

Implementing "Education for All"

Moving from Goals to Action

Andrew Coulson
Senior Fellow in Education,
The Mackinac Center for Public Policy
Email: Editor@schoolchoices.org

Prepared for:

**The 2nd Incontro Internazionale *Milanoliberal*,
Milan, Italy**

A Fondazione Liberal Conference
Saturday, May 17, 2003

Introduction

The 1990 United Nations conference in Jomtien, Thailand set the goal of getting all children in the developing world into school by the year 2000. The results of that effort were recently described as "abject failure" (Paul Bennell, 2002). Chastened by this unfortunate reality, the Organization for Economic Cooperation and Development (OECD) revised the timeline in 1996, stating that "there should be universal primary education (UPE) in all countries by 2015." This new deadline was reasserted at the 2000 World Education Forum in Dakar, Senegal (UNESCO, 2000).

The international community's on-going commitment to improving educational opportunities in the developing world is commendable and much to be encouraged. The way that international development organizations are actually approaching the task, however, is open to question.

Consider the passive voice used in the OECD statement: "there should be... (UPE)." This syntax gives the impression that we are powerless to affect whether or not the goal is achieved. It suggests that we not only lack an explicit plan for accelerating enrollment growth, but that we have no intention of even formulating such a plan, let alone of implementing it.

This focus on goals rather than actions seems to pervade every document in the "Education for All" literature. While the title of the *Dakar Framework for Action* (UNESCO, 2000) enticingly suggests otherwise, it disappoints like all the rest. At best, it provides rough guidelines (which admittedly are often useful) for what a policy should accomplish and how it might be developed, but it does not lay out any particular course of action.

An International Strategy to Put the Dakar Framework for Action on Education for All into Operation (UNESCO, 2002), seems even more promising if judged by its title. In fact, it simply lends further support to the adage that books should not be judged by their covers. Page 11 of that publication categorically states that "it is **not**: ... a blueprint for what countries should do."¹ True to these statements (if not to its title), the *International Strategy* document does not advocate any particular policy. The closest that it comes to doing so is when it offers to "advocate new systems of funds allocation," "define better regulatory frameworks," and "elaborate appropriate systems of accountability," *if* it is requested to do so by a particular country.² No indication is given as to what its recommendations might actually be, if and when it is asked for them.

There are explanations for this hands-off—or hands-cuffed—approach. The likelihood that all 1,100 participants in the Dakar conference could have reached agreement on a specific action plan is effectively nil. It is also anathema to the culture of international development organizations to be seen to be dictating policy. But these are problems to be solved or circumvented, not to be passively accepted as currently seems to be the case.

International organizations like UNESCO, the OECD, and the World Bank have enormous resources with which to conduct education policy research in developing countries, and indeed have published a multitude of papers in this field. This research could contribute

¹ Emphasis in the original.

² UNESCO (2002), p. 24.

substantially to the achievement of Education for All if it were used to establish specific policy recommendations for developing nations.

The purpose of this paper is to take a step in that direction, reviewing a cross-section of the research in order to identify the policies that have proven most successful in improving educational access and quality in the developing world.

How Education Policies in Developing Countries Affect Educational Conditions and Outcomes

In *Development as Freedom*, Amartya Sen (2000) argued that economic development should not be seen as an end in itself, but rather as a means to the end of greater freedom. Given that Sen construes freedom very broadly, a more conventional way of stating his view is that the ultimate goals of development are freedom and improved quality of life.

An analogous case can be made in the field of education. Namely, that higher rates of enrollment and attainment are not ends in themselves, but have meaning only to the extent that they contribute to greater freedom and improved quality of life.

Seen in that light, education policy must do more than simply get larger numbers of children into school for longer periods, it must ensure that schools do an effective job of delivering the particular kinds of education actually demanded by families. Schools should also provide children with a clean, pleasant, and orderly environment.

To achieve these ultimate goals, we can compare the merits of alternative education policies using the following five criteria: academic achievement; efficiency; parental choice, control, and satisfaction; school environment; and enrollment/attainment growth. Efficiency is included because it is key to realizing the other goals in the context of scarce resources.

The sections that follow attempt to identify which sorts of school systems best satisfy those five criteria.

Academic Achievement

The most common basis for comparing alternative school governance structures is students' academic achievement in core subjects. This is partly because students' mastery of skills such as reading, writing, and mathematics is of great importance to parents, and partly because test scores are readily analyzable using econometric methods. In principle, the value of econometric analysis is that it provides the best hope of yielding reproducible results—and hence consensus—regarding which education policies are most effective. Unfortunately, there has been sufficient disagreement about the most appropriate statistical tools for any given situation that consensus has proven difficult to achieve. Definite advances have been made over the last decade, however, and some patterns are beginning to emerge from the econometric literature.

The most obvious, though not the most enlightening, pattern is that private schools are found to be significantly more effective than government schools in a clear majority of investigations (Coulson, 2003). This finding has limited value from a policy standpoint because of the considerable variation in the nature of private and government schools both within and between countries. It is much more important to identify the features that seem to

underlie the greater effectiveness of most private school systems, as well as the features that seem to impede less-successful systems (both public and private). That is the task taken up in this section.

Many scholars have concluded that competition between schools has a positive impact on educational outcomes, but the magnitude and statistical significance of the relationship has sometimes been questioned. Caroline Minter Hoxby (2003), for instance, finds significant and fairly substantial benefits to competition, whereas Clive Belfield and Henry Levin (2001) report a rather modest competition effect. Both of the papers cited in the previous sentence used evidence from the United States alone, but while Hoxby's findings were drawn chiefly from charter schools³ and voucher experiments,⁴ Belfield and Levin's more conservative conclusion drew heavily on studies of traditional government schools.

Evidence from the developing world suggests that the weak competition effect reported by Belfield and Levin may be due to the virtual absence of market forces in American government schooling. Consider that, in the United States, state-level government school systems enjoy a 90 percent monopoly, most students are automatically assigned to schools, parents pay no fees, and competition from the private sector is stifled by the combined effects of government schools' very high spending (twice the average private school tuition⁵) and lack of fees. There is thus little competition to speak of in American education, and the competition that does exist is unlikely to operate as effectively on a fully tax-funded government monopoly lacking consumer choice as it might on an independent, choice-driven, fee-charging education market.

This point is illustrated by the Chilean education system, which differs substantially from that of the United States. In Chile, the state subsidizes most private schools, reducing the financial pressure on parents to send their children to government-run schools. Since the subsidy program was introduced in the early 1980s, the private sector share of enrollment has more than doubled, currently standing at just under half of total enrollment. No fees could be charged by subsidized schools for the first 11 years of the program, and this led a minority of more expensive private schools to forego acceptance of subsidies and continue financing their operations from tuition. Since 1993, subsidized private schools have been permitted to charge parents a tuition co-payment, with their government subsidy being reduced by a function of the amount they charge parents. By 1996, 40 percent of subsidized private schools were charging co-payments.

Using data from 1994 to 1997, when tuition charging by subsidized private schools was still in its infancy, Francisco Gallego (2002) studied the effects of competition on student achievement in Chile's private and government schools. After controlling for average student and family characteristics and selection bias, Gallego concluded competition had a significant

³ Semi-autonomous government-funded and government-regulated schools that differ from traditional government schools in two chief respects: they must be actively chosen by parents (no student is automatically assigned to a charter school) and they may be operated by private boards or corporations.

⁴ Small scale programs in which a subset of low-income families in a particular state or city receives a tuition voucher to cover the cost of private school tuition.

⁵ The latest comparable national figures are for the 1993/94 school year (National Center for Education Statistics, 1995, table 60), but a recent comparison (Howell and Peterson, 2002) in New York City revealed the same pattern, even after eliminating from consideration many government school expenses not normally incurred by private schools (e.g. transportation, central office administration, special education, etc.).

positive effect on private school effectiveness, and a weaker, but still positive, effect on government school effectiveness.

According to Gallego, private schools faced stiffer competition, on average, than government schools, since they were concentrated in more densely populated areas in which parents had a wider choice of schools. Gallego also suggested that private schools were more responsive to a given level of competition because of differences in the incentive structures between the public and private sectors. In particular, he pointed to the funding differences between the sectors.

