INCOME INEQUALITY CONTROVERSIES ON THE DEVELOPMENT OF EDUCATION IN KENYA

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Abstract

Income differentials are a phenomenon that is manifest among individuals, regions and nations. The magnitude of the inequality has diverse effects on education which is itself a key determinant of individual as well as group income. Income inequality is reflected in the unequal access to different levels of education and to schools of different quality of education. This results in unequal consumption of education. These factors heighten the already existing inequality since the distribution of earnings is to a large extend determined by the level and distribution of schooling across population. The effect of income inequality on education dispersion and the average attainment in the population depresses economic growth and affects investment in education by individuals as well as states. Differential investment in education means unequal access to new knowledge and skills which are the driving force in this century. Already, the knowledge revolution has brought the threat of widening the gap between developed and developing countries with disparities in knowledge and information reinforcing disparities in capital and other resources.

This paper examines the controversies causes of income inequality and the resultant effect on the development of education. The study is a desk review which nevertheless extensively explores existing literature on income inequalities and education dispersion. It narrows this down to the situation in Kenya by focussing on current reactions to income inequality in general and the effect on education. The paper also provides the conclusion and the way forward through the recommendation.

Key words: *income, inequality, development, poverty.*

Introduction

Many Third World Countries which experienced relatively high rates of economic growth in the 1960's began to realize that such growth brought with it little benefits to the poor as their levels of living seemed to stagnate. Income inequality between the rich and the poor worsened as the economic growth that was achieved failed to reduce or eliminate widespread poverty among the poor. Clearly then, the economy of a country can improve but all this wealth ends up in the hands of a few individuals while the rest of the population languishes in abject poverty. Kenya recorded an economic growth of 5.8 percent in 2006 while the poverty level rose to 57 percent according to the Human Development Index. The growth is for the upper and middle classes who form only 10 percent of the Kenyan population. (The Standard, Jan 6th, 2007).

A recent study carried out by the United Nations Development Programme revealed shocking disparities between Kenya's poorest and richest regions (Musau, 2007). The UNDP report states that one in every two Kenyans lives below poverty line while the number of those living in abject poverty has increased marginally in all provinces. Paradoxically, the report says that 10 percent richest households in Kenya control more than 42 percent of incomes while the poorest 10 percent control only 0.76 percent of the income. This is clear evidence that there's income inequality in capitalist states.

Earlier studies carried out in developing countries indicated that 80 percent of income went to 20 percent of the population while the remaining 80 percent of the population shared the remaining 20 percent of the income (Todaro, 1977).The global scene shows great disparities in wealth distribution. It has been reported that, developing countries have 79% of the population and 20% of the wealth while developed countries have 21% of the population and 80% of the wealth. In addition 10-15% of those who live developed countries are poor compared to 90% poor in developing nations.

Causes of income inequalities

The level of education has a bearing on income inequalities. Formal Education has a precise effect on income distribution because it increases income inequalities. Levels of earned income are dependent on years of schooling (Todaro, 1977). The human capital model of income distribution stemming from the work of Shultz, Becker and Mincer implies that, the distribution of earnings is determined by level and distribution of schooling across the population. The model predicts an unambiguous positive association between education inequality measured by the variance of schooling and income inequality (Gregorio and Lee, 1999).

According Psacharopoulos and Woodhall (1985), private rates of return are higher for university education than Primary and Secondary education. In the Third World Countries, students drop out at different levels of education cycle. In addition, very few access higher education and this creates income inequalities. Income gaps that are attributed to educational level remain significant with substantial difference among countries. Anywhere in the world, higher wages are paid to workers who are more skilled or occupy management and administrative positions than those having little manual production jobs. The most substantial difference is from educational levels and how market remunerates different levels of education.

The family or economic background leads to income inequalities. Individuals or families with low income spend very high proportions of their incomes on basic necessities like food, simple shelters and clothing and have little left to spend on education. On the contrary, the rich spend a low proportion of their income on such basic needs and a relatively high proportion on luxury goods. They recognize the importance of education as a basic need and prioritise their investment. Their children access high levels of education which eventually leads to economic dominance. When education is free to all regardless of their income – level, even the rich who could afford to pay all its costs get it for nothing just like the poor (Ayot and Briggs, 1992). However, such equality in the provision of educational opportunities can have little or no meaning when financial assets and income generating opportunities are highly and unequally distributed. The real determinant of income inequality is the very unequal distribution of productive assets such as land and capital which is a common phenomenon in Third World Countries.

