

*Human Capital, Education and the Promotion of
Social Cohesion – A Philosophical Critic*

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Introduction:

Since the 1960s, the economics of education has been constantly developing. We have, indeed, come a long way since in 1964 Gary Becker concluded his introduction to the first edition of *Human Capital* by urging people to recognize that: 'the economic effects [of education] are important and have been relatively neglected at least until recently'. The first step in the advent of the economics of education took place in the 1960s and 1970s. Following a number of benchmark studies by Schultz, Denison, Balug, Mincer and Becker himself human capital theory was established and rapidly gained prominence (Sweetland 1996). Then the second step in the advent occurred in the 1980s. In this period works by Romer, Lucas and others have highlighted the contribution of education to economic growth on a societal level (Gradstein et al., 2005, 29). In our days, the development of innovative methods of analysis, the improvement in the quality and scope of available data and the opening of new paths of investigation have jointly caused an explosion in the literature dealing with the field (Hanushek and Welch 2006, XIX). Moreover, reacting to a globalize economy that emphasizes economic growth, governments and other policy making bodies currently place a major importance, sometimes even an overriding one, on the economic aims of education and especially on the development of human capital (Bell and Stevenson 2006).

The economics of education, nevertheless, has very much remained the domain of professional economists and discussions of its philosophical aspects are rare. It sometimes seems as if both educational philosophers and economists of education are reluctant, each group for its own reasons, to consider the philosophical underpinnings of the field. On the one hand, philosophers of education, as argued quite recently by Winch (2002), tend to view economic aims as less legitimate than other educational aims and therefore seldom dwell on them. Educational economists, on the other hand, naturally prefer to limit their investigations to their field of expertise. They normally leave philosophical debates to those who specialize in the philosophy of economics, like Sen, Hirshman and Hieshleifer. These thinkers, however, are not particularly concerned with the specificities of economics' relationship to education. As a result,

important philosophical questions stemming from the incorporation of economic modes of thought into educational settings are not being sufficiently discussed.

In this article I explore one of these questions. I critically examine how human capital theory stands in relation to the role assigned to education in promoting social cohesion. My main argument in this article is that under existing conditions there is a deep theoretical incompatibility between the philosophical foundations of human capital theory and the ways in which education seeks to promote social cohesion. I maintain that, because of this incompatibility, before accepting human capital theory as a guide to educational policy making we either need to restructure its theoretical basis or rethink the way in which education seeks to promote social cohesion.

The article proceeds as follows. I begin by examining the philosophical foundations of human capital theory. I show that human capital theory is grounded in a conception that people are rational maximizers of their economic benefits. I then turn to analyze the understanding of social cohesion that tacitly underlies human capital theory. This understanding, it should be noted, is grounded in neo-classical economics. In this section I also explain why human capital theory only attributes to education a minor role in promoting social cohesion. I continue by briefly arguing that human capital's standard understating of how social cohesion is created and maintained is unsatisfactory or even fallacious. I, therefore, move to analyze two alternative understandings of the role of education in promoting social cohesion and how they stand in relation to human capital theory. First, I focus on the long-established educational idea that in order to promote social cohesion education must, in some way, teach people to transcend their self regarding tendencies. I maintain that if this approach is adopted then human capital and the promotion of social cohesion cannot be effectively harmonized under existing conditions. In the final section of this article, I argue that if education initiates a change in the aims of wealth maximization human capital and the quest for social cohesion might be combined. Before we start our examination, however, a few words must be said on social cohesion and the way in which it is understood here.