Government schools in Chile draw most of their funds from their voucher-like per-pupil subsidies, but also receive additional funding from both central and municipal governments that is tied neither to enrollment figures nor to parental satisfaction. While the per-pupil subsidies exert some pressure on schools to satisfy their client families (because that money is lost if parents withdraw their children) the same is not true of the additional government funding. Private schools, by contrast, received most of their funding from the per-pupil subsidies, with some receiving additional funding directly from parents in the form of tuition co-payments. Both sources of private school funding, particularly the parental co-payments, are directly contingent on satisfying parental demand.

McEwan and Carnoy (1999) sought to measure the effect of competition on Chilean government schools, using private sector share of total municipal-level school enrollment as a proxy for competition. Unfortunately, they appear to have relied on longitudinal test data in their analysis that was not in fact comparable from one year to the next, calling their results into question.⁶ To whatever extent their results were not compromised by this methodological problem, they were fairly consistent with those of Gallego. McEwan and Carnoy reported that higher private sector enrollment had a moderate positive effect on government schools in the large metropolitan area of the capital, but a slight negative effect in outlying regions.

The work of Dante Contreras (2002) further supports the notion that as a school system more closely approximates a free market, its effectiveness increases. Contreras found that after controlling for the availability of private schools in a given locality⁷ (a measure of competition and available parental choices), subsidized private schools were significantly more effective than government schools—and that this difference was twice as large as the one suggested by a simple regression estimate that failed to control for private school availability. He also determined that the effectiveness advantage of unsubsidized private schools was even greater than that of their subsidized competitors.

The first of Contreras' findings corroborates Gallego's conclusion that private subsidized schools are more responsive to competition than are government schools. The second of his findings is consistent with the argument that school effectiveness is positively correlated with the proportion of a school's budget derived from fees paid directly by parents. This is because unsubsidized private schools receive all (or virtually all) of their funding through tuition, whereas subsidized schools are only partly-funded, if at all, by direct parental co-payments. In other words, the more schools had to compete to attract students, the greater the share of

⁶ According to Sapelli and Vial (2002), the SIMCE test data used by McEwan and Carnoy was not guaranteed to be comparable from one year to the next until 1997, but McEwan and Carnoy nevertheless used trends in this data from 1982 to 1996 in their analysis.

⁷ As well as for student and family characteristics

school costs that was paid directly by parents, and the more autonomous private schools were, the more effectively they performed.

One criticism of the Chilean subsidy program is that secular private subsidized schools are no more effective than government schools, and that the superiority of the private subsidized sector over the public sector stems only from the effectiveness of religious subsidized schools. This fact is used as an argument that the program as a whole is ineffective because most of the religious schools are believed to have predated the program, whereas most of the secular schools were created in response to the program. Subsidized private schools created in response to the program, in other words, are alleged to be no better than government schools.

A review of the actual evidence suggests a different conclusion. Looking at the trend over time, Sapelli and Vial (2002), note that while newly-created private schools underperformed well-established private schools for the first several years, the gap gradually narrowed, disappearing entirely by 1997. The mediocre average performance of secular private schools observed in the 1980s and early 1990s is thus more likely due to the fact that newly created schools in general perform somewhat less well than schools that have several decades of operating experience.

Evidence from India also suggests that school effectiveness is correlated with private management, competition, and the percentage of school costs paid directly by parents, and is inversely proportional to the extent of government regulation.

There are four main categories of schools in India: government schools, government-aided private schools, government-recognized unaided private schools, and unrecognized unaided private schools. The first two categories are similar in many respects, with both being financed entirely by the state, and having little or no control over such fundamental decisions as staffing, curriculum, teaching materials, and budget allocation. Government-recognized unaided schools are more autonomous and totally self-financing. They are distinguished from unrecognized schools in that they are eligible to grant officially certified diplomas. In order to receive recognition, however, schools must fulfill several requirements that are prohibitively expensive for many schools serving the poor (e.g. they must provide playgrounds that are at least 1,000 square yards in size, and post a sizeable cash bond with the government).

In their 1999 "Public Report on Basic Education" (PROBE), De et al. surveyed conditions in rural schools in five northern Indian states.⁸ Since fewer than five percent of the private schools were government-aided, and since two-thirds or more were unrecognized, the PROBE results reveal variations between mostly minimally regulated, parent-funded, market-driven schools and the tightly regulated, state-funded government schools. Though no test-score data were collected, school effectiveness was proxied by the level of teaching activity in public versus private schools, as observed during unannounced visits.

According to PROBE researchers, only 53 percent of government schools had any teaching activity whatsoever going on in any of their classes. One of every three headteachers⁹ was absent, and only one in four was engaged in teaching activity. These figures actually overstate the level of teaching activity in government schools, since a number of schools were closed and empty when researchers showed up to inspect them, and these

⁸ Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh, and Himachal Pradesh

⁹ Headteacher is the Indian (and British) term for school principal. In very small schools, it is more accurate to think of a headteacher as a teacher with administrative duties than as an administrator with teaching duties.

closed schools were omitted from consideration rather than being recorded as having no teaching activity (as would seem appropriate given that all visits took place on school days).¹⁰

Summing up their observations of government schools, the PROBE team wrote that:

Generally, teaching activity has been reduced to a minimum, in terms of both time and effort. And this pattern is not confined to a minority of irresponsible teachers—it has become a way of life in the profession.¹¹

A similar deficit in teaching activity at government schools has also been observed in the southern state of Tamil Nadu (Ehouman, et al., 2002, p. 45).

In private schools, by contrast, the PROBE team found high levels of teaching activity, even in the most poorly financed facilities.¹² Classroom activity in these schools was described as "feverish" and the researchers noted a consistent emphasis on instruction.¹³

Test scores for students in government, private aided, and private unaided schools in urban Uttar Pradesh were analyzed by Geeta Gandhi Kingdon (1996a), with similar results. According to Kingdon, there was little difference in performance between aided schools and government schools, but unaided schools performed significantly better than the other two school types. The private aided schools in Kingdon's sample actually demonstrated slightly inferior achievement to government schools, after controlling for student and family characteristics and selection bias. This finding illustrates that private management does not necessarily convey an achievement advantage when it is accompanied by neither managerial autonomy nor direct payment of tuition by parents. As is common in Indian states, aided private schools in Uttar Pradesh have no control over hiring and firing of their own teachers, or the allocation of their own budgets.

Kingdon's results are echoed by those of Govinda and Verghese (1991), who found that unaided private schools outperformed both aided private and government schools in five different regions of Madhya Pradesh.

Perhaps the only investigation of Indian schools that diverges from the above pattern is Bashir (1997). In that study of schools in the state of Tamil Nadu, Bashir reported that students in unaided schools had significantly higher mathematics achievement, but significantly lower achievement in the Tamil language when compared to government school students. Aided private school students, by contrast, did better than their public sector counterparts in both subjects.

The significance of unaided schools' poor Tamil language performance is undermined, however, by the fact that all the unaided schools in Bashir's sample taught in English. Their use of Tamil was restricted to a single class, whereas Tamil was the language of all instruction at both aided private and government schools. Given this difference in language emphasis, and the fact that unaided schools are voluntarily chosen by parents despite their higher out-of-pocket costs, it must be assumed that parents of unaided school students care more about their children's English language proficiency than about their Tamil proficiency. Tamil proficiency is thus not an appropriate measure of these schools' effectiveness.

¹⁰ De et al., p. 47.

¹¹ *ibid.*, p. 63.

¹² *ibid.*, p. 64.

¹³ *ibid.*, p. 102.

Discounting Bashir's findings on Tamil language achievement, unaided schools had the highest mathematics scores, followed by aided private schools and finally government schools. This is a somewhat different pattern than that seen in both Uttar Pradesh and Madhya Pradesh, where aided private schools did not perform significantly differently from government schools. A plausible explanation for this difference is the differing regulatory environment that exists in Tamil Nadu versus other Indian states. Unlike the situation in Uttar Pradesh, for example, aided schools in Tamil Nadu have some measure of autonomy, being permitted, among other things, to select and hire their own teachers. If private schools use this autonomy effectively, selecting teachers who are more capable or better suited to their particular needs, it would explain at least some of the higher performance of aided schools in Tamil Nadu as compared with both government schools and with aided schools elsewhere in India that lack this level of discretion. Indeed there is evidence from Tanzania, among other nations, suggesting that private schools do make better personnel decisions for themselves than government administrators make for them.¹⁴

Despite the fact that Bashir's findings seem fairly consistent with those of other Indian researchers (leaving aside her Tamil language results), they must nevertheless be treated with caution as they are subject to potentially serious methodological flaws. Normally, economists try to isolate the effects of school type (e.g., private versus public or aided versus unaided) by holding constant student and family characteristics that are correlated with achievement. In other words, they try to find out how a given student would perform in one type of school versus another type of school, all other factors being equal.

