on how it is immoral to have children — you can read the argument there, not the standard argument for anti-natalism also. But leaving that aside, having kids is a huge, important decision.

[01:06:42] Amit Varma: You're bringing human beings into the world. It is therefore your responsibility to do the best that you can for them. And this doesn't just mean giving them material comforts and feeding them and sending them to the best school — you have to take Heckman's work into account, for example. Early childhood environment is super important.

[01:06:42] Amit Varma: So you have to create an enabling environment.

[01:07:04] Amit Varma: I would love for kids to grow up, as we were fortunate to do, with books around us. Expose your kids to a world of knowledge, have books around them. Keep them away from shallow distractions. I'm perfectly okay with not having them scrolling and swiping all the time.

[01:07:04] Amit Varma: Encourage them to read, give them time and attention. Your job isn't over when you've brought them into the world and given them material comforts.

[01:07:26] Amit Varma: Do not think of the role that schools play in their life as a daycare center. Too many parents think of it as convenient — you're doing whatever you do and there's a daycare center that takes care of your kids, and your kids are going to school so social responsibility done. And I'm like, no, you need to think harder about this. What can you do for your kids?

[01:07:26] Amit Varma: What kind of education are they getting? Maybe they don't have an option but to go through that particular grind, and whether it's public school or private school, it is the same broken paradigm.

[01:07:55] Amit Varma: But how can you supplement that? How can you help? How can you enable them without putting pressure on them? Too many kids have so much pressure put on them by their parents.

[01:07:55] Amit Varma: So I think parents need to really sit down, talk about this before they procreate, and if they have already had kids, think about what they have to do now, because this is a responsibility. You brought somebody onto this planet. You better do all you can to make sure that they grow up healthy and well-adjusted and maximize their potential.

[01:08:24] Ajay Shah: I want to disagree with you slightly around your phrasing, and I know in a moment that you will agree with me. I think it would be a damn good thing if parents understood that school is a daycare, that college is daycare for teenagers and no more. So do not confuse school with your education. That would be a great slogan — I think I'm stealing this from an old Unix fortune.

[01:08:49] Amit Varma: I agree with you entirely.

[01:08:49] Ajay Shah: Yeah. And once you see that, then suddenly you are on the path to actual genuine knowledge building. That genuine knowledge building is something fundamentally different. Growing up in a house filled with books is a great privilege, but it goes with certain synonyms — that it involves growing up with the kind of people who would talk about the contents of those books and not just the books as decorations.

[01:09:17] Ajay Shah: So I joke that it's easy to get a book accepted at a publisher, it's easy to sell 10,000 copies of a book — it is truly hard to get people to actually read a book. So most books go and sit as decorations, as status symbols, as fashion symbols. But people actually reading books and talking about knowledge, talking about the world of ideas — that is a rare thing.

[01:09:42] Ajay Shah: And then, I have a tangible suggestion that I would like to carry to Jim Heckman for a future of experiments. I would like to wonder whether, zero to five and five to seventeen, exposure to overhearing The Seen and the Unseen is a good thing for the development of children. So I would recommend to every parent that they consider Seen and the Unseen as the soundtrack of the child's life.

[01:10:11] Amit Varma: And I would also recommend to every parent, since you mentioned The Seen and the Unseen, that they listen to episode 301 of The Seen and the Unseen with the great Natasha Badhwar. She is an incredible person and writer on parenting, and she also homeschools her kids. So there are lots of thoughts on education there — how you can educate your kids and all of that. Truly deep episode, 301, Seen and the Unseen — we'll link it from the show notes.

Chapter 7: What Should a Young Person Do?

[01:10:43] Amit Varma: So Ajay, we've discussed what a parent should do. What should a young person do?

[01:10:47] Ajay Shah: First of all, how do you define young? I think of learning as a lifelong journey, so I don't think of stopping at twenty-one or stopping at PhD or anything.

[01:10:56] Amit Varma: So I'll say teenager onwards.

[01:10:58] Ajay Shah: When you're out of your parents' hands and now you're on your own. And I would emphasize that it doesn't end at graduating, it doesn't end at PhD, it doesn't end ever. Your precious immortal soul is in your hands, and it is the greatest responsibility of all — who am I as a person, and what am I going to do differently? And once again, I would adapt the previous point — I think we should get out of credentialism.