Furthermore, the rich are well connected socially and politically and their children even with weak grades can be placed or have progression and employment opportunities while the poor, even if they acquire good certificates, may not secure lucrative jobs. Large income inequalities are thus reinforced and magnitudes of poverty perpetuated if students from the middle and upper income brackets are represented disproportionately in Secondary and University enrolments (Todaro, 1977). Students from poor families lack parental stimulation while those from rich families do not only have economic superiority over them but they also have motivating environments back home. They're cushioned in all ways and this enhances their completion of schooling as the poor succumb to wastage rate data. The resultant effect is income inequality since the poor are condemned to manual jobs whose remuneration is poor. Indeed, throughout the world, the rich are disproportionately represented at the top levels of education and in many Third World Countries at all levels (Ayot & Briggs, 1992).

Globalization and productivity have caused real income to rise much faster for those at the top of the income distribution than it has for poor or middle class (Chris, 2006).

Globalization focuses on the freer flows of primarily goods, services and capital. There is a highly mobile workforce that also allows labour to flow freely and this favours those with the best education and best overall earning potential. The well educated have been able to relatively easily move to areas with the best jobs and most accommodating social policies creating a global market for their talent while heightening income inequalities, as the less educated who are mostly the poor, are not able to move or are unwilling to move. With increasing globalization and the rapid pace of technological change, knowledge has become a critical determinant of competitiveness. Countries that are able to seize the opportunities created by innovations in science, communication and computing Technologies are able to "leapfrog" out-dated technologies in power generation, food production, health services e.t.c. This knowledge revolution has widened the gap between the rich and poor nations with disparities in access to knowledge and information reinforcing other disparities.

Technological change in the 20th century has been increasingly biased in favour of skilled workers and appears to be the largest force driving the skilled/ unskilled wage differential and thus accelerating income inequality at personal level. The new technology allows wealth producing activities to be undertaken in ever quicker and cheaper ways and the benefits of these accrue to a privileged few making them wealthier and thus widening the gap between the rich and the poor. This digital divide compounds the existing inequalities between people within and between countries (World Bank, 2003). At the international level, the exponential rise of communication technology has exacerbated the divide between low and high income countries. The history of industrialized countries shows how science and technology make intense contribution to development. This has created the objectively negative and harmful imbalance between the plenty enjoyed by a few and the penury suffered by others.

Age differences are another factor that leads to income inequalities. Income gaps between educated and uneducated workers in first time employment tends to increase with age. For example, a 25 year old worker who has a university education earns four times more than a worker with only a primary education and four times more than an illiterate worker. The gaps then widen with experience that comes with age. This is a delayed form of influence of education on income. In the long run, older generations of working age earn more than the younger ones and the gaps widen in direct proportion with education at all levels. Income differences resulting from education tend to multiply with experience (age) but the rate at which income increases with years of experience for the uneducated worker is nil.

If the education quality is skewed against children from low income sectors of the population, there will be inequality. Insufficient quality education yields lower returns during an individual's working life as poor educational quality severely affects the income generation potential of persons from the lower income brackets. Performance among public school students from low income families or rural schools is far below achievement. Private education on the other hand is only a feasible option for the fraction of the population that can afford it. This leads to enormous income gaps in the long run.

The innate ability of an individual propels him/her to higher academic levels despite the environment under which he schools, such an individual will have better earnings and this leads to income inequalities. To sum up, the persistence of income inequality

has also been attributed to other factors such as cyclical unemployment (Chiswick and Mincer 1972); job competition (Thurow 1975); and even pure chance (Jencks 1972).

Effects of income inequalities on the development of education.

According to Chiswick (1971), a study based on data from nine countries suggests that earning inequalities increase with educational inequality. A higher level of schooling reduces income inequality while inequality of educational attainment increases it. Education is a powerful determinant of individual and group income differences. Income inequalities shape the trend of education in a number of ways:

i) Income inequalities lead to stratification in the provision of education as society is divided into the "haves and have nots" This happens when the upper and middle strata of the population which constitute a very small percentage dictate the pattern of provision of educational opportunities. This is illustrated by the Kenyan situation of many private schools especially at the primary school cycle some of which have as few as 15 pupils per class and this guarantee for individual attention from the teacher (The standard, March 1, 2007). A part from small classes, facilities are in plenty e.g. well stocked libraries, class textbook and computers. On the other hand, pupils in public primary schools face numerous problems e.g. overcrowded classrooms, insufficient textbooks, desks, Leaking roofs or none at all and lack of meals (Wambugu, 2007).