Bashir, however, went further, actually holding constant several features of the schools themselves that were most likely correlated with school type. Specifically, Bashir's model controlled for the mathematical competence of mathematics teachers, the motivation levels of headteachers, the number of hours headteachers worked on academic tasks outside of their teaching duties, and the frequency of their meetings with teachers. It could be argued that all of these factors are significantly influenced by the differing incentive structures obtaining in unaided, aided, and government schools. For instance, unaided school headteachers have much greater autonomy than their peers in either of the other sectors, and so are likely to face fewer bureaucratic frustrations and enjoy higher morale. By holding their level of morale constant, therefore, Bashir eliminated a potential advantage conferred by unaided school status. When the purpose of a study is to determine sectoral differences in achievement that result from systemic differences in operational details, holding those operational details constant will skew the results.

Another caveat that applies to all inter-sector school comparisons in India is the consumption of private tutoring outside regular school hours. A study of 3rd and 4th graders conducted by the Pratichi Trust (2002), an NGO founded by Amartya Sen, found that nearly half of the government school students surveyed were enrolled in after-hours private tutoring. The difference in performance between the tutored and un-tutored students was astounding. While 80 percent of those receiving tutoring were able to sign their own names, the same was true of only 7 percent of those not receiving tutoring. Importantly, consumption of private

¹⁴ In Tanzania, teachers' salaries are positively and strongly correlated with higher achievement in the private sector, but not in the public sector (where the correlation was actually reversed, though negligible in magnitude). See Jimenez and Lockheed (1995).

tutoring was uncommon among students enrolled in unaided private day schools. To Sen, who wrote the study's introduction, it was obvious that "part of the 'pay off' of spending money on private schools takes the form of saving the alternative cost of private tuition [i.e., tutoring]." The only schooling that was working, he observed, was schooling that parents paid for directly by parents.

Given this situation, inter-sectoral studies of Indian education that do not hold constant the consumption of after-school private tutoring are likely to overstate the effectiveness and efficiency of government schools, since government school students appear to consume such services in greater numbers.

The situation in Pakistan is similar in many respects to that found in India by the PROBE team and other researchers, with the exception that Pakistan has no widespread system of government-aided private schools. Parents must choose between government schools that do not charge tuition, and private schools, which are entirely funded through tuition.¹⁵ Despite their significant cost advantage, it is estimated that between one fifth and one third of all government schools attract few if any students. In the city of Lahore, Alderman, Orazem, and Paterno (2001) found that majorities of even very poor families shouldered the burden of private school tuition rather than sending their children to free public schools. The same team of researchers found that, after controlling for student and family characteristics, private schools demonstrated superior academic performance to government schools.

Jimenez and Lockheed (1995) compared the effectiveness of government versus private schools in Thailand, using data from the mid-1980s. During that period, the central government in Bangkok was firmly in control of virtually all school-level decisions in the public sector, including curriculum, budget and personnel. Private schools were subject to government regulation, but enjoyed some autonomy, offering, for instance, English language instruction unavailable in the government schools. Due to the compelled uniformity of government schools across the country, and the fact that government schools did not charge tuition, market forces were clearly not operating in any significant way in the public sector. Private schools, though heavily regulated, were nevertheless obliged to compete to attract fee-paying customers.

One way that private sector education providers appear to have competed with the subsidized government sector was by offering superior academic services. After controlling for student and family characteristics, as well as selection bias, Jimenez and Lockheed found that private Thai schools dramatically outperformed their government school competition. Reasoning that this large difference may have been accounted for to some extent by peer-group effects, the researchers added controls for those effects to their model. After holding constant classroom averages of students' mothers' education level, students' (pre-test) achievement levels, and the percentage of students' fathers working in professional occupations, Jimenez and Lockheed found that the achievement gap was reduced, but that private schools still had a .45 standard deviation advantage in academic effectiveness over government schools. This is generally considered a large effect by social scientists.

¹⁵ Pakistan also has religious schools, called madrasas, which are usually subsidized by wealthy Pakistani or Saudi-Arabian patrons. These are not often studied in investigations of school academic effectiveness, because the curriculum at madrasas focuses heavily on the Koran, and less so on academic subjects.

Jimenez and Lockheed (1995) also reported comparisons of public and private school effectiveness in Tanzania, the Dominican Republic, and Colombia. In Tanzania, access to government secondary schools is rationed based on the academic ability of applicants. This academic selectivity, combined with low out-of-pocket costs to parents, makes government secondary schooling highly sought-after. Private schools, by contrast, are seen as a fall-back option for families whose children do not gain acceptance to the government schools. Despite their elite reputation, Jimenez and Lockheed found that government schools were substantially less academically effective than private schools after controlling for student and family characteristics and selection bias. They did not have peer-group data available in this study, but given the academic selectivity of the government schools, it seems unlikely that private school students enjoyed more academically favorable peer groups.

Lassibille, Tan, and Sumra (1999) used Tanzanian data from the mid-1990s, and reached the opposite conclusion: finding government schools more effective than private schools. Unfortunately, their investigation was hobbled by its failure to control for student or family characteristics or for the academic selectivity of government schools. There is thus no way of knowing whether they actually measured school effects, or simply the effects of the differing student bodies and admissions policies of the two sectors.

In the Dominican Republic, schools break down into three categories: government schools, elite private schools, and ordinary private schools. Elite private schools, known as "Escuelas Con Facultad," are permitted to administer government examinations in return for adhering to government education standards. While ordinary private schools are often operated for profit, almost all elite private schools are non-profits, and three out of four are religiously affiliated. Fees at elite private schools are much higher than those at ordinary private schools.

Jimenez and Lockheed (1995) found that, after controlling for student and family characteristics, the test scores of both private school types were higher than those of government schools, with elite private schools enjoying a particularly large advantage. Given the high out-of-pocket costs of elite schools, however, it seemed likely that peer-group effects might be responsible for at least some of their academic superiority. After holding peer-group characteristics constant, the picture changed dramatically. The effect of attending ordinary private schools was still positive, but that of elite schools became significantly negative. This is consistent with the pattern noted thus far that the autonomy of private schools is correlated with their effectiveness. It also presents a new possibility: that for-profit status may be positively correlated with effectiveness.

The situation in Colombia is in some ways the reverse of that in Tanzania. Colombian private secondary schools are academically selective and are viewed as more desirable than public sector schools. Despite this reversal of conditions, Jimenez and Lockheed's findings regarding academic outcomes were essentially the same: after controlling for the selectivity of the private schools and for student and family characteristics, private schools were more academically effective than government schools.

A second source of evidence on Colombia comes from a school voucher program targeted at low-income families that was introduced in the early 1990s. The program, called PACES, distributed 125,000 vouchers worth half the cost of private school tuition. In 2002, Joshua Angrist and several colleagues studied students who had used scholarships from PACES or other sources to attend private schools, and compared them with students who had applied for

scholarships but had not used them. The researchers determined that scholarship-using students enjoyed a .3 standard deviation improvement in academic achievement and were 15 percent more likely to have completed the 8th grade. These fairly substantial gains underscore the combined benefits of private school management, parental choice, competition between schools, and direct payment of fees by parents (due to the fact that PACES vouchers required direct parental payment of half their children's tuition).

Summarizing the research described above, it would seem that five factors are positively associated with school system effectiveness: competition, private ownership and management, direct payment of fees by parents, parental control and choice, and lack of government regulation. It is important to note that these factors are interdependent, having combined effects that are not necessarily manifested when they appear in isolation. Indeed it seems that the impact of any one of these factors is proportional to the presence of the other factors.

School Efficiency

Many of the studies described in the previous section also provide average per-pupil expenditure figures by school type, allowing conclusions to be drawn about schools' efficiency. There are also other studies that have focused exclusively on the efficiency issue. As with the findings for academic achievement, the comparative school efficiency literature predominantly favors private school systems over government school systems. Once again, however, the results vary with the particular characteristics of the private and government school systems under investigation.