[01:10:58] Ajay Shah: The greatest danger at that age is the Louis Vuitton bag.

[01:11:30] Ajay Shah: It is the IIT, the MIT, the famous names, and you think, I'm done. You think, because I'm from IIT, I am so smart. Or you think, because I'm from IIT, I'm knowledgeable. And I'd like to say, no, that's not true.

[01:11:30] Ajay Shah: The journey of knowledge is very different from the journey of cramming for exams and passing exams, and there is only one trait of character that is being emphasized in the industrial education machine, and that is conscientiousness.

[01:11:59] Ajay Shah: That is all that is happening — that I'm conscientious, you tell me study Fourier analysis, I will study Fourier analysis, I will solve the problems correctly at the exam, and actually that does nothing, because being a flexible general intelligence and being able to think about the world and being able to analyze everything is a great trait.

[01:12:21] Ajay Shah: So I have a sense in which we see this clearly. There are people who have compartmentalized their knowledge, that there is a part of my brain in which I'm an electrical engineer, and for the rest, I live in the medieval age. For me, that's a red flag — I instantly understand something went badly wrong. Whereas to actually have flexible general intelligence is to integrate all parts of your brain, and to bring that general flexible intelligence and knowledge capability into everything that you do — that's what enables you to start thinking better about how to make dahi, and you're able to start thinking better about how to start a business, or you're able to think better about designing and innovating and creating and about interpersonal relationships and everything.

[01:13:04] Ajay Shah: A person who reads books is a person who reads books about everything. Otherwise you're a technician. If you only read books about electrical engineering, then, sort of, you have a trade — I go to work, I do design of integrated circuits at work, and then I come back and I do Netflix — then there's a hole in the heart, and you're missing something essential. To be a full person is to endlessly interweave and interconnect all parts of the mind, and that is the responsibility of the person.

[01:13:33] Ajay Shah: So there's really a lifelong journey of books, of knowledge, of asking questions, of being immersed in the world of knowledge, so that we constantly challenge ourselves and we question ourselves. And there are two more things I would like to add here. One is, it is about people. This is not a solitary journey for most people.

[01:13:33] Ajay Shah: For most of us, it is about community.

[01:13:59] Ajay Shah: Just like family is such a powerful influence, one step away from that is your peers, your friends, your elders, your mentors. So look for age heterogeneity. If you're a twenty-four-year-old surrounded by twenty-four-year-olds, you're doing something wrong. You should be with older people, you should be with younger people, you should have a great spectrum.

[01:13:59] Ajay Shah: So I am the fifty-eight-year-old where one of the most important people in my life is a twenty-five-year-old, Ayush Patnaik. And I'm happy and I'm proud, and we get along great and so on.

[01:14:30] Ajay Shah: There's a whole age heterogeneity in relationships which is very important, because at different ages we see the world in different ways, and that is so valuable. Whereas if we are age-sorted, then those cohorts have shared views of the world and a shared approach to life, which is just limiting. So it's better to be age-heterogeneous in everything that we do.

[01:14:51] Ajay Shah: Finally, I want to open up a discussion about changing our minds. The most important recipe in all this is changing our mind. And I think we talked about it earlier in an episode of Everything is Everything. Gentle reader, I apologize if you've heard this before — I obsessively hate saying anything twice, so I am alerting you that I have said this earlier.

[01:15:16] Ajay Shah: I think that what works for all of us is — we are too proud, we are too arrogant to say in front of the other that I was wrong, you were right, and I changed my mind. We seldom do that. We seldom respect and acknowledge the other person, that you said something to me and it was great and I learned it, and I'm so glad it made a difference to my life. These are good things to do, but we seldom do that.

[01:15:41] Ajay Shah: So these are good things to do, and most of us don't do that. But I think that if you can hang on to one core, you're actually gold. And that core is: we, dispassionately, once the argument is finished, let a week go by, you should shift your priors by 10% in reflection of high-quality arguments from the other side. If you do this much, you'll still be a bad person socially, because you've not acknowledged and thanked the other person for adding value to your life.