Therefore as much as F.P.E was introduced in 2003, parents in the middle and upper social class take their children to private schools where they believe quality education is offered while the poor masses are left to rely on substandard education offered in public schools. According to Sunday Nation (Ngugi, 2007) private schools have 46 percent of the children while public schools have 54 percent. In the 2006 KCPE results, out of the top 100 schools ranked, only 14 schools were public.

The concentration of physical and financial capital in the hands of small economic and political elites enables them to expand their human capital through acquisition of quality education and thereby control a greater share of the Gross National Product (GNP). The minority therefore become monopolies in the education sector, while the low income households remain at the bottom of the education pyramid.

Human nature seeks to increase the prospects of offspring (usually relative to other people's offspring). Rich parents ensure that their children receive better education than other children and a whole range of strategies are used to ensure that the children of the wealthy remain wealthy. As such it is relatively easier for the children of Alumni to enter Harvard than it is for an equally intelligent child of non-alumni. It becomes increasingly harder for the child of a poor family to become wealthy simply through hard work and makes it easier for the child of rich parents to remain wealth through a lower amount of work. Such informal strategies can create powerful social strata which are the anathema of any country that considers equality of opportunity: as a basic right (Nigaryt, 2006).

ii) Existing income inequalities lead to unequal access to educational opportunities which in turn lead to unequal consumption of education and unequal returns. This becomes a vicious circle since low levels of education mean very low incomes and this is manifested in poor health and living standard among the poor. Although children from low income families might benefit from FPE, the Secondary School fees becomes a hindrance to further advancement, bursaries and CDF which should enable them access secondary education are disbursed late and some of the poor families may have no idea how to get the financial assistance. The few who perform well at primary level lose the opportunity to join good secondary schools. The problem of accessing secondary education is compounded by the dismal performance at K.C.P.E. The children from public schools most of whom are from low income families fail to score high marks that guarantee them places in national and provincial schools.

There is also the problem of access to higher education. Upon excelling at the Primary school level, pupils from endowed schools join the best secondary schools, where the favourable learning environment enables many to qualify for university

(Oduk, 2007). Most students who gain admission to universities are from high income families. The raising of cut-off points every year by the university 'Joint Admissions Board (JAB) has marginalized the poor even further as more and more students are left out because of limited places. The poor then drop out because they can't join the parallel degree programmes or private universities (Muema, 2007)

iii) As many low income countries take bold measures to broaden access to schooling through abolishing tuition fees in primary schools, the poor quality of education is emerging as a foremost obstacle to progress. High levels of access do not translate into high quality of education. In many developing countries, less than 75 percent of pupils reach grade 5 reflecting issues of household poverty and poor quality of education. Pupils from low income families are the hardest hit by poor quality education as they are subjected to overcrowding in the classrooms, poor trained teachers and lack of sufficient text books and sanitation facilities.

In Kenya, apart from overcrowding in the classrooms, many of the public schools have also lost good teachers to private schools. This obviously means that pupils from private school, who are from well-to-do families, will have an advantage over those from public schools. In some public schools teachers' to pupils' ratio are 1:80 and this has compromised the quality of education (Ngugi, 2007).

National and international assessments provide one yardstick which is a valuable measure of how well the curriculum has been implemented. Results of more than two thirds of children in third world countries show that they have limited reading skills. The majority of those affected are from the low income families. In these countries, e.g. in Kenya, the 2006 K.C.P.E results indicate that of top hundred schools, only fourteen were public while of the top seventeen students who shared top ten position, only two were from public schools. This shows that a sole focus on access to education will not deliver education for all (EFA). Although several international treaties and United Nations (UN) declarations and the 1948 UNIVERSAL declaration of human rights have been signed, most of them have remained silent on the quality of education in the face of widening income gaps.

iv) Students from low income families face the perennial problem of school fees which affects their retention and completion rates. They are constantly sent home due to unpaid fees and may be away from school for several weeks and some drop out of school altogether. In many less developed countries education systems are inherently egalitarian, this means the poor hardly reach the highest level of education cycle. Since expected benefits are lower for the poor students and the opportunity cost for poor families is high, this affects their retention and completion rates. This technical academic knockout based on family income leads to concentration of income in succeeding generation within the same population groups which receive proportionately high incomes in the percent generations.