One of the most interesting studies published in this field was conducted by James, King, and Suryadi, in 1996. Using student- and school-level data from 68,000 Indonesian primary schools, James et al. sought to isolate the effect of direct payment of fees by parents on school efficiency. What they found is that every increase in the share of a school's revenues derived locally (i.e. mainly from parents) was associated with an increase in school efficiency. There was, however, a diminishing return, implying that adding, say, a 20 percent parental co-payment where none was previously present would have a larger positive impact than raising parental payments from 80 percent to 100 percent of total school revenues.

James and her colleagues also found that, holding constant the percentage of direct parental payment, private schools were more efficient than government schools.

These findings are particularly compelling given the very large and diverse sample used in the study. Private schools in Indonesia receive anywhere from 7 percent to 80 percent of their revenues from the central government, whereas public schools receive between 70 percent and 95 percent of their revenues from the central government. The fact that school efficiency was found to be highest among schools that were both privately managed and funded to a greater degree by direct parental fees corroborates the pattern seen in the previous section with respect to school effectiveness.

Geeta Gandhi Kingdon's findings for Uttar Pradesh (1996a) reveal the same pattern. Aided private schools in Kingdon's sample were very slightly more efficient than were government schools, while unaided private schools were substantially more efficient than either of the other two school sectors. The unaided school efficiency advantage was due to the fact that these schools were both more academically effective and more thrifty than aided or government schools.

Sajitha Bashir, however, arrived at a very different conclusion in her 1997 study of schools in Tamil Nadu. The aided schools in Bashir's sample were significantly more efficient than government schools, while the unaided schools were significantly less efficient.

There are two obvious explanations for Bashir's findings. First, they included test results for Tamil Language proficiency despite the fact that unaided schools used English as their medium of instruction for all classes except the Tamil language class itself. Second, Bashir's total cost figures for unaided schools were dramatically higher than the figures reported in the research on other parts of India.

The discrepancy between Bashir's cost figures and those of Kingdon and the PROBE team is substantial. The average total parental expenditure on private unaided schooling found in the PROBE states was 940 Rupees.¹⁶ This is lower than the total per-pupil expenditure that Bashir reports for government and aided private schools in her Tamil Nadu sample. The unaided private schools in Bashir's sample, by contrast, cost parents a total of 1,398 Rupees.

The most likely explanation for the higher cost of the unaided schools in Bashir's sample is that her sample was not representative of unaided schools as whole. Specifically, it seems that Bashir collected data only from government recognized unaided schools, rather than including unrecognized unaided schools. Bashir indicates that all of the unaided schools in her sample were "matriculation schools," and Duraisamy et al. (undated) explicitly distinguish between "matriculation schools" and "unrecognized schools."

As noted previously, government recognition is prohibitively expensive for most unaided schools serving poor communities, and so a sample of unaided schools that includes only those that are recognized will be a disproportionately expensive subset of the sector.

A look at school fees among unaided schools in the Bashir study versus the PROBE report is consistent with that explanation. On average, rural parents in the five PROBE states paid just 296 Rupees in tuition, whereas tuition ranged from 646 Rupees (in rural areas) to 771 Rupees (in urban areas) in Bashir's sample. Parents in Bashir's sample also appear to have spent more on such non tuition items as notebooks and school clothing/uniforms, than parents in the PROBE states, as would be expected of patrons of more expensive recognized schools.

Taking into account the above considerations, it does not seem that Bashir's findings are representative of unaided schools as a whole, either in Tamil Nadu or in India as a whole.

Further evidence for a link between fee-charging, private management, and higher efficiency is provided by Alderman, Orazem, and Paterno's 1996 analysis of schools in Lahore, Pakistan. After taking into account all school costs borne by parents (including not just tuition fees but books, clothing, school supplies, transportation, and tutorial services), private schools were much less expensive than government schools. As already indicated, private schools were also significantly more academically effective. Moreover, Alderman and his colleagues found that school cost and student achievement were significantly positively correlated within the private sector, but not within the government sector.

Though Jimenez and Lockheed (1995) had only incomplete data on per-pupil expenditures in Thailand and the Philippines, the available evidence seemed to point to a higher degree of efficiency among private schools in both nations.

¹⁶ This included not only tuition but also the cost of clothing, transportation, and other items. It is a total out-of-pocket cost estimate derived from parental surveys.

In the case of the Dominican Republic, Jimenez and Lockheed had figures for the salary expenditures of government, elite private, and ordinary private schools, which accounted for as much as 90 to 95 percent of total expenditures. Using these salary figures, ordinary private schools were found to be one third less costly than government schools. Coupled with their greater effectiveness this resulted in their cost-per-mathematics-test-score point being only half that of the government schools. The more elite and tightly regulated "Escuelas Con Facultad" were found to "probably" be more efficient than government schools, but the evidence on this point was less clear. The more autonomous (and less expensive) ordinary private schools thus enjoyed the largest and clearest efficiency advantage.

A somewhat surprising addition to the evidence showing an efficiency advantage for fee-charging private schools is the 1999 Tanzanian study by Lassibille, Tan, and Sumra. Recall that these researchers did not control for the academic selectivity of government secondary schools, and so their finding that government schools were more effective was called into question. Even without such controls, however, the substantially higher per-pupil expenditures of government schools caused them to be less efficient, overall, than private schools.

Thus, with the questionable exception of the Bashir study, evidence from the developing world reveals a consistent correlation between private management, direct payment of tuition by parents, and greater school efficiency.

Parental Choice, Control, and Satisfaction

The bulk of the research comparing alternative school funding and governance mechanisms has focused on the efficiency and effectiveness concerns discussed above, but education cannot be judged solely in terms of test scores and dollars. To advance the ultimate goals described in the introduction to this paper, an education system must also offer families a range of educational services, allowing them to obtain the specific sorts of instruction they value. Based on the experiences of many developing nations, it seems that the market features identified as beneficial in preceding sections are also conducive to these goals of parental choice, control, and satisfaction.

Government school curricula tend to be substantially narrower and more uniform than those of the private sector. This is particularly true in subject areas, such as language, that are tied to national identity in the minds of government policy-makers. In nations as disparate as India, Thailand, and Mauritania, families chose private schools in part because they offer greater access to instruction in non-native languages.

In addition to private sector management, direct payment of fees by parents also seems to increase the likelihood that schools offer second-language instruction. Private schools receive no direct subsidies in Mauritania, and they teach both French and Arabic, while public elementary schools offer only Arabic-medium instruction (Vawda and Patrinos, 1999, p. 8). Thai private schools are also more likely to offer foreign language classes than government schools (Jimenez and Lockheed, 1995), and they are most often partially subsidized by the state or fully funded by tuition (with a few private schools being fully state funded).¹⁷

¹⁷ The typical government subsidy is for 40 percent of school costs, though some private schools, usually associated with charitable organizations, receive 100 percent of their funding from the state (ONEC, 1998).

The situation in India breaks down clearly by funding source. There are few government schools or aided private schools that use English as their principal medium of instruction, whereas this is common in the unaided sector. Even individual courses in the English language are less common in government than in unaided schools in some regions. Commenting on this fact, one unaided school teacher drew attention to the link between parental fees and responsiveness to consumer demand, asking a PROBE researcher: "Why should [parents] pay us... if we don't give them something special?"¹⁸

Language is not the only area in which the curricula of predominantly fee-charging private schools demonstrate greater attention to the avowed preferences of families. The same pattern is apparent in other areas, particularly in the vocational and technical arenas.

Atchoarena and Esquieu (2002) studied the voc/tech education industry in several Sub-Saharan African (SSA) nations. In Senegal, they noted that a growing fee-charging private-sector presence in that industry stemmed, "above all, from the family's unfulfilled wish for further training." It was probable, they explained, that:

this expansion corresponds to the need for qualified labour which is not being met by the public sector. The private sector indeed offers some kinds of training that do not exist in the public sector (IT, for example).¹⁹

Across the SSA region, Atchoarena and Esquieu observed a rising tide of criticism leveled against government voc/tech institutions during the 1990s, citing their inability "to train skilled workers meeting the requirements of enterprises," and their "extremely" high costs.²⁰ Public-sector graduates often failed to find work due to a mismatch between labor market demand and the courses offered. In many countries, they found government voc/tech programs unable to adapt to changing labor market structures or new skill requirements.