Recent years have seen a revived interest in increasing social cohesion as an educational aim. The widespread conviction that the rapid social, cultural and

economic changes that characterize our age threat to disintegrate society has reignited debates whose genesis dates as far back as Plato's *Republic*. Like Plato, present day policy makers and academics conceive ways to increase social cohesion and assign education an important role in generating it. Moreover, many of the bodies that currently shape educational policies, such as nation-states, the Worldbank, Unesco, the OECD, and the EU view increasing social cohesion as a key educational goal. The rising interest in social cohesion, however, has not resulted in a clearer and more unified definition of what the term actually refers to. On the contrary, the variety of contexts in which the term social cohesion is now used has brought about conceptual confusion (Chan et al. 2005, 273). In the literature, social cohesion has been linked with shared norms and values, with social integration, with institutions that provide collective welfare, with equal distribution of wealth and rights, or with some or all of these together (Green et al. 2006, 5). In contrast to these broad conceptions of social cohesion, this article will embrace a much narrower understanding of the term which is more in concert with the economists understanding of society (Jensen 1998, 10). I will start by equating its promotion with furthering individuals' interest to cooperate and avoid inner-social conflicts.

The Philosophical Foundation of Human Capital Theory:

The birth of human capital theory can be traced to T. W. Schultz's landmark 1960 presidential address which was subsequently published in 1961 as an article titled *Investment in Human Capital* (Blaug 1968, 11). In this article T. W. Schultz (1961) famously argued that skills and knowledge should be regarded as forms of capital. He maintained that acknowledging the existence of this form of capital, which he termed human capital, is essential for explaining the rapid economic growth that characterized Western societies after World War II (Schultz 1961, 16). Further pursuing this line of thought, Schultz held that education should be regarded as an investment that yields economic benefits for societies and individuals. In the years that followed many new studies exploring the link between education and human capital were published, but undoubtedly the most influential of those was Becker's *Human Capital – A Theoretical and Empirical Analysis with Special Reference to Education* dating from 1964. In this book, which set the path for a generation of educational economists, Becker's provides the first general examination of the consequences of investing in human capital. Analyzing, among other things, the rates

of return from formal education and on the job training, Becker showed that from an economic point of view education is a worthwhile investment for individuals.

As a prelude to the discussion of the role of education in promoting social cohesion, I want to explore the conception of individual conduct that underlies human capital theory as developed by Becker. I choose to focus on Becker and his followers because although in recent years the philosophical foundations of economic theory have seen major developments (Lawson 2006, 483), the great majority of human capital theorists still work within Becker's framework. Becker and his followers, it should be noted, heavily rely on neo-classical economic thought which provides a fairly uniformed understanding of human conduct.

Human capital theory, as conceived by Becker and his followers, postulates that in choosing their education people act as rational utility maximizers. In *Human Capital* Becker established his analysis on the assumption that people decide on their education by weighing the benefits, which 'include cultural and other non-monetary gains along with improvement in earnings and occupations' (Becker 1996, 9), and the costs, both monetary and other, of education. Building on this assumption, Becker showed that, on the whole, investing in education was a rational economic decision that yields marked benefits. According to human capital theory, however, rational behaviour is not confined to choosing one's education but dominates all aspects and all dimensions of life. In an important passage, which was added to the second edition of *Human Capital*, Becker (1975, 105) states that his entire theory is grounded in the view that 'all persons are rational'. What he means by being rational is explained a page earlier in his book. There Becker (1975, 104) writes: 'a rational decision is to select a path that maximizes the present value of profit'. Becker's ideas concerning human conduct are not further elaborated or developed in *Human Capital* but to gain a better and more comprehensive understanding of them one needs only to look at Becker's celebrated *The Economic Approach to Human Behavior* published 1976. Analyzing law and politics, marriage, fertility, social interaction, education and a few other settings, Becker (1976, 14) argues there that human behaviour can best be understood if we see it 'as involving participants who [always] maximize their utility from a stable set of preferences and accumulate an optimal amount of information'. According to Becker (1976, 7) when trying to understand all forms of human

behaviour we should assume that people aim to maximize their personal utility; even when they are not 'necessarily conscious of their effort to maximize'.¹

The reliance of Becker and human capital theory on the view that people are rational utility maximizers, it is important to note, has a strong theoretical basis. In his renowned essay *The Methodology of Positive Economics* Milton Friedman (1953) eloquently explained why neo-classical economists adopt this view. According to Friedman (1953, 21), neo-classical economists view people as rational utility maximizers because it is the best available approximation to actual behaviour they have and because it enables them to provide the most accurate economic predictions. Maintaining that the ultimate aim of economics is to provide 'valid and meaningful predictions about phenomena not yet observed' (Friedman 1953, 7), Friedman dismissed as irrelevant the argument that economics should abandon the view that people are rational utility maximizers because it is not descriptively realistic. Friedman (1953, 22) concluded that until a better approximation of behaviour that yields more accurate predictions is found, as far as economics is concerned, there is no escape from viewing people as rational utility maximizers. Walking in a path set by neo-classical economics then human capital has good reasons to view people as rational utility maximizers. But what exactly is this utility that people attempt to maximize?