[01:15:41] Ajay Shah: But at least you have selfishly become better.

[01:16:13] Ajay Shah: So I think of this spectrum — the worst people are those who never change their mind. They are narrow-minded, they're just stupid, they will never learn, they will never make progress. The minimum bar in my mind, and I feel that is very attainable, is: in the thick of the fight, I will be stupid, and I will dig in, and I will hang on to my positions. But a week later, upon reflection, I'll shift my positions by 5, 10%, and actually that's enough.

[01:16:13] Ajay Shah: You're gold.

[01:16:37] Ajay Shah: If you're surrounded by enough smart people, then those arguments will keep fixing you up. Even better is to acknowledge, at least with a lag, to say to the person, thank you, you improved my life, you made me better. And the highest person is the one who's able to say to the other quickly that, you're right, I'm going to shift positions on this. Or, thank you, you added value to my life.

[01:16:37] Ajay Shah: Or the greatest statement of all — I was wrong, I have shifted positions.

[01:17:05] Ajay Shah: So I think we should all try to emotionally push ourselves up this ladder, and then we surround ourselves with cool people, interesting people, we have arguments. In America I've seen a great institution called a book club, and it can be readily adapted, for example, to episodes of Everything is Everything, which is where a bunch of people get together and promise themselves the following arrangement — that each of us will go read a book, and all of us will read chapter three, and congregate and discuss chapter three.

[01:17:34] Ajay Shah: And it's got to be seriously done, that no — nobody should come in without having actually read chapter three. So a bunch of us promise each other, I will read chapter three, and then we come together and we debate and argue about chapter three. I think it's a phenomenal institution, and actually talking about chapter three is a huge step forward in terms of our cognitive development.

[01:17:55] Ajay Shah: So then reading a book does not become a passive experience, but it actually becomes my synthesis, my stories, my anecdotes, my experiences, my disagreements, and arguing with each other about the way we see this differently. I want to close with a story Josh Felman told me. Why are the Jews so great? Why are they so amazing?

[01:17:55] Ajay Shah: Why have they got such amazing intellectual achievements? Why is there the highest number of Nobel laureates per capita among the Jews?

[01:18:26] Ajay Shah: So I once asked Josh that, what's the secret, why did this happen? So there are the standard arguments, which is that the persecution created a selection bias, and the people with portable human capital survived the persecution. The people who held fixed capital, which was land and physical businesses, did not survive that well, whereas the people with intellectual capabilities were able to run away. So when they were attacked in one city, they would up and move.

[01:18:54] Ajay Shah: In every generation there was one pogrom, and the people with portable forms of capital, which is human capital, survived and flourished. So there was a cultural selection bias in favor of portable capital. And there are variants of this that have happened all over the world. These are the standard explanations.

[01:18:54] Ajay Shah: Josh told me a different and interesting explanation. He said that the concept of — I don't know if it's Sunday, but the concept of a Sunday religious meeting in their religion — is that a bunch of people meet up at home, it's not in a formal church.

[01:19:27] Ajay Shah: And they each take turns doing the equivalent of mass. First of all, it's not the priest that does the oration — the individuals, the people, do the oration. And then each person tries to integrate their personal life into values and timeless principles and does a 10-15 minute oration. Now this is a high intellectual challenge, and this was done by everybody.

[01:19:27] Ajay Shah: Every single person who went through that religious tradition was pushing on this ability of combining a religious book with everyday life and experiences and articulating it as a 10-20 minute oration.

[01:20:04] Ajay Shah: Now that's a high development of capability. So these are the kind of cultural attributes through which I feel we can foster intellectual capability and excellence. And I think Nandan Nilekani says that the secret of his success is switching off the cricket and the Bollywood and the politics, which just fills up the lives of people.

[01:20:31] Ajay Shah: So if you can just deprioritize the cricket and the entertainment industry and the mass culture and the everyday chatter around politics, you've actually freed up a lot of mental bandwidth, and that can be devoted to books and the intellectual life.

