Forum: Why and How the Public vs. Private Schooling Debate Needs to Change

Jishnu Das, Joanna Härmä, Lant Pritchett, and Jason Silberstein

Abstract

“Are private schools better than public schools?” This ubiquitous debate in low- and middle-income countries is the wrong one to have. The foreword and three essays collected in this Forum each explore how to move past the stuck “public vs. private” binary.

Jason Silberstein is a Research Fellow at RISE. His foreword is titled “A Shift in Perspective: Zooming Out from School Type and Bringing Neighborhood Education Systems into Focus.” It summarises the current state of the “public vs. private” debate, outlines an alternative approach focused on neighborhood education systems, and then synthesises key findings from the other essays.

Jishnu Das has conducted decades of research on school systems in low-income countries, including in Zambia, India, and Pakistan. His essay is titled, “The Emergence and Consequence of Schooling Markets.” It describes exactly what schooling markets look like in Pakistan, including the incredible variance in school quality in both public and private schools within the same village. Das then reviews the evidence on how to engineer local education markets to improve learning in all schools, including policies that have underdelivered (e.g., vouchers) and more promising policies (e.g., finance and information structured to take advantage of inter-school competition, and a focus on the lowest performing public schools). Das’ research on Pakistan is available through leaps.hks.harvard.edu, which also houses the data and documentation for the project.

Lant Pritchett writes from a global lens grounded in his work on systems thinking in education. His essay is titled, “Schooling Ain’t Just Learning: Controlling the Means of Producing Citizens.” It observes that governments supply, and families demand, education for many reasons. The academic emphasis on one of these reasons, producing student learning, has underweighted the critical importance of other features of education, in particular the socialisation function of schooling, which more persuasively explain patterns of provision of both public school and different kinds of private schools. With this key fact in mind, Pritchett argues that there is a strong liberty case for allowing private schools, but that calls for governments to fund them are either un compelling or “aggressively missing the point.”

Joanna Härmä has done mixed-methods research on private schools across many cities and rural areas in sub-Saharan Africa and India, and has also founded a heavily-subsidised private school in Uttar Pradesh, India. Her essay responds to both Das and Pritchett and is titled, “Why We Need to Stop Worrying About People’s Coping Mechanism for the ‘Global Learning Crisis’—Their Preference for Low-Fee Private Schools.” It outlines the different forces behind the rise of low-fee private schools and asserts that both the international development sector and governments have failed to usefully respond. Policy toward these private schools is sometimes overzealous, as seen in regulatory regimes that in practice are mostly used to extract bribes, and at other times overly solicitous, as seen in government subsidies that would usually be better spent improving the worst government schools. Perhaps, Härmä concludes, “we should leave well enough alone.”
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– Jason Silberstein

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“Are private schools better than public schools?” This ubiquitous debate in low- and middle-income countries is, this Forum argues, the wrong one to have. The debate creates a false dichotomy between seemingly separate public and private education systems. Idealogues from both sides variously lay claim to the special magic of public ownership or private ownership.

The three essays below seek to escape the public vs. private binary. They do so by harking back to an older argument, and one that has been advanced in many sectors beyond education (Estache, 2020), that privateness or publicness per se are far less important determinants of performance than deeper structural characteristics that shape decision-making in all schools regardless of type. This argument starts from a key shift in perspective, zooming out from the type of school and focusing instead on neighbourhood education systems which are made up of all nearby schools, both public and private. This approach recenters families and how they act on their diverse values and educational goals to choose where to enroll their children. It also emphasises the interdependence of all local schools and how they respond to one another. Perhaps most importantly, the lens of neighbourhood education systems shifts the focus to the underlying problems facing public and private schools alike, particularly low information on learning outcomes, poorly designed regulations, and regulations that are mismatched with the state’s capability to implement them. Rather than pitting public and private schools against each other, this points back to a research and policy agenda that seeks to understand the dynamics of neighbourhood school systems and the ways in which these systems—rather than individual schools, or types of schools—can be engineered to improve learning.
The current state of play: Comparing average outcomes in public and private schools

Before overviewing the three essays’ approach to neighbourhood education systems, it is helpful to first review the broad contours of the “public vs. private” debate from which they are departing.

Today, it is impossible to ignore the rise of private schooling in low- and middle-income countries. Over the past 30 years, the share of students in North America and Europe enrolled in private primary schools remained roughly constant (at 10 percent). Globally, the share of students in private primary schools doubled. In South Asia, nearly 40 percent of primary students are in private schools, and the statistics are similarly dramatic in sub-Saharan Africa’s cities (UNESCO, 2021). This trend has been driven by relatively low-cost private schools opening and operating at many different quality-price points, meaning that alternatives to government schools are increasingly accessible not only to elites, but also to the middle class and many of the poor.

Research has established some basic facts comparing key outcomes—in terms of learning, efficiency, and equity—in public and private schools in developing countries.