In its broadest sense, utility is defined as anything that furthers an individual's subjective well-being. An altruist can be seen as furthering his utility by helping abandoned children, while a masochist by pricking his arm with a needle. The difficulty with adopting such an open ended utility function is that it does not enable one to make predictions (McKenzie 1983, 15). For example, in our case, if it is not known what contributes to one's well-being then nothing can be said about how getting a college education will affect his utility. If an individual is only interested in driving a bus for his living, it is likely that a college education will diminish utility because it will lead to a waste of valuable years. If on the other hand, an individual is mainly interested in improving her income and following her college education she becomes a lawyer, then it is likely that the college education received will further her utility. To be able to make predictions then, which is for Friedman, Becker and other economists the essence of economics, human capital theory must specify the

component of the individual utility function as indeed it does. True to its economic origins, human capital theory, with very few exceptions, focuses on material and economic benefits and places them as an objective good to be sought.

Human capital theory as established by Becker, to conclude, views people as rational maximizers whose primary aim is to maximize their own wealth. This, of course, is not to say that material wealth is the only thing which human capital theory assumes people seek to maximize. Human capital theorists are well aware that when, for example, people invest in education, they expect to maximize their psychic as well as material gains (Becker 1975, 9). The ability, though, of human capital to predict and serve as a guide to educational policy heavily rests on the assumption that people primarily seek to rationally maximize their own material wealth. Although it is far from being clear that this assumption regarding human nature indeed holds, let us, in order not to depart too far from human capital theory and the topic of our investigation, accept it here and continue our analysis as if it was true. But if people are assumed to act this way, then the question of what leads people to cooperate and avoid inner social strife immediately emerges.

Human Capital and Social Cohesion

As expected, in *Human Capital* Becker does not deal with the role that education should play in sustaining and developing social cohesion. There is, of course, a limit to what can be done within the scope of a single book. Yet other human capital theorists also choose not to tackle this question. Many possible explanations for this can be found. For example, it can be attributed to a natural unwillingness among human capital theorists to deal with issues that are now considered fundamentally sociological or educational. I argue, however, that it also can be linked, at least partly, with a latent conception of social cohesion that underlies human capital theory; a conception which is derived from neo-classical economics. This conception sidelines questions of how social cohesion should be created and leaves to education only a minor role in promoting it. Let us now turn to examine why this is so.

The easiest way to understand the conception of social cohesion that underlies neo-classical economics is to return to the time when it was first shaped, namely to Adam Smith and his monumental *Wealth of Nations* first published in 1776. According to

Adam Smith, the founder of modern economics, it was the division of labour which was the source of society's wealth and the basis of its cohesion. Firstly, he maintained that the division of labour improved productivity and thereby generated wealth. Secondly, he asserted that the division of labour made the members of society economically dependent upon each other (Smith, 1930). No longer self-sufficient, they had to exchange, interact and cooperate in order to further their own economic interests. Smith believed that these vital economic interactions and cooperation between self-regarding individuals served not only as the foundation of an economic order but also as the basis of social cohesion. For him, social cooperation was based on mutual benefit.

Although after Smith, and especially following the development of marginal utility theory in 1870s, the focus of economic thought has moved from questions of social order to those related to the inherent order of markets, Smith's basic idea that cooperation arises naturally between individuals who seek to maximize their personal economic benefits remained the corner stone of economic theory (Slater and Tonkiss 2001, 45). In neo-classical economics much emphasis has been placed on the unregulated market as a device for promoting cooperation and interaction. Furthermore, from around the middle of the twentieth century, influential economists and thinkers, including Hayek, Friedman, Buchanan and Becker revived the idea that the free pursuit of personal economic interest could provide the foundation for social order and social cohesion. Becker (1976, 5), for example, states that 'Prices and other market instruments all allocate the scarce resources within a society and thereby constrain the desires of participants and coordinate their actions. In the economic approach, these market instruments perform most, if not all, of the functions assigned to "structure" in sociological theories'.