Private schools funded principally or entirely by the state have not escaped this quagmire. In Mali, for example, tuition for most private voc/tech students is largely supplied by government, creating a counter-productive incentive structure that heavily favors expanding enrollment over maintaining/improving quality.²¹

Another example of how government's predominant funding role may distort normal market operations comes in the mounting student unrest in private voc/tech schools. Student strikes had long been common in the public sector, and have become increasingly common in the private sector as the percentage of state-funded students in private schools has grown. Atchoarena and Esquieu note that the three Malian schools they studied which did not enroll any government-subsidized students were the only three to suffer no student strikes.²²

But while government subsidies may cause Malian voc/tech institutions to lose some of their incentive to improve quality, it does not stop them from competing for larger enrollments in other ways. Some private voc/tech schools, for example, offer evening courses to maximize the use of their facilities. This offers an educational choice to prospective students who are employed during the day-time, thus increasing enrollments and hence revenue. Flexibility in school hours appears to be a fairly widespread characteristic of private

¹⁸ De et al., p. 104.

¹⁹ "IT" being Information Technology. Atchoarena and Esquieu, p. 102.

²⁰ *ibid.* p. 24-25.

²¹ *ibid.* p. 21.

²² *ibid.* p. 122.

schools throughout SSA, according to Igor Kitaev (1999). The subject matter at private institutions in Mali may also be somewhat more responsive to current labor force requirements than that of government schools.

In the long run, however, Atchoarena and Esquieu caution that Mali's

fairly interventionist approach, in which the private sector finds itself dependent on the state, may hamper its development and the process through which private initiatives respond to the requirements of the job market and businesses.²³

The greater flexibility in course-work offered by the private, particularly fee-charging, sector would of course be of limited value if these schools were accessible only by the wealthy. As it happens, however, fee-charging schools in many developing countries have a record of serving low-income groups as well or better than their government-run counterparts.

In Pakistan, for instance, the government requires that local communities donate the land for the creation of new government schools. In poor areas, especially urban ones, the residents rarely own suitable property to donate, contributing to a deficit of government school provision in these communities. Private schools get around this hurdle by renting their facilities, and manage to keep their fees low enough to serve even some of the poorest families in Pakistan's cities. As Alderman et al. (2001) reported for low-income neighborhoods in Lahore, families in the lowest of six income brackets (earning less than \$57 US per month) were almost as likely to enroll in fee-charging private schools as in "free" government schools (37 percent in private schools versus 40 percent in government schools). In all of the other five income brackets in these neighborhoods, families choosing private schools were in the (usually substantial) majority.²⁴

In India, Geeta Gandhi Kingdon (1996b) has reported that official government figures substantially underestimate enrollment in unaided private schools, with unrecognized schools (usually serving the poor) being most often undercounted. Kingdon suggests that unaided schools enroll the majority of students in urban Uttar Pradesh, and more than a quarter of students in rural areas.²⁵ As the PROBE report revealed, many of these private schools are serving exceedingly poor populations.

A frequent complaint of parents surveyed by the PROBE team was that government school teachers often ignored children of lower casts,²⁶ which may contribute to the consumption of private schooling among the very poor in India.

In Kenya, particularly in rural areas, Karmokolias and van Lutsenburg Maas (undated) note that the percentage of secondary students in the private sector is higher among the poor than among the wealthy. They attribute this phenomenon, at least in part, to the following two factors:

²³ *ibid.* p. 139.

²⁴ See Alderman, Orazem and Paterno, table 1a, p. 312.

²⁵ Kingdon, 1996b, p. 17.

²⁶ De et al., p. 51.

One is the ability of private schools, as a whole, to adapt their service lines to all pocketbook sizes, even small ones. The second explanation is the fact that children from higher income families are more successful in accessing the more space-constrained, selective and prestigious government subsidized public schools, which are often boarding schools, thus crowding out the less affluent.²⁷

Few studies of developing nations have expressly surveyed parents on their satisfaction levels in private versus government schools, though the PROBE report certainly gives the impression that parents of private school students were considerably happier with the services they were receiving. If that is indeed the case, it would be consistent with the experience in the United States where studies of voucher programs consistently reveal dramatically higher satisfaction ratings among the parents whose children attend private schools (see, for instance: Howell and Peterson, 2002; Greene et al., 1996; and Metcalf et al., 2001)

While these findings demonstrate that private schooling is often available, desirable, and within the financial reach of many low-income families, it is also clear from PROBE and other sources that many families do not have access to schooling (either private or otherwise) in developing countries, and that many of those who do have access do not have the means to consume as much education as they would like.

School Environment

Improved quality of life is one of the ultimate ends of education—something desired for itself and not as a means to some further end. As such, it should be valued and secured for children who are still in school just as it should be for those who have left school. The physical conditions and learning atmosphere of schools should thus be an important consideration in weighing alternative approaches to school governance and finance.

This aspect of education has received far less attention from researchers than more quantifiable matters such as academic achievement and efficiency. As a result, any patterns that emerge are of a more tentative nature.

With that caveat in mind, several interrelated factors do seem to be associated with more orderly, congenial, and well-maintained school environments. Those factors are private management, autonomy from state regulation, and competition.

Two of the studies discussed in previous sections reported data on the scope and effectiveness of schools' discipline policies. According to PROBE researchers, private schools "placed a visible emphasis on discipline,"²⁸ that was largely missing in government schools. They also noted that the more orderly atmosphere thus created "tends to be much appreciated by the parents."²⁹

The evidence from Thailand is even more compelling. Jimenez and Lockheed (1995) report that private school teachers spent 25 percent more time maintaining order in the classroom than did government school teachers, and this appeared to pay dividends in achievement, since "more teacher time devoted to maintaining order [was] positively related to achievement in private schools." Not only did government schools spend less time trying to maintain order, but their efforts to do so appear to have been less effective since they were

²⁷ Karmokolias and van Lutsenburg Maas, p. 10.

²⁸ De et al., 102.

²⁹ *ibid.*, 104.

negatively correlated with achievement. These findings are consistent with the pattern in the United States, where private schools, whether taken as a whole or specifically looking at those serving low-income communities, report fewer and less severe discipline problems than public schools (Coulson, 1999; Howell and Peterson, 2002).

In India, the unaided and mostly un-recognized private schools studied by the PROBE team were also consistently more successful in creating positive school environments and functional facilities than were government schools. Public schools, the researchers found, failed to "create a congenial school environment" even when the resources to do so were readily available. They observed that public schoolrooms were "allowed to degenerate," with school grounds often being "dirty and unpleasant."³⁰ Private schools usually differed in this regard, with many managing to create an environment more conducive to learning "with the simple means available to them."³¹

The kinds of physical facilities available to government and private schools in the Probe states were found to be similar, but private schools did a substantially better job of utilizing and maintaining them. Eighty-four percent of public schools were in need of major repair, and a third required completely new buildings. Half of private schools needed no major repairs of any kind. Drinking water and toilet facilities were two to three times more likely to be available and in working order in private schools. Given the modest tuitions of the private schools studied by PROBE, these results are clearly the result of superior management rather than higher funding.

In Tamil Nadu, Duraisamy et al. (undated) have noted that unaided schools are better maintained and supplied than their aided and government-run counterparts, though unaided schools seem to be a smaller niche in Tamil Nadu than in most other Indian states.

The situation in Pakistan appears similar to that in India. According to Andrabi, Das, and Khwaja (2002), fewer than half of all Pakistani government schools have toilet facilities, compared to 84 percent of private schools. Government schools in that country also have twice as many classrooms that are unusable, and half as many classrooms equipped with desks, as do private schools.

A recent study of high-achieving schools in Chile suggests that those in the private subsidized sector are better housed, equipped and maintained than those in the municipal (government) sector (Cusato and Palafox, 2002).

In the government-subsidised private schools the infrastructure is better, more modern and more spacious compared to the municipal schools visited. The private subsidised schools are in buildings made of reinforced concrete and on two levels, first and second floors. In contrast, the municipal schools are one story in groups of 4 or 5 rooms. They are temporary structures designed to last no more than 15 years, and built in the 1960s.³²

The study notes that while schools in both sectors show concern for cleanliness, proper lighting and ventilation, and spaciousness of classrooms, government schools have "more limitations in these areas."³³ These differing conditions have arisen, moreover, under a

³⁰ *ibid.*, p. 43.

³¹ *ibid.*, p. 104.

³² Cusato and Palafox, p. 86.

