

# **FORTY-SEVENTH CONVOCATION ADDRESS**

**BY**

**PROFESSOR JAMES A. MIRRLEES**

Nobel Laureate

Emeritus Professor

University of Cambridge, U.K.

**9<sup>th</sup> JANUARY 2013**



**INDIAN STATISTICAL INSTITUTE  
KOLKATA**

It is an honour to be asked to speak at this Convocation. It is almost exactly fifty years since I last visited the ISI in Kolkata, and met Professor P.C.Mahalanobis, the founder. The Institute already had a high reputation for its data collection. In economics, it was dedicated to planning, which has rightly gone out of fashion, but the planning model was used flexibly in Delhi. The Institute has continued to ensure that India is an unusually well measured country; and it has also made an important contribution to higher education. You who are now graduating might be asking yourselves what it has done for you, how it has changed you, how it has, as I assume, improved you. You might at the same time reflect on what higher education does for the world at large.

If you think first about what higher education did for you, it will strike you that its effects are various. It has given you a suitable environment in which to become more mature. It has taught you some facts, taught you some ways of reasoning, and let you discover what many people have said. It has probably improved your mental capacity, and ability to communicate, by practice and exercise. At least I suppose that thinking makes you think better, and writing makes you write better, just as physical exercise makes you stronger and faster. Your higher education has found out more about you. You may not be happier knowing what marks you can get in an examination, but potential employers will be interested.

There is more. You will have been encouraged to do some things that may not come naturally to all of us: I am sure that you were encouraged, by your teachers, in conversation with your fellow students, by books and blogs, to think for yourself, to consider arguments critically, to be creative and, in some degree, original.

That is one of the most important things for higher education to achieve. The spirit of higher education should also have encouraged you to avoid prejudice and superstition, to see and appreciate other people as individuals, not members of groups, to develop sympathy for a wide range of people, and therefore to become more altruistic. Good education, and the time spent in good universities and other institutes of higher learning, can affect your values and standards of behaviour. It does not happen by laying down the moral law, but by providing opportunities, encouragement, and breadth of experience.

Higher education does many things to you, in varying degrees. Of course it is important that it gives you some specific skills, ensuring that you will be employable. Having been in a Statistical Institute, you will be well aware that the unemployment rate among graduates is almost everywhere lower than the unemployment rate for those with less education. Indeed there are all kinds of undeserved benefits to a degree. You will live longer, you will work longer (if you choose to) and you will be happier. If you care only about the GDP, higher education makes a major contribution, since many things we consume have needed university-level skills in their production. I do believe in these other moral contributions too, but it is not so easy to prove that higher education contributes greatly to politics, culture and standards of behaviour. I want to tell you how I would like higher education to affect these other dimensions of our lives beyond crude economic production.

The quite rapid growth of higher education, which has been happening in all societies, certainly has different effects in different societies. There is a great deal of randomness in its impact, both because different individuals are affected in very different ways,

and because the products of higher education, people like you, spread out all over the world, and live and work and act in many different environments. I am looking for effects that will sometimes happen, sometimes not. For all that, they may be very important.

Take politics, in a broad sense, including law, conflict and its resolution. Societies in which more people have had higher education should have more efficient governments, smoother negotiations, more predictable behaviour, less chance of civil war or war with other states. They should do, because more people will have learned the reasoning and observation required for bargaining, and accurate observations make contracts easier to check. You will immediately think of incompetent politicians with many degrees, well-educated leaders who have led their groups or countries to war, political systems that seem to be unable to take essential decisions. But I suggest that most major reforms in the last two centuries have been brought about by people with a higher education – think of the ending of slavery, the introduction of (a measure of) free trade. Casual observation of recent history suggests that civil war is more likely where education is worse. Of course other things, like incomes, are worse in the middle-eastern and African countries too: the conclusion must be tentative. It has been pointed out that violence and war in the world has been declining fairly steadily for the last sixty years. What would explain that? The stakes seem to have risen, as incomes have risen. Perhaps security systems have improved, making violence less effective, but guns have got cheaper too. I would like to believe that applied intelligence, as encouraged by higher education particularly, has much to do with the decline in violence.

More generally, the worldwide increase in the proportion of the

population who have higher education might well help to explain declines in crime. I hesitate to press this argument strongly, but in Western countries it is hard to find another explanation. Consider the United States, where in recent decades wages have not increased, and unemployment has tended to increase. The reasons for crime seem to be as strong as ever, and with the rich getting richer, are becoming stronger. It is true that the proportion of the population in prison increased enormously up to 2000, but the fall in crime became marked after that. What has been increasing all along is the proportion of the population with degrees. Now that might mean that there has been a shift to business crime, and cleverer crime. Statistics do tell us about clever crime, because there are victim surveys. They do not tell us about business crime, since businesses are reluctant to report it when surveys are attempted.