Neo-classical economics, we have just seen, has inherited and developed Adam Smith's view that social cohesion can be based on mutual benefit, but to get a complete picture of the neo-classical understanding of social cohesion it is also necessary to introduce another idea of Smith's which found its way into neo-classical theory. In his *Wealth of Nations* (1930) Smith famously argued that under the conditions of the division of labour, the economic pursuit of personal economic benefits will lead to the maximization of wealth in society. He believed that through a

spontaneously established mechanism that he termed the invisible hand, the private economic interests of individuals will merge with the public one and that this would lead to the best possible economic results (Smith 1930). This idea of Smith's now finds its contemporary expression in the neo-classical notion of market optimum. Similarly to Smith, neo-classical economists commonly, but not unanimously, hold that, with necessary market corrections and under adequate market conditions, individuals' tendency to rationally maximize their personal welfare would lead towards an economic optimum; namely towards a state which no one can be made better off without others being made worse off (Zafirovski 2003 ,251). This neo-classical idea, inherited from Smith, has far-reaching implications. It adds a normative dimension to the view that people act as rational utility maximizers. Acting as rational utility maximizers becomes not just a positive description of how people actually act but also of how they should act in order to reach an economic optimum. According to neo-classical theory, it follows, individuals' tendency to act as rational maximizers of their welfare not only provides the basis for social cohesion but can also pave the way for constituting the most profitable economic conditions.

The neo-classical conception of social cohesion and consequently that latent in human capital theory, it emerges, heavily relies on three key assumptions. The first is that the existence or recognition of mutual benefit is sufficient to ensure cooperation. The second assumption is that there is a natural identity of interests. It is assumed that cooperation will occur spontaneously between rational utility maximizers who seek to further their own welfare because it serves all parties. The third is that under ideal conditions individuals' rational pursuit of their welfare would tend towards the establishment of an economic optimum. If indeed these assumptions are valid then there is very little that education has or can do in order to promote social cohesion. Education does not need to perfect people or change their nature because it is held that the way the individuals should act, namely as a rational utility maximizers, is identical to the way they naturally act. In addition, since the natural identity of interests is assumed, education is not seen as having to modify, direct or reconstruct people's interests. All education has to do in order to promote social cohesion is to provide people with the skills and knowledge required for effective participation in the market.

The above is, of course, a caricatured depiction of the neo-classical position regarding education which takes the neo-classical modes of reasoning to their logical conclusion. In practice, neo-classical thinkers and human capital theorists do not hold such an extreme view. Friedman (1962, 86), for example, argues that education must instil common values that stabilize the political system which best support and facilitates economic cooperation. Revealing the philosophical foundation of the neo-classical conception of social cohesion, nevertheless, provides an insight into why human capital theorists, especially in previous decades, focused on the development of cognitive skills and sidelined the moral and social aspects of education which were traditionally seen as the foundations of social cohesion.

Under the neo-classical conception of social cohesion, there is no tension between the philosophical foundations of human capital theory and the will to create social cohesion. The problem, nevertheless, is that there are good reasons to reject the neo-classical conception of social cohesion as unfounded. Sociologists, philosophers, historians and other theorists have long criticized the view that there is a natural identity of interest and the idea that the recognition of mutual benefit is sufficient to ensure social cohesion. It would be impossible to review and assess these critiques here, but the example of Durkheim's criticisms will be, I hope, sufficiently telling. In a renowned attack on the economic conception of social cohesion, Durkheim forcibly argued that a stable identity of interests could not be sustained without constant external intervention. Durkheim (1933, 203) wrote: 'if interest relates men, it is never for more than some few moments... when the business [of exchange] has been completed, each one retires and is left entirely on his own... [the] total harmony of interests conceals a latent or deferred conflict... For when interest is the only ruling force each individual finds himself in a state of war with every other since nothing comes to mollify the egos, and any truce in this eternal antagonism would not be of long duration'. Moreover, according to Durkheim (1933, 228), the initial formation of the social mechanisms that foster economic cooperation based on mutual benefit, such as the market, can only have occurred since individuals at some stage were committed to more than their self-interest. To cooperate, Durkheim proclaimed, people must have a shared understanding of the rules that regulate cooperation.