³³ *ibid.*, p. 58.

funding system that until the mid 1990s systematically made greater resources available to government than to private subsidized schools.³⁴

According to the PROBE study, part of the problem in the government sector is that the school construction process is rife with corruption. "For those in charge of construction, there is often money to be made by using sub-standard materials and taking other short-cuts."³⁵

This is not a problem limited to government schools in the developing world. New York City public schools have been plagued with a succession of school construction scandals for years (Coulson, 1999). Both private schools and privately-managed charter schools in the United States have a consistently better record of maintaining their facilities than do conventional government schools, despite the fact that government schools substantially outspend the other sectors, on average (see, for example, Coulson, 1999; Levin, 2002; Howell and Peterson, 2002).

Enrollment and Attainment

One of the most often-cited sources for official international enrollment data is the *World Education Report 2000* (UNESCO, 2000). When the data provided in that report are aggregated for developing countries across all grade levels (as in Rose, 2002), they suggest that government schools enroll the vast majority of students, and that government schools' share of total enrollment (as compared to that of private schools) remained constant between 1990 and 1996.

While it is true that most children are currently enrolled in government schools, aggregations based on the UNESCO data give a misleading impression of changes in private/public enrollment share over time. That is because the UNESCO report lacks private school enrollment data for numerous countries. Among the missing are China and India, who together comprise nearly half the entire population of the developing world.³⁶ These omissions have biased the trend statistics, because private schooling is growing rapidly in many of the omitted countries.

In China, for example, the Education, Science, Culture and Health Committee of the National People's Congress estimated that there were 54,000 private schools serving 6.93 million students by the end of the year 2000—even before that country passed its first law officially recognizing the existence of private schools (People's Daily, 2001). This represents roughly a doubling in the number of Chinese private schools since 1996.³⁷ Since 2000, China's official policy toward private education has been exceedingly favorable, given its view that "government-run schools can't meet the needs of the public due to the large population of China."³⁸ By every indication, private sector enrollment growth will continue to dramatically outpace that of the public sector in China for the foreseeable future.

Another country whose data are missing from the UNESCO tabulation is Pakistan. Reviewing year 2000 census figures, Andrabi, Das, and Khwaja (2002) discovered that half of

³⁴ See discussion of the financing of Chilean schools in the "School Efficiency" section, above.

³⁵ De et al., p. 41.

³⁶ Calculations made for the year 2002, using the on-line facilities of the US bureau of the Census. See: <http://www.census.gov/ipc/www/idbagg.html>

³⁷ Peng Wang (2001) estimates that there were 24,531 private schools of all types (including kindergartens, primary, secondary, and vocational/technical) in China at the start of 1996.

³⁸ People's Daily, 2001.

all private schools in Pakistan had been created in the preceding four years. In 1983, there had been 3,300 private schools in the four largest provinces.³⁹ By 2000, that number had jumped to 32,000. This nearly ten-fold increase in private schools far exceeded the roughly 60 percent growth in the primary-school-aged population over the same period. Nationwide, Pakistan now has 36,000 private schools serving 6.3 million children. From primary school through secondary school, these institutions now enroll a substantially larger share of students than do government schools.

Even in the perniciously difficult task of extending educational access to rural areas, private schools are making striking headway. All private schools in Pakistan were nationalized in 1972, and the percentage of schools serving rural communities declined between that year and 1979, when the nationalization was repealed. Since 1979, the percentage of schools serving rural parts of Pakistan has been gradually increasing, and is now at roughly 45 percent. Given this steady rise in the total share of schools operating in rural communities, we can infer that the majority of new private school creation has actually been taking place in these communities. Private sector growth has thus reversed the trend of decline in rural education that had existed during the prohibition of private schooling.

As noted earlier, Alderman, Orazem, and Paterno (2001) observed that private schools in Lahore typically charge minimal tuitions, and thereby reach not only the middle class but also much of the poor population. Andrabi, Das, and Khwaja's findings reveal that this is also true for Pakistan as a whole. In Punjab, which is home to half of the country's school-aged children, the average tuition fee constitutes only 1.7 percent of average household expenditure in rural areas, and 2.4 percent of average expenditure in urban areas. The national averages, moreover, are distorted by a small number of very expensive elite private schools in cities like Islamabad. Median tuition rates are consistently below the mean, indicating that most private schools charge less than the average tuition.

The Pakistani enrollment data also dispel two prevailing myths in that country: that the public is not broadly accepting of co-educational schools, and that most parents are not interested in educating their daughters. Private school enrollment in Pakistan is 43 percent female overall, and most private schools enroll children of both sexes. By contrast, girls comprise only 37 percent of enrollment in government schools. Andrabi and his colleagues explain this difference by noting the correlation between percentage of female teachers in a school, and percentage of female students. Private schools employ a substantially larger percentage of female teachers than government schools, perhaps as a result of their offering a more hospitable working environment to women, and the fact that appointment of public school teachers often has a political dimension in Pakistan.

Even in this context of very rapid growth of private, tuition-charging schools in Pakistan, Kim, Alderman, and Orazem (1998) found that tuition subsidies can further accelerate access to these schools—particularly among girls and the poor.

Accurate figures for private enrollment are harder to come by in most other developing countries. Kingdon (1996b) has pointed out that official Indian government figures failed to count unrecognized private schools, and that government schools substantially inflated their enrollment figures. The latter point was corroborated by the PROBE survey, which found that actual attendance in government schools was only 81 percent of the officially reported

³⁹ Sindh, NWFP, Balochistan and Punjab.

figures, whereas actual attendance in private schools was 96 percent of the recorded figures (it reached 98 percent among unrecognized private schools).⁴⁰

Together, these factors combined to grossly overstate government and aided private school enrollments while grossly understating unaided school enrollments. For example, government figures for unaided private school enrollment share in urban Uttar Pradesh (UP) was 37 percent in 1986/87, whereas Kingdon's survey of families in the urban Lucknow district in UP revealed that 80 percent of children were enrolled in unaided schools in 1994/95. Though growth in unaided school enrollment certainly accounted for some of this difference, it is very unlikely to have accounted for all of it, pointing to a significant undercounting of unaided school enrollment in the official government data.

Kingdon also argued that official government figures substantially understate growth in the unaided sector over time, because unrecognized schools were not considered at all. Even given this understatement, however, unaided schools accounted for 57 percent of official growth in primary school enrollment between 1972 and 1986. Growth of unaided schools was much lower at the secondary level, where aided private schools grew the most rapidly. Taking together the official figures for primary, junior, and secondary schools, it was the private unaided sector that increased enrollment the most during this period.⁴¹

The distribution of private sector enrollment across grades, as well as its size and rate of growth, are strongly affected by government policy. In Tanzania, for instance, government restrictions on the creation of private schools led to an accumulation of unmet educational demand. When the restrictions on the creation of private secondary schools were eased in the mid 1980s, private schools proliferated, growing faster than their public sector counterparts, and contributing to a higher gross secondary enrollment rate by the mid 1990s (Lassibille, Tan, and Sumra, 1999). Nevertheless, secondary school enrollment (which remains small in absolute terms) declined somewhat among the poorest families during this period.

That decline may not be strictly attributable to the rise in private sector provision of secondary schooling, however. Consider the enrollment trend at the primary school level, where private provision was legally prohibited until 1994. According to Lassibille et al., enrollment in the government monopoly private schools fell from 90 percent in 1980 to 66 percent in 1996—a much more substantial and universally felt drop than the one at the secondary level. Lassibille and his colleagues attribute the primary school decline to a fall-off in government education spending, which may also explain some of the decline in secondary school enrollment among the poorest families.

The negative effect that government restrictions and prohibitions have on both private share of enrollment and total enrollment are illustrated by the rapid enrollment growth that has taken place in Tanzania since private primary schooling was legalized in 1994. On the archipelago of Zanzibar, private basic (primary and lower-secondary) school enrollment growth averaged 22.4 percent per year between 1994 and 1999, more than four times faster than government school growth (Zanzibar Ministry of Education, 1999). Even more remarkable is the growth rate of primary schools alone, which averaged 51.6 percent

⁴⁰ De et al., p. 103.

⁴¹ Kingdon, 1996b, table 2b, p. 11.

annually—more than twelve times the growth rate among government schools.⁴² Private sector enrollment on the Tanzanian mainland appears to lag behind that of Zanzibar at the primary level, but it too is showing signs of rapid growth (Chediell, Sekwao, and Kirumba, 2000).

Given these findings, it would seem that the private sector is growing substantially faster than the government sector in the largest developing nations, as well as in several of the smaller nations. The key impediment to its rapid expansion appears to be government regulation, though it has also been shown that access to fee-charging private schools can be further expanded by offering partial tuition subsidies.