[01:20:47] Amit Varma: And you know, you and I actually had our first meaningful interactions at a book club meeting which our friend Bhargavi used to conduct, and we were talking about books, and that's great. And what you mentioned about how the Jews get together every Sunday to partake in this exercise of community reminds me of what our friends at Takshashila in Bangalore do. The Takshashila Institution in Bangalore, every Thursday, has something called a Tank Scrub. When I've been there physically, I've been in the room, and it is wonderful.

[01:21:15] Amit Varma: And what happens is that each of them, one by one, will connect their laptop to the projector and give a brief presentation on what they learned that week. And you sit in that room and you're listening to minds like Pranay Kotasthane and Nitin Pai and Shambhavi Naik and Manoj Kewalramani — some of the finest minds in this country — talk about what they have learned that week, which need not be something to do with their field of study. Your brain cells are just all fired up.

[01:21:40] Amit Varma: Everything is everything. It's multidisciplinary, great minds, thinking deeply, people asking questions. It's fantastic. I love that.

[01:21:40] Amit Varma: I want to add a nuance to something that you said. We both hate credentialism, but I would say that for a lot of young people, like you earlier said, there is a signaling value to that. You go to IIT, you're automatically going to do better than an engineer who goes to some other engineering school, just automatically. And you're exposed to a network of smarter people, in a sense, a selection effect, to some extent.

[01:21:40] Amit Varma: Network effects matter, signaling matters.

[01:22:11] Amit Varma: So what I would say for people who want to do that is — I won't say drop out, I would say that if that's a track you should rationally take, take it. But don't be single-track. Keep your interests open. What will often happen with young people is that, much as in matters of the heart, we might go from attraction to attraction with different subjects or different fields.

[01:22:11] Amit Varma: And I would say learn to immerse. Don't do shallow flirtations on the surface.

[01:22:35] Amit Varma: At some point, say that I really want to learn about this. I won't just sign up for an online course and do the first webinar — I'll go much deeper, I'll enter rabbit holes, I'll do the equivalent of clicking on the citations button in Google Scholar and seeing all the other papers, and build interests like that. For example, somebody asked me — I was a cricket journalist for many years, followed cricket deeply, wrote on it a lot. I have stopped following it completely.

[01:22:57] Amit Varma: Somebody asked me why aren't you following the IPL. I said that then for one and a half months my evenings are gone, I cannot do that, the opportunity cost is too high. So I think it's important to make sure that your mind doesn't go into a shallow rhythm where you're flitting from thing to thing, but to allow that kind of deep immersion, because that's where a lot of learning happens. And the thing is that everything is everything.

[01:23:18] Amit Varma: You learn the first principles of one subject, you can start applying those frames to other subjects. And being open is super important. A lot of — we get a lot of delightful nuanced disagreement on the things that we talk about from people on YouTube and elsewhere, and that's great. But a large number of people don't do nuanced disagreement.

[01:23:18] Amit Varma: They don't even care what we are saying or about the arguments. They just see it as — oh, in luxury beliefs, you attack things people believe in, like socialism and whatever, and they don't care about the argument. They're just saying that this package of beliefs is part of my identity — by attacking a part of this package, you are attacking me, you are evil, I will lash out, I will mock you, I will call you names, I will put labels.

[01:23:57] Amit Varma: And don't allow that to happen to yourself. Always have an open and curious mind, engage in good faith, shut out negativity, and always remember that everything that you do in this present moment is an investment in your future self. Everything that you do is education. So that's how we should think about it.

[01:24:17] Ajay Shah: I want to come at the credentialism question for young people in a somewhat different way. I want to say two things. First, don't drink the Kool-Aid. So the most dangerous thing is — oh, I have been to IIT, so I have arrived, so I'm done.

[01:24:17] Ajay Shah: Don't drink the Kool-Aid, don't buy into the credentialism. The greatest victims of credentialism are the credentialed ones.

[01:24:37] Ajay Shah: So I feel that if we will retain our humility and nurture our immortal soul even though we got into IIT, then we are doing ourselves a favor. So that is part one. And then part two — I feel that we are all very vulnerable to a game of status. We judge other people for their credentials.