The introduction of FPE though aimed at increasing participation and completion rates of low income families; has not been realised as poor households are discouraged by the private costs of education. Studies also indicate that poor household have less chances of completing any given cycle of education because of high opportunity cost.

v) Income inequality is significantly and negatively related to education dispersion and the average educational attainment in the population. Inequality depresses economic growth and affects universal uniform investments in education by countries as well as individuals. Without economic growth then, there's no creation of employment opportunities that can raise the incomes of the poor and alleviate poverty. Lack of investment in education also means lack of increase in the stock of human capital within the middle and low income groups. Such unequal distribution of educational opportunities disadvantages low income groups. As such, income inequality can be circumscribed by the actions of the state in the provision and distribution of schools.

Generally when educational levels are low, characteristics of less developed countries, there is a low degree of education dispersion as very few people acquire education. The resultant effect is that there are few educational differences between generations and within each generation all individuals tend to have same educational levels. Even if the economy grew, educational progress won't be uniform as educational levels rise only in counted groups.

vi) Income inequality leads to gender inequality in the acquisition of education. When poor families conclude that they can only afford to educate some of their children, they tend to favour sons over daughters. This is because of the belief that it is important to equip the boys for the job-market. (UNESCO, 1998). Girls comprise a large proportion of the out of school population and face special difficulties in gaining access to education. According to UNICEF (1999), girls represent two of every three children in the developing world who do not receive primary education.

Way forward

Educational investment by the poor could help reduce income inequality. However, since the poor can't invest what they don't have, then respective governments should help them accomplish this (Educational Investment) by giving them more subsidies and vouchers. Income levels of the poor can also be raised through progressive taxation of the rich and a reduction of taxes levied on basic need products that consume a lion's share of the Poor's income. This will stimulate an overall increase in the demand of education which will in turn redistribute income.

Government should regulate the distribution of physical and financial resources so that the poor can also gain from income generating opportunities to improve their living standards and appreciate the need to participate in education. Expansion of the lower level of education e.g. Kenya's provision of FPE is likely to compress the dispersion of earning ad reduce income inequalities. If basic education stretches to cover secondary school education, then even the poor who have been unable to remain enrolled in schools due to poor economic backgrounds will now increase their years of schooling and hopefully their pay package.

There should be provision of adequate physical and human resources in schools serving the disadvantaged groups particularly in rural areas in order to enhance the quality of their education, a factor that contributes to income inequalities. Special education centres of excellence should be set up in each district targeting bright students from low economic background and measure put in place to ensure that they are not infiltrated by the rich.

The existence of unequal educational opportunities among different social groups, between urban and rural residents and among regions should be addressed. There is need for organized, rational transfer, equitable redistribution of scientific and technological stockpile which has accumulated at one point of the community of mankind.

Conclusion

The problem of income inequality affects many third world countries. As much as it impacts negatively on the development of education by individuals and states, it is in itself a by-product of education. The educational systems in many of these countries operate to increase income inequality and perpetuate poverty. This is reinforced by the social structures already in place which relegate the poor to the bottom of the pyramid socially, economically, politically and academically. The few who manage to weave their way to the top of the academic pyramid have no impact on the general welfare of the majority poor since their benefits in education are too few to have an effective multiplier effect on the rest. It requires an income change among the majority poor to achieve positive income distribution on income inequality. For as long as the effects of education in third world countries remain regressive, social mobility will be a permanent illusion for the poor. Even free education will not spread to everybody till other hindrances are addressed.

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Appendix

Definitions of Terms

1. **Income**

   This refers to the money received over a certain period especially on payment made for work done or as interest on investment (Oxford Advanced Learners Dictionary).

2. **Inequality**

   Is the difference in size, degree or circumstances especially an unfair difference in wealth and opportunity. The inequality in this respect focuses on income differentials among individuals, regions and even nations.

3. **Development**

   This is the gradual advancement or growth, the process of improving the equality of all human lives which encompasses raising peoples living levels, education and medical services.

4. **Poverty**

   This refers to a situation where individuals or groups lack what is necessary for subsistence. To exist in poverty means that the opportunities and choices most basic to human development have been denied (UNESCO, 2003).

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