Conclusion: From Evidence to Action

Distilling the above findings to their essence, we are left with the following conclusion.

Education markets with these interrelated and interoperating features:

- minimal regulation
- private ownership of schools
- vigorous competition
- minimally inhibited consumer choice
- and at least some direct payment of tuition fees by parents

Are likely to produce:

- superior academic achievement
- higher efficiency
- improved facilities/maintenance/atmosphere
- greater responsiveness to parental demand
- and faster enrollment growth

When compared to:

- government schools
- heavily regulated and 100-percent-government-funded private schools

Despite their many benefits, education markets share one problem in common with those other systems: they cannot, by themselves, ensure universal access to good schools—particularly among the poorest families.

Given all the advantages of market education, the most sensible course of action seems to be to address this one crucial flaw while interfering as little as possible with its market

⁴² The Zanzibar data compares private sector growth to the combined growth of the private and public sectors. Since the combined figure is much lower than the private sector figure, it is taken as an upper bound on public sector growth.

structure. The obvious solution, then, is to partially subsidize access to the education market in proportion to need. The very poorest families could have all but a small portion of their children's educational costs subsidized by the state, whereas progressively wealthier families would receive little or no subsidization.

Such an approach is perfectly consonant with the financial constraints facing governments in the developing world, with the goals of Education for All, and with the evidence described in this paper. Recall that the James et al. (1996) study of Indonesia revealed that there is a diminishing return to the portion of school costs paid directly by parents. That means that even the small co-payments that very low-income households could afford would still yield measurable educational benefits for their children (as compared to 100 percent government-funded schooling).

Admittedly, implementing such a flexible subsidy scheme is problematic in less developed countries. Accurately ascertaining household income figures for all families may simply not be possible. Many of the private schools that are best able to reach poor rural families are unrecognized by their governments, and so it would be difficult to orchestrate subsidies through them. Nevertheless, we know it is possible to overcome such hurdles thanks to the successful Urban Fellowship program undertaken by the World Bank in the Quetta province of Pakistan (Kim et al., 1998). That program served some of the poorest families in one of Pakistan's poorest provinces, and yet many of the schools actually became financial independent after a few years, no longer needing any subsidization at all (and hence freeing up funds that could be used to subsidize still more schools for the poor).

The frustrating truth of the matter, however, is that practical implementation difficulties are not the greatest barrier to bringing the benefits of market education within reach of all children. The real problem is a belief that pervades most international aid agencies and some governments in the developing world: *education should/must/will be provided free-of-charge by the state.*

The greatest historical roadblock to education growth and progress in Tanzania and Pakistan, for example, was the decision by those countries to nationalize their education systems. After their prohibitions against independent schooling were lifted, both countries witnessed astonishing growth in access to education (though Tanzania is far behind Pakistan, having only legalized private primary schooling in 1994).

Despite the empirically demonstrated superiority of fee-charging market schools, leaders in the international development community agreed in Dakar that education should be "free and compulsory" (UNESCO, 2000). The irony is poignant. This is perhaps the only specific policy recommendation offered by the Dakar participants, and it is inconsistent with much of the research undertaken by their own organizations. By deciding a priori that all children must be consigned to fully government-funded schools, the development community has erected a roadblock to the advancement of its own goals.

Even some of the most brilliant economic minds in the world seem irrevocably committed to free government schooling, sometimes causing them to make policy recommendations inconsistent with their own research. A case in point is Nobel laureate Amartya Sen. As recounted earlier in this paper, Sen's own Pratichi Trust (2002) found that only seven percent of government school 3rd and 4th graders could sign their own names in West Bengal, unless they received private tutoring (in which case the percentage leapt to 80). According to Sen, unaided private school students were "considerably" less likely to consume private tutoring

because it was largely unnecessary for them—their private day schooling was effective in and of itself.

Rather than concluding from this that market schooling should be partially subsidized based on financial need, as would seem to follow from his own data, Sen lashed out at private tutoring. He declared that "the evil of private tuition [i.e., tutoring] must be uncompromisingly overcome," discussed arguments for banning private tutoring, and lauded the government of West Bengal for its "firm initiative" prohibiting government school teachers from offering tutoring services on their own time.

Without providing supporting evidence, Sen claimed that stamping out the escape hatch of private tutoring would force wealthier parents to care more about government school performance, and that this would cause the government schools to improve. Even if Sen's escape hatch argument had merit, it would require not only the prohibition of private tutoring, but also of all private schooling and parental tutoring as well—something that a champion of freedom such as Sen would hopefully never condone. This observation is moot, however, since there is no obvious merit to the argument: there is no body of research showing that dissatisfied parents can somehow make a poorly-performing government monopoly into a model of market efficiency.

In reality, the Pratichi Trust's report reaffirms the conclusion of this paper: that market schools paid at least in part by parents are consistently more effective, efficient, and responsive to parental needs and demands than are free government schools. Because this reality conflicts with the cherished belief that schooling *should/must/will be provided free-of-charge by the state*, it is widely ignored.

But while scholars and international agencies can afford to ignore this reality, most developing nations cannot. Universal free government schooling is not only ill-suited to the achievement of Education for All, it is unaffordable. The lack of parental co-payments, coupled with low efficiency, makes free government schooling prohibitively expensive for less developed countries with large numbers of unenrolled children.

It seems unlikely that international development organizations will reverse course any time soon, advocating market-based education reforms along the lines supported by the econometric research. Nevertheless, there is ample reason for hope. If governments as committed to central planning as Tanzania and China could admit the merits of private schooling, then so can any other nation on earth. In other words, the path to Education for All will be blazed by those citizens and leaders of the developing world for whom reason and evidence, not ideology, drive education policy.

References

- Andrabi, Tahir, Jishnu Das, and Asim Ijaz Khwaja (2002). "The Rise of Private Schooling in Pakistan: Catering to the Urban Elite or Educating the Rural Poor?" Working paper, Harvard University, March 21st. Available on-line at:
<http://ksghome.harvard.edu/~.akhwaja.academic.ksg/papers/Pakschool%20March29.pdf>
- Alderman, Harold, Peter F. Orazem, and Elizabeth M. Paterno. (2001). "School Quality, School Cost, and the Public/Private School Choices of Low-Income Households in Pakistan," *Journal of Human Resources*, 36 (2): 304-326.