Further developed by thinkers such as Parsons (1939) and Etzioni (1988) the criticism of the neo-classical conception of social cohesion has discredited it outside economic circles and is also gradually discrediting it within them. If, indeed, the assumptions that underlie the neo-classical conception of social cohesion are rejected as invalid and social cohesion does not arise spontaneously then a way must be found to actively generate it. Education, it follows, might have a much greater role to play in fostering social cohesion than that attributed to it by neo-classical economic theory.

Beyond Personal Interests:

Durkheim did not only criticize the neo-classical conception of how social cohesion is created and maintained, he also suggested his own influential understanding of social cohesion and its origins. Persuaded that in itself mutual economic benefit is an insufficient basis for keeping society together, Durkheim (1961) argued that a set of common values and an adherence to collective goals are essential for sustaining and increasing social cohesion. In order to further social cohesion, he maintained, education must bring people to transcend their self-regarding interests (Durkheim, 1961). He suggested that this should be done by providing them with a rigorous moral education which would develop in them a strong commitment to society and its values. In one form or the other, Durkheim's basic idea that social cohesion demands that people replace their desire to maximize their personal benefits by a commitment to some greater good has dominated educational theory ever since Plato. Grounded in the notion of collective interests and values, and free from the neo-classical dependence on mutual benefit and the identity of interests, this traditional conception of social cohesion, represented here by Durkheim, seems to provide a firmer basis for social cooperation.

Nevertheless, as far as we are concerned, Durkheim's conception of social cohesion, or any other approach that tries to achieve social cohesion by making people transcend their will to maximize their own wealth, has an obvious downside – it cannot be possibly combined with human capital theory as it currently stands. This is so since it conflicts with its philosophical foundations as established by Becker and his followers. Firstly, if indeed the neo-classical argument that the rational maximization of welfare by individuals is essential for achieving or approaching an economic optimum is true, then by preventing this maximization education risks

hindering economic performance. In this case, social cohesion might be attained at the price of economic improvement. Secondly, most human capital theorists are likely to reject the claim that education has the power and means to successfully discourage people from aiming to maximize their economic benefits. For them individuals' attempt to maximize their economic benefits is indelible, especially under present social and economic conditions in which the pursuit of wealth is almost sanctified. Finally, and most importantly, if education does succeed in bringing people to relinquish the pursuit to maximize their material welfare for the sake of some greater good, then human capital theory will lose its validity. Suppose, for instance, that education makes people more concerned with performing meaningful voluntary work than with maximizing their wealth. Under these conditions, the relationship between education and wealth creation will dramatically change; the positive correlation between investment in education and wealth creation is likely to be dissolved as more and more people spend time and resources on their education without expecting personal economic returns. For example, people might spend years in medical schools just in order to be able to volunteer in Africa. Unless people act as rational maximizers of their own wealth, human capital theory, as it stands today, will be able to tell us very little about how investment in education influences individual wealth or economic growth. The ability of human capital to serve as a guide to educational policy making, it follows, rests on the acceptance of the idea that people act as maximizers of their own wealth.