[01:25:01] Ajay Shah: So the first victim is myself, where I become complacent and I become arrogant because I am from IIT. And the second is, I start looking at other people, and I think, oh, this Amit guy, he doesn't particularly have any degrees, he doesn't have that Louis Vuitton bag, so he must be a clueless bugger. That is the second biggest mistake that people can make — that don't look at other people through the lens of their degrees. Rather, look at the person.

[01:25:26] Ajay Shah: So there are interesting, curious, knowledgeable people — care about the person, and don't judge people by their credentials. That is as stupid as the lazy HR departments of corporations. Whereas for each of us as individuals, it is in our self-interest to surround ourselves with cool people, interesting people, and this is not defined in credentialed terms.

[01:25:49] Amit Varma: So I want to tell you, gentle readers, this man here went to IIT. This man here went abroad and got a fancy PhD. This man here has no credentials whatsoever. We can still be friends, right?

Chapter 8: What Should Educators Do?

[01:26:08] Ajay Shah: So Amit, let's talk now about leaders of educational institutions, principals, or people who work in that field.

[01:26:16] Amit Varma: Trustees.

[01:26:17] Ajay Shah: Trustees. How should they think about all of this? What I feel this body of knowledge says to the leaders of educational institutions is that it raises fundamental questions about their quest. They have signed on to a paradigm, they live that paradigm, they derive their self-esteem from this paradigm.

[01:26:17] Ajay Shah: And it is really unpleasant and uncomfortable for them to be told that a bunch of industrialized, age-sorted kids being mechanically taught how to solve quadratic equations is not really the most important thing in the world.

[01:26:53] Ajay Shah: So first is to just scale down your level of self-confidence and nurture more self-doubt, that this is maybe not the best way to do things. And then, they are where they are, and they are at sites where this is happening, and can they do more? Can they do things differently? Can they be less industrialized?

[01:26:53] Ajay Shah: Can they be less age-sorted? Can they nourish the souls of young people in ways that go beyond the industrial acquisition of specific capabilities of reading, writing, and multiplying? Can they go toward a broader curiosity around knowledge and acquiring knowledge, and learning how to learn, about being curious about the world?

[01:27:40] Ajay Shah: And can they be a little less caught up in the game of defining themselves — that, oh, in my school there were seven people who got through the IIT-JEE this year.

Chapter 9: What Should Policy People Do?

[01:28:00] Amit Varma: Ajay, how should policy people think about this?

[01:28:03] Ajay Shah: So this body of knowledge is devastating for education policy people all over the world, and particularly in India. And to run through the pieces — I feel what it tells us is that there is very poor bang for the buck from government spending on education. So I would recommend to every Ministry of Finance person to be more skeptical about spending money on education. And then, think about that very basic Article 14 notion of equality — that whatever you spend should be per child in India, not per child in the public education system.

[01:28:42] Ajay Shah: We should be far more skeptical and disrespectful of competitive exams. Competitive exams, as a way of organizing the educational system, are just a very bad idea — whether it is UPSC or IIT-JEE or the twelfth-standard board — these things are just a bad way to organize the world. And the extent to which we can downplay these things — for example, I met a director, a very wise, good director of IIT Tirupati, and we were talking about the JEE. And I said, how could we reduce the role of the JEE in IIT admissions?

[01:29:19] Ajay Shah: He said it would be a nightmare, it would be hard, there would be litigation. I said, look, the IIMs have done it. The IIMs have pried open and reduced the emphasis on the examination. They have an interview, they have a group discussion.

[01:29:19] Ajay Shah: Why can't you do this at the IITs as well? I think it is time to open up those questions — that we in India are making a mistake by just narrow-mindedly pushing a certain simplistic industrial conception. And that immediately takes you to the problem of unification of central control upon all higher education — that there is a great flattening, where just like every public sector bank is the same, every IIT is the same, every IIM is the same — and this is precisely wrong.

[01:30:01] Ajay Shah: What you need is far more local control, local autonomy. We need a thousand flowers to bloom. We need each IIT, each IIM, each NIT, each JNU to take off and flourish and do different things, and be under the imagination of local control, where each group of leaders, thinkers, educators will imagine a different conception and a distinctive view of the world and say, this is what we believe and this is what we do — as opposed to one big bureaucracy out of New Delhi which is just driving this whole thing.

