Education – The Primary Component of Wealth

What is the issue?

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- A World Bank study titled “The Changing Wealth of Nations 2018” has asserted that national wealth calculations need a comprehensive review.
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- It stresses that educational attainments is the most significant component, as opposed to mere financial wealth.
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What does the study say?

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- Investment in education is well recognised as the major or primary investment for most families in the world – one that also ensures sustained returns.
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- Acquisition of education is indeed acquisition of wealth, but despite education’s criticality, it isn’t prominently discussed in wealth discussions.
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- While there has been considerable research on the prevalent monetary inequality, even data on educational attainment across nations is scarce.
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- **The Study -** The World Bank’s recent study based their estimates on household survey data from 143 countries, over the past 2 decades.
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- Additionally, the study has estimated the share of education in the total wealth at about 64% - which makes it the primary determiner of richness.
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- Significantly, this will almost completely contradict the conventional notion of wealth as a “value of financial plus non-financial assets minus their liabilities”.
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- This might hence make the notion of “Rice - getting – richer” and “poor –

getting – Poorer” less sellable.
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- **New Dimension -** Education as an important wealth has been known for centuries, and there has been extensive documentation on the same.
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- But WB’s study suggests that education is the “greatest wealth of all” by assigning it a massive 64% share in the total net – which is unprecedented.
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- Hence, the study is indeed path-breaking and further debates and discussions are needed to refine the context better.
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Source: Indian Express

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