The above observations lead us to critically examine an amended version of the traditional approach which tries to bypass the former weaknesses. According to this amended version, while in the social and political spheres, education should teach people to see beyond their narrow personal benefits and should guide them to serve the collective good or the good of others, in the economic sphere, education should, in contrast, permit and even encourage people to act as rational maximizers of their own wealth. In many ways, it is this approach which prevails in Western educational systems today (White 1990). On the one hand, these systems develop self-centeredness and economic competitiveness by pushing people to excel in their exams, to get the best higher education available and eventually the highest paying job. Yet on the other hand, Western educational systems demand that, under various circumstances, people act in a disinterested way and place the good of others before

their own. They teach that we should love and serve our country, obey the laws, pay taxes, help our community and respect those different from us even when doing so is not in our interest or even contradicts it. It is easy to see why this amended version of the traditional educational approach for promoting social cohesion provides an attractive solution to the problem discussed in this article. It seems to combine the advantages of the traditional and neo-classical approaches; it is consistent with the conception of individual behaviour on which human capital theory is based; it does not rely on the identity of interest; it does not risk hampering economic performance; it still provides mutual benefit an important role in creating social cohesion but does not rely on it alone and it is compatible with existing social, economic and political arrangements. There is, therefore, no wonder that this approach is extremely popular.

Nonetheless, as attractive as it may seem, the amended version of the traditional approach has its own inherent problems. Firstly, it seems to be built on a distinction that might have an analytical basis but not a factual one. In practice it is impossible to separate the economic sphere from the social one (Hollis 1987, 194). In our lives we make countless decisions which have both profound social and economic significance. Choosing where to go to school, what profession to practice, and where to live are just three examples of these. Moreover, as noted by Hollis (1987, 194) even impersonal market relations are ultimately social relations and cannot be disconnected from their cultural, political and social dimensions. This blurring of the boundaries means that it becomes unclear when and where people's actions should be ruled by economic considerations and when and where by social and moral ones. Education can, of course, teach people to give an overriding priority either to the social or the economic sphere, yet the former will bring us back to the traditional approach and the latter to a need to re-embrace the neo-classical conception of social cohesion. Alternatively, education can also try to define and then distinguish between what falls within the economic sphere and what falls within the social sphere, but considering the diversity and complexity of the possibilities involved it appears impossible to do so or even to provide individuals with effective principles of how this should be done.

Secondly, even supposing that we do somehow devise a method for classifying what is to be considered economic and what is to be considered social, an education based on the amended version of the traditional approach, as observed by White (1990, 68),

still relies on the 'existence of two kinds of motivations, each pulling one in opposite directions'. This, as White (1990, 68) notes, does not cause difficulties as long as there is no conflict between the two. But the trouble is that we live in a world in which these conflicts are inevitable and frequent. We are all continuously forced to choose between furthering our economic benefits and fulfilling our social, political and moral obligations. Under these conditions the existence of conflicting motivations will result in constant tensions. Conceptualized as a struggle between self-oriented economic ambitions and other-oriented social obligations, this tension, it is safe to assume, will have a negative effect on social cohesion (White 1990, 69). The motivation to act socially will naturally tend to be unstable, because if we assume, like human capital theory, that individuals are primarily moved by a will to maximize their own economic benefits, then the motivation to act socially would inevitably have to be mainly externally imposed. Moreover, to be torn between two conflicting motivations is bound to take its psychic toll. The incompatibility between the pattern of behaviour assumed by human capital theory and the one required by the conception of social cohesion presented in this section, it follows, cannot be resolved. To conclude, adopting the approaches discussed in this section places the development of human capital and increasing social cohesion as competing rather than joint aims.

Can human capital and social cohesion be combined?

The main reason, I believe, for which the approaches discussed so far fail to resolve the tension between human capital and the promotion of social cohesion is that they do not attempt to tackle the divisive consequences of individuals' pursuit to maximize their welfare. Because of its confidence in the natural identity of interests and the power attributed to mutual benefit, neo-classical economic theory simply does not recognize the existence of such divisive consequences. The approaches examined in the previous section, on the other hand, emphasize these consequences but view them as unavoidable. These approaches either try to elude them by preventing people from acting as rational utility maximizers of their wealth, or they accept these divisive consequences as a necessary evil and assume dual motivations. If, however, education can provide a way to avoid or even reduce these divisive consequences then the principal source of discrepancy between human capital and the promotion of social cohesion can be surmounted. Yet, to find such a way we first need to know from where these consequences stem.