[01:30:33] Ajay Shah: So I feel that this entire body of reasoning is pregnant with implications for public policy, both in education policy and at the Ministry of Finance.

[01:30:43] Amit Varma: And one related lament I have, which of course is for multifactorial reasons and is deeply complex, is that there is a tremendous scarcity of supply. Everybody who wants to buy salt can go to the market and buy salt. Everybody who wants ketchup will go to the market and find ketchup. But everybody who wants a quality education cannot get it.

[01:30:43] Amit Varma: There is scarcity, there are these exams to pass. Everybody who wants an engineering education, for example, cannot even begin it. The entry barriers are so incredibly high. And it's just a lament I have, and we've just completely normalized all of this — that if I want a quality education of any type, there are so many hoops to go through.

[01:30:43] Amit Varma: But it just feels fundamentally unfair to me.

Chapter 10: What Should Philanthropists Do?

[01:31:39] Amit Varma: So Ajay, how should philanthropists think about this? You have a lot of money, you want to make a difference to the world. What do you do?

[01:31:45] Ajay Shah: So I feel clear about two points, and then we have to think about subtleties. One point is that the world's most effective use of philanthropic capital ever was the funding that went to ASER. ASER is a great project. It has had an enormous impact.

[01:31:45] Ajay Shah: It has changed the paradigm of how you think about elementary education in India amongst thinking people. The establishment has not got the memo — the supertanker of Indian public sector education continues to be mostly as bad as it ever was — but the fact remains that the journey of change has begun, and the journey of change was led by ASER.

[01:32:28] Ajay Shah: And that is the importance of information, that is the importance of data. And this is an important general lesson. I would like to link to our show on the journey of change, where there is a policy pipeline. For me, the ASER experience was one of the formative influences that helped me crystallize and understand the policy pipeline.

[01:32:28] Ajay Shah: And the role of philanthropy is in those early stages of interventions — on developing data, on building the research, on building the research community — because that's actually the foundation of everything. There is a tremendous bias for action in the modern world, and amongst thinking people the words "bias for action" don't sound so good.

[01:33:11] Ajay Shah: It's a bias for unthinking action. You rush to do action on a problem you have only dimly understood, and you mostly don't add value. The second thing that I feel clear upon is that there is a whole class of philanthropy that treats the present nineteenth-century industrialized, public-sector-dominated education system as a given, and seeks to engage in its intensification and in putting an ERP system on top of it and running it better. And I just think, why?

[01:33:45] Ajay Shah: You're not adding value to the world by incrementally improving and intensifying the existing paradigm of education — that's not going to make progress. So I get disappointed that there are people who love to go talk to the joint secretary and collaborate with the joint secretary in trying to make some tiny incremental improvements in the enterprise, and it leaves me cold. It's a bad use of money, it's a bad use of resources. It would be far better to understand the policy pipeline, to understand the importance of ideas, of shifting the climate of opinion, and of achieving fundamental change as a country, rather than just making small incremental improvements — putting lipstick on a pig, putting an ERP system on top of a broken government policy paradigm.

[01:34:33] Ajay Shah: It's just the standard computerization chimera — you're trying to put computers into a wrong policy. The computers are not going to solve that, the computers are not going to make the policy better. Or giving twenty-year-old English-speaking staff to a weak joint secretary to do office work in an existing paradigm — this is not helping, this is not going to make progress. But there is a great deal of bias for action in philanthropy, and that's not useful.

[01:35:02] Ajay Shah: So I would encourage policymakers to rethink the meaning of their life. Why are you here? How do you wish to add value to the world? What is your conception of impact?

[01:35:02] Ajay Shah: And I think a little more intellectual discourse around the word "impact" will help philanthropists do this better. There is a principal-agent problem — the employees of philanthropies would like to score wins, they would like to say, I did this, I added value to this world. The whole attributability problem which has bedeviled development thinking is very much a part of this here in the education piece.