My hopes that increasing higher education reduces crime are further compromised if we compare countries. Hong Kong has one of the lowest crime rates in the world, and, for its income level, a relatively low proportion of the population with degrees. It should be no surprise that other unknown influences are important. Certainly education is not the only thing that could reduce crime. I still believe it is an important influence.

One kind of crime is particularly interesting in this context: corruption. I need not emphasize that the extent of corruption in any country is hard to measure. It has been claimed that income level is the main determinant of corruption: most low-income countries have a big corruption problem, while richer countries generally have quite low levels. If you look at the "corruption perception" scores, from Transparency International, with

Denmark at the top, scoring 90, Japan, UK and USA scoring 74 and 73, China scoring 39 and India 36, all the way down to Afghanistan with 8, income looks to be important. But there are big exceptions, such as Russia, scoring only 28, in 133<sup>rd</sup> place. Not many outliers, though. I must remark that Hong Kong, a low-corruption society, already achieved low corruption levels in the mid-seventies, when per-capita income was still not high. More striking is the case of China in the fifties, when incomes were low, and, according to general opinion, corruption was very low. Special government measures can more or less eliminate corruption, at least for a time; but that seems to be exceptional.

Income level as such is not a very plausible explanatory variable for corruption levels. A richer society may be able to pay bureaucrats, police, and lawyers more, reducing the attractiveness of extra money, but the bribes can be bigger too. Perhaps prison is a relatively worse fate in richer societies, but I doubt that is an important influence. Might the very different proportion of people with degrees be a more plausible explanation? I am speculating, and have not done the work to check. Nevertheless, I suggest that if a substantial proportion of higher-education graduates have acquired altruistic values, or a sense of social responsibility, that could have made a great difference. The behaviour and standards of graduates would surely have a much wider impact, partly because an honest boss makes it harder for his assistants and their assistants to be dishonest; and partly because so many try to emulate the behaviour and standards of people in prestigious positions. Dishonesty is infectious; as is honesty. I am not so naïve as to think that graduates are never dishonest, fraudulent or corrupt, but if a substantial proportion behave well most of the time, it is much harder for dishonesty to pay.

Another area of life on which higher education has an impact is culture. Perhaps school is what gives you most of your culture, but higher education seems to me to have a wider reach. It should, and in the best universities it does, reflect an international, a non-national culture. You may well feel that statistics and economics provide only limited opportunities for dipping into the cultures of world societies, but that is not what I mean. Statisticians are bound to look at tables of data for many countries, as I did with the corruption index. Economists are expected to take an interest in what is happening all over the globe. They had better. When the price of oil in the arab states rises, your own economy is at risk of a recession. And if you have some degree of altruism, you are bound to care about the extreme poverty in so many African countries, as well as the fairly extreme poverty in parts of your own country.

That is superficial. It seems to me that there is a deeper sense in which higher education broadens culture beyond the local. Maybe I am thinking of the many economics departments I know where most of the teachers come from a different country. Cambridge economics would have lecturers and professors from Norway, Korea, Germany, the USA, Finland, India, China, Iran, and more. We did not have room for every country, but we did pretty well. We might have been unhappy with one another from time to time, but never nationality against nationality. If I were asked for my culture rather than my nationality, I would say "academic", not "British"; and I rather wish I could say that when asked for my nationality.

Cultural differences do often lead to trouble and strife. Hitler's racist wars were only the most extreme example. But it is not the

aim of higher education to eliminate cultural differences. That would be contrary to the ideal of originality, and independent thought and judgment. More exactly, the world would much poorer if everyone were alike in their manners or tastes. But the differences should not be of such a kind as to generate dislike, separation or conflict. That makes me like individual culture, but not group culture. I really do not like to see sharp boundaries. It is not too harmful if you listen to Indian ragas and I listen to German string quartets. Trouble begins when you are offended by my daughter dressing in a short skirt, or if I were to disapprove of the wearing of turbans. It is intrinsic to higher education nowadays that it implies and encourages tolerance. Anything may be said, and considered, and anyone may dispute it. Of course there will be contradictions, when contrary opinions cannot both be right; but what is true will not be determined by any authority: the truth must, in due course, stand clear in itself. This is a principle to live by.

Remarkably, many values are held in common by thinking people all over the world. The Declaration of Human Rights demonstrates it. Almost every country prohibits slavery and polygamy. On some major issues, for example capital punishment, there is still stark disagreement; but it is not a dispute between nations. We can see some aspects of culture, probably the most important ones, becoming global. I see no reason to regret it. It all goes to weakening the social boundaries between groups and nations. And such a weakening also follows from what is implicit, and never made explicit, in the principles of independence, tolerance and freedom that are the basis for modern higher education: I mean a principle that people, certainly people old enough to be at college, can and should decide for themselves. In particular, they have no



obligation whatsoever to adopt features of the culture of their parents or tribe. This is subversive.

Graduates, you are privileged. You have received a higher education. Make good use of it, and enjoy it.