The existence or inexistence of these consequences, I suggest, depend to a great extent, but of course not solely, on the ultimate aims of wealth maximization. The following example will help to clarify this point. Let us consider two cases. In the first case a woman maximizes her wealth in order to help build a new hospital for the poor in her town. In the second case a man maximizes his wealth in order to import a new flashy car for him to drive around in. Now, it is clear that while in the first case social cohesion is likely to be promoted by a successful maximization of wealth, in the second it is not. The reason for this does necessarily lie in the fact that the woman acts as an altruist and the man as an egoist. It can be assumed that they both act out of pure vanity and egotistical motives, with the woman contributing just in order to get public admiration and the man buying his car for the same reasons. Nevertheless, the woman's maximization of wealth is still likely to contribute more to sustaining social cohesion. The reason for this is that while in the woman's case the personal and public interests coincide and the aim of maximization supports social cohesion, in the man's case the private and public interests remain separated and the ends of maximization do not help sustain cohesion. The more then the aims of maximization serve a common good, regardless of the motivation behind them, the less these divisive consequences are likely to occur.

Education, it follows, can greatly reduce the divisive consequences of wealth maximization by helping to place activities that serve the common good as the latter's end. To do so, education does not need, as suggested by the approaches examined in the previous section, to teach individuals to transcend their personal interest. It would suffice for education to link the private and public good in such a way that in their search for the former people will serve the latter. If people believed that furthering their own good requires, firstly, the maximization of their own wealth and, secondly, its allocation, among other things, toward ends that serve the common good then the tensions between human capital and social cohesion could be resolved. For example, by teaching people to value more the satisfaction that is gained from financially supporting important social causes like fighting cancer, and by teaching them to give greater respect and admiration to people who contribute to socially important causes, education can greatly increase the will to act in a way that reinforces social cohesion. By forcibly joining the public and private good through education, solutions of this

kind avoid the need to rely on mutual benefit and the spontaneous identification of interests.

In our society, however, the identification of the private good with the public good cannot be easily attained. Perhaps the main obstacle for achieving it is that the private consumption of material goods is placed as the ultimate aim of wealth maximization (Jordan 1989, 126). Conceived in our society as an individualistic act that is detached from the concern for others, private consumption reinforces the separation of the public and private good (Jordan 1989, 126). To be able to join the public and private good, it follows, education must start by dethroning private consumption and adding to it new normative aims for wealth maximization; aims which better support the promotion of the public good and consequently of social cohesion. This, it is obvious, cannot be easily done and it is doubtful whether under present conditions it can be done at all. Unless it is done, however, it is hard to see how human capital and the promotion of social cohesion can be effectively harmonized. Perhaps we should simply accept that they cannot and seek other ways to go forward.

Conclusions

This article has pointed to the difficulty of accommodating human capital theory with the quest to promote social cohesion. This difficulty, I suggest, highlights the risks involved in separating the economic dimensions of education from the social ones. We can find ourselves, and we often do, unconsciously following policies that conflict or that are even mutually exclusive. In the case of human capital, the more we find that people do indeed behave as the theory expects, the more we are likely to find that our attempts to enhance social cohesion have failed. To conclude, the success of measures that augment human capital might indicate that social cohesion is gradually dissolving.

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ⁱ In basing human capital theory on the neo-classical assumption that people are rational utility maximizers, Becker and with him most economists of education, it should be noted, adopt a stance that is highly contentious and that has been severely criticized in recent years. Various studies by Kahneman and Tversky (1979, 1981, 1982), Kahneman (1994), Thaler et al. (1997) and others have strongly suggested that in practice people do not act rationally. They found that actual behavior deviates regularly and systematically from the behavior expected from rational utility maximizers. In addition, a number of prominent economists, including Sen (1977, 1987), argue that the economic view of man as self-interested utility maximizers is too narrow, and that economic theory must come to terms with and accommodate for the fact that not all behaviors are self-regarding. These criticisms and similar ones raise interesting educational questions concerning the relationship between education and economics. For example, if people do not naturally act as rational utility maximizers should education try to make them into ones for the sake of the efficient development of human capital? And if yes then how?