- Angrist, Joshua D., Eric Bettinger, Erik Bloom, Elizabeth King, Michael Kremer (2002). "Vouchers for Private Schooling in Colombia: Evidence from a Randomized Natural Experiment," World Bank working paper, Available on-line at: <http://www.nber.org/~confer/2002/si2002/angrist.pdf>
- Atchoarena, David, and Paul Esquieu (2002). "Private technical and vocational education in sub-Saharan Africa (SSA): Provision patterns and policy issues," revised final report, prepared by the International Institute for Educational Planning for The World Bank, Paris, January.
- Bashir, Sajitha (1997). "The cost effectiveness of public and private schools: knowledge gaps, new research methodologies, and an application in India." In: Christopher Colclough (ed.), *Marketizing education and health in developing countries. Miracle or Mirage?* Oxford: IDS Development / Clarendon Press.
- Bedi, Arjun S. and Ashish Garg (2000). "The effectiveness of private versus public schools: the case of Indonesia," *Journal of Development Economics*, 61: 463-494.
- Belfield, Clive R., and Henry M. Levin (2001). "The Effects of Competition on Educational Outcomes: A Review of US Evidence" Occasional Paper No. 35, National Center for the Study of Privatization in Education, Teachers College, Columbia University, September.
- Bray, Mark (2002). *The Costs and Financing of Education: Trends and Policy Implications*. Education in Developing Asia, Volume 3. Hong Kong: Asian Development Bank. Available on-line at: http://www.adb.org/Documents/Books/Education_NatlDev_Asia/Costs_Financing/costs_financing.pdf
- Burke, Jason (2000). "Where state fails, others give poor a chance: Official corruption and indifference have wrecked the education system, so people are turning to a range of private schools," *The Guardian*, Monday February 28. Available on-line at: <http://education.guardian.co.uk/Print/0,3858,3968295,00.html>
- Chediell, R.W., N. Sekwao, and P.L. Kirumba (2000). *Private and Community Schools in Tanzania (Mainland)*. Paris: International Institute for Educational Planning/Unesco. Available on-line at: <http://unesdoc.unesco.org/images/0012/001224/122460e.pdf>
- Contreras, Dante (2002). "Vouchers, School Choice, and the Access to Higher Education," Yale University Economic Growth Center, Discussion Paper no. 845, June.
- Coulson, Andrew J. (1999) *Market Education: The Unknown History*. New Brunswick, NJ: Transaction Books.
- (2003). "How Markets Affect Quality: Testing a Theory of Market Education against the International Evidence," paper prepared for the Cato Institute conference "Educational Freedom and Urban America: Brown v. Board of Education after Half a Century," May 15.
- Cusato, Sandra and Juan Carlos Palafox (2002). "Qualitative study of schools with outstanding results in seven Latin American countries," research report, UNESCO-Santiago, Regional Bureau of Education for Latin America and the Caribbean. Available on-line at: www.unesco.cl/pdf/laboratorio/study.pdf
- De, Anuradha, Jean Drèze, Shiva Kumar, Claire Noronha, Pushpendra, Anita Rampal, Meera Samsom, and Amarjeet Sinha (1999). *Public Report on Basic Education in India (The PROBE report)*. New Delhi: Oxford University Press.
- Duraisamy, P., Estelle James, Julia Lane, and Jee-Peng Tan (Undated). "Is There A Quantity-Quality Trade-Off As Enrollments Increase? Evidence from Tamil Nadu, India," World Bank research report, (late 1990s?). Available on-line at: www.worldbank.org/html/dec/Publications/Workpapers/WPS1700series/wps1768/wps1768.pdf
- Ehouman, Lydie, Sandra Fried, Theresa Mann, Haroon Ullah (2002). "Tamil Nadu: The Path to Becoming India's Leading State," a study conducted for the government of Tamil Nadu by the Center for International Development, Kennedy School of Government, Harvard University. Available on-line at: <http://www.cid.harvard.edu/india/docs/KSG%20student's%20paper.pdf>
- Gallego, Francisco A. (2002). "Competencia y Resultados Educativos: Teoría y Evidencia para Chile," Central Bank of Chile, Working Papers N° 150, April.
- Govinda, R., and N. Verghese (1991). *The Quality of Basic Education Services in India: A Case Study of Primary Schooling in Madhya Pradesh*. Paris: International Institute of Educational Planning, and New Delhi: National Institute of Educational Planning and Administration.
- Green, Jay P., Paul E. Peterson, and Jiangtao Du, with Leesa Boeger and Curtis L. Frazier (1996). "The Effectiveness of School Choice in Milwaukee: A Secondary Analysis of Data from the Program's Evaluation," Harvard University Occasional Paper 96-3.
- Howell, William G., and Paul E. Peterson, (2002). *The education gap. Vouchers and urban public schools*. Washington, DC: Brookings Institution.

- Hoxby, Caroline M. (2003). "School Choice and School Competition: Evidence from the United States," conference paper, presented on March 17th at "What Can Educational Policies Achieve," a conference organized by the Economic Council of Sweden, Stockholm. Available on-line at: <http://post.economics.harvard.edu/faculty/hoxby/papers/sweden.pdf>
- James, Estelle, Elizabeth M. King, and Ace Suryadi (1996). "Finance, Management, and Costs of Public and Private Schools in Indonesia," *Economics of Education Review*, 15 (4): 387-398.
- Jimenez, Emmanuel and Marlaine E. Lockheed (1995). "Public and Private Secondary Education in Developing Countries, a Comparative Study," World Bank Discussion Paper no. 309, December.
- Karmokolias, Yannis and Jacob van Lutsenburg Maas (undated). "The Business of Education: A Look at Kenya's Private Education Sector," The World Bank, Washington, D.C., prepared circa 1997.
- Kim, Jooseop, Harold Alderman, and Peter Orazem (1998). "Can Private Schools Subsidies Increase Schooling for the Poor?: The Quetta Urban Fellowship Program," working paper series on Impact Evaluation of Education Reforms, Paper No. 11, Development Research Group, The World Bank, May.
- Kingdon, Geeta Gandhi (1996a). "The Quality and Efficiency of Private and Public Education: A Case-Study of Urban India," *Oxford Bulletin of Economics and Statistics*, 58 (1): 55-80.
- (1996b). "Private schooling in India: Size, nature, and equity-effects," *Economic and Political Weekly*, 31 (51): 3306-3314. Available on-line at: <http://www.econ.ox.ac.uk/Members/geeta.kingdon/PublishedPapers/privateschoolinginindia.pdf>
- Kingdon, Geeta Gandhi (1996a). "The Quality and Efficiency of Private and Public Education: A Case-Study of Urban India," *Oxford Bulletin of Economics and Statistics*, 58 (1): 55-80.
- (1996b). "Private schooling in India: Size, nature, and equity-effects," *Economic and Political Weekly*, 31 (51): 3306-3314. Available on-line at: <http://www.econ.ox.ac.uk/Members/geeta.kingdon/PublishedPapers/privateschoolinginindia.pdf>
- Kitaev, Igor (1999). *Private Education in Sub-Saharan Africa: A re-examination of theories and concepts related to development and finance*. Paris: International Institute for Educational Planning/UNESCO.
- Lassibille, Gérard, Jee-Peng Tan, Suleman Sumra (1999). "Expansion of Private Secondary Education: Experience and Prospects in Tanzania," World Bank working paper no. 12, revised draft of July. Available on-line at: www.worldbank.org/education/economicsec/finance/demand/related/Africa/Private.doc
- Levin, Henry M. (2002), "Potential of For-Profit Schools for Educational Reform," Occasional Paper No. 47, National Center for the Study of Privatization in Education, Teachers College, Columbia University.
- McEwan, Patrick J., and Martin Carnoy (1999). "The Impact of Competition on Public School Quality: Longitudinal Evidence from Chile's Voucher System," working paper, Stanford University, October.
- Metcalf, Kim (2001). "Cleveland Scholarship Program Evaluation: 1998 – 2000," Technical Report. Bloomington, Indiana: Indiana Center for Evaluation.
- National Center for Education Statistics (1995). *Digest of Education Statistics 1995*. Washington, D.C.: U.S. Department of Education.
- Nestvogel, Renate (1995). "School Education in Third World Countries: Dream or Trauma?" In: Wilfried Bos and Rainer H. Lehmann (Eds.) *Reflections on Educational Achievement*. Münster, New York: Waxmann 1995, pp. 205-215.
- Organization for Economic Cooperation and Development (1996). *Shaping the 21st Century: the Contribution of Development Cooperation*. Development Assistance Committee. Paris: OECD.
- ONEC (1998). "Education in Thailand 1998," Bangkok: Office of the National Education Commission, 1998. Available on-line at: http://www.onec.go.th/onec_pub/edu1998/
- People's Daily (2001). "China to Draft Law on Private Schools," Wednesday, May 23, 2001. Available on-line at: http://fpeng.peopledaily.com.cn/200105/23/eng20010523_70802.html
- Pratichi Trust (2002). *The Pratichi Education Report, Number 1*. Delhi: TLM Books. The introduction written by Amartya Sen is available on-line at: <http://www.amartyasen.net/pratichi.htm>
- Rose, Pauline (2002), "Is the Non-State Education Sector Serving the Needs Of The Poor?: Evidence From East And Southern," paper presented at the 'Making Services Work for Poor People' World Development Report (WDR) 2003/04 Workshop, Eynsham Hall, Oxford, 4-5 November. Available on-line at: <http://www.ids.ac.uk/ids/govern/pdfs/roseWDR.pdf>

- Sapelli, Claudio and Bernardita Vial (2002). "Evaluating The Chilean Education Voucher System," Instituto de Economia Pontificia Universidad Catolica de Chile, working paper, April. Available on-line at: <http://www.msu.edu/~herrer20/documents/ec823/papers/paper4.pdf>
- UNESCO (2000). *The Dakar Framework for Action*. Paris: UNESCO. Available on-line at: <http://unesdoc.unesco.org/images/0012/001211/121147e.pdf>
- Wang, Peng (2001). "Private Education Emerges in Modern China: A Comparative Case Study." *Journal of Language, Culture and Communication*, 3(2): 105-116. Available on-line at: <http://www.joho.nucba.ac.jp/NJLCCarticles/vol032/07PWANG.PDF>
- Zanzibar Ministry of Education (1999). "EFA 2000 Assessment." Final report. October, 1999. Available on-line at: <http://www2.unesco.org/wef/countryreports/zanzibar/contents.html#cont>