[01:35:35] Amit Varma: So I will push back very strongly — even though I agree with everything you said, I will push back very strongly, because you used a phrase which can be misunderstood. I completely agree, gentle reader, that a bias for action, when it comes to that sense of "we must do something, this is something, let's do it, it's a big problem" — it doesn't work. But in another domain, the bias for action is everything. Bias for action is, almost at this moment, the cornerstone of my philosophy toward life.

[01:35:35] Amit Varma: In the creator economy, I urge you to have a bias for action.

[01:36:03] Amit Varma: We learn by doing. Just before we started recording this, Ajay and I were discussing that our first episodes aren't that great, they suck. But we had a bias for action. We said, no, we are going to do this show.

[01:36:03] Amit Varma: We can think about it forever and imagine what we will do, but we will only learn how to do it well by doing it, and it's been a learning curve. We are still learning — episode fifty is way better than episode one, but episode 250 will be way better than episode fifty, and we are not paralyzing ourselves thinking about some gold standard, whatever it is.

[01:36:34] Amit Varma: So as a creator, bias for action is actually a bias for learning, because you learn by doing. So in that specific context in which Ajay means it, a hundred percent correct.

[01:36:46] Ajay Shah: I mean, the world of large complex organizations, most importantly public policy — first, when you come to large complex organizations, finding the correct action and creating the social environment for correctly implementing a complex action takes time, and it has to be done slowly. So act in haste, repent in leisure. Second, government wields coercive power. Here decency requires, ethics requires, care and cogitation.

[01:37:16] Ajay Shah: Do not blunder around, thunder around, wielding the coercive power of the state. So there, I would argue, be extremely slow, do less. Tax less, spend less, use less coercive power of the Indian state, and be absolutely sure. So the rigor of process, thoroughness of thinking, working through the policy pipeline is the journey to occasionally using state power well.

[01:37:39] Ajay Shah: The greatest enemy in India in public policy is the bias for action, where people have some half-baked idea, they write a three-page note, they discuss with three practitioners, there are no thinkers around the table, and you just come up with a bad idea and you implement it. That's the bias for action. It is a harmful aspect of the Indian state.

[01:37:58] Amit Varma: So if you're seeing it like an individual who wants to learn, bias for action is good. If you're seeing it like a state, bias for action is not good. Is that correct?

[01:38:05] Ajay Shah: Very cool.

[01:38:05] Amit Varma: You agree.

Chapter 11: Amit Recommends

[01:38:15] Amit Varma: Great, Ajay. We are at the end of this episode. What's your recommendation for today?

[01:38:18] Ajay Shah: I'm going to recommend something that is both completely unrelated and yet related. I'm going to recommend a work of fiction, and I'm just going to say that the way in which it is related to this episode is that if you want to learn about the world, you shouldn't just read nonfiction and get information in an instrumental way — you should immerse yourself in literature, in fiction, because every work of fiction allows you to enter the minds of others and live the lives of others, it enriches us.

[01:38:46] Amit Varma: So my recommendation today is a masterpiece called The Collected Stories of Lydia Davis. Lydia Davis is just one of the great modern writers, and this is a beautiful, beautiful book. Many of the short stories in this, in fact, are bite-sized stories, even a paragraph or less, and she's just a remarkable writer. And in addition to this, a Collected Essays of Lydia Davis, which are essays where she talks about her writing and literature and much more besides.

[01:38:46] Amit Varma: So these are beautiful books. I feel like literature gives me the opportunity to always be in learning mode without being in learning mode — you don't have to concentrate and all that, you just take it in, you enjoy it, and through osmosis, you become a different person over time.

Chapter 12: Ajay Recommends

[01:39:35] Amit Varma: Ajay, what about you? What's your recommendation?

[01:39:37] Ajay Shah: Okay, I'm going to take a cue from you, and I'm going to recommend literature too. I'm going to recommend to every gentle reader, if you haven't done so already, To Kill a Mockingbird by Harper Lee. When I was growing up, I thought of it as a masterpiece that took you inside the mind of a parent and the mind of a child, and helped you understand the dark age of bigotry and evil that is, of course, now behind us, and we are now in a golden age, and the world is becoming a better place, and freedom is flowering, and that bigotry is behind us. But that book is a hundred times more interesting and more important and more relevant in this world, because actually we learned that history never ended, and that darkness is around us.

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