First, a child who attends a private school will likely learn a little more, on average, than that same child would have at a public school. Of course, the children who go to private school are different—often more academically inclined and better supported—than those who do not, and there are large differences between the average test scores of public and private school students. Studies that carefully account for these differences (e.g., Muralidharan and Sundararaman, 2015; Patel and Sandefur, 2020) find that the private school premium, or how much more the same child will learn at a private school relative to the alternative, is modest. This is especially true in light of the fact that the average private school, even if slightly better than public schools nearby, is still far away from delivering even basic literacy and numeracy skills to its students in line with global learning goals. Moreover, as Das hammers home in his essay, this is a canonical case of averages hiding more than they help. The full range of good, mediocre, and awful public schools often exist alongside good, mediocre, and just-better-than-awful private schools in the same village (Andrabi, Bau, Das, and Khwaja, 2022). What often matters is which school a child attends, rather than which type of school.

Second, private schools deliver equal or slightly more learning at a far lower cost per student than public schools. For example, Muralidharan and Sundararaman (2015) estimate that a student switching to a private school in Andhra Pradesh, India results in slightly higher test scores for less than 1/3 the cost per student.¹ This is driven by the fact that private schools pay their teachers far less than what government pays its teachers. In some places government teachers may be receiving a fair wage relative to similarly skilled workers in the wider economy (Evans, Yuan and Filmer, 2022), but

¹. This compares total school expenditure per student. However, this figure might present a biased picture since it doesn’t account for household expenditure. After back-of-the-envelope calculations that account for total educational expenditure (combining figures from Tables 1 and 3 in Muralidharan and Sundararaman, 2015), private schools are still at least twice as cost-effective as public schools.
in other countries their salaries are inflated due to the politics around civil service contracts.

Third, the rise of private schools has increased stratification by school type. Students from households that are more urban, socioeconomically advantaged, or place a higher value on learning disproportionately attend private schools, while others remain in public schools (or are “off-rolled” or otherwise excluded from private schools). Indeed, increasing enrolment in private schools has partly been driven in some places by families fleeing the expanded provision of free government schooling to the poor (Bold et al., 2015). Some studies have found that this sorting does not negatively affect those “left behind” in public schools in the medium term (e.g., Michaud-Leclerc, 2022), but there is less evidence—and great concern—about long-term consequences on the social fabric and reduced political and budgetary support for public schools.

Those who believe the public education system is irremediable tend to focus on the (small) learning and (larger) efficiency advantages of the average private school, and they advocate for public private partnerships—vouchers, subsidies, or contract management arrangements—that direct government funds to privately managed schools. Those who believe that any support for private schools undermines public education tend to focus on rising inequality, and they advocate for tighter government regulation to scrutinise or shut down private schools altogether.

An alternative approach: understanding and intervening in neighborhood education systems

The essays in this Forum move beyond a debate that is very much stuck over the differences between the average public and private school by turning to older questions around the structure of local-level education systems. How do these systems—or markets—work, where are they failing, and what new entry points for research and public policy does this perspective suggest?

One major implication that follows from the neighbourhood education systems framing is the need to better understand how families make choices between different schools (“the demand side”). Families want many different things from school. Research often focuses single-mindedly on one of them—learning outcomes—and too little on the other factors that figure as or more heavily in the minds of parents and children. Pritchett emphasises the role that school plays in socialising children in different values and world views, which partially explains why governments are unlikely to fund private schools and why families with distinct world views often opt out of government schools. Härmä emphasises more basic non-academic factors—convenience and safety—to explain why parents choose private schools.
The essays also delve into the complex ways that local schools influence and make decisions based on each other (“the supply side”). For example, Das highlights an experiment within competitive village-level school markets in Pakistan wherein giving families better information on local school quality triggered major responses from nearby schools—both public and private—that produced sustained gains in student learning and lower fees. Both Das and Härmä also argue that governments can best harness the competitive nature of these neighborhood education markets by investing in the worst public schools and thereby raising the floor for all schools.

Finally, the essays reflect a shared concern that governments often misunderstand the dynamic equilibrium in neighborhood education systems, and therefore intervene in ways that may make them less, not more, effective. Härmä observes that unrealistic regulatory requirements may lead private schools to operate off the books, exclude the poor, or pay bribes to officials. Das argues that public money often flows to private schools in ineffective ways, such as voucher schemes that largely end up subsidising private school for those who would have gone there anyway. Pritchett worries that public money flowing to private schools risks becoming a Pyrrhic victory, exposing private schools to public sector political bargaining and the economic inefficiencies—in particular the high salaries commanded by government teachers—that often follow.

What emerges is a picture of how research and policy can usefully intervene to improve learning outcomes across neighborhood education systems. On the one hand, the fact that many children now live in dense local systems with multiple public and private schools provides opportunities. Studying the impact of interventions on the system equilibrium, an approach that Das and co-authors have demonstrated is possible over two decades of research, offers specific ways that policy can restructure the fundamental relations between all schools to improve outcomes for public and private students alike. In other cases, when an intervention’s potential consequences on the equilibrium within neighborhood education systems is not well understood, a legitimate policy stance toward private schools might be, in Härmä’s words, to “leave well enough alone.”

References


The Emergence and Consequence of Schooling Markets

Jishnu Das

From 3,000 in 1982, the number of private schools in Pakistan increased to 60,000 by 2015, enrolling 34 percent of the children in primary schools. These numbers are not unique to Pakistan; in South Asia, 39 percent of children are enrolled in private schools at the primary level, and in low- and middle-income countries, that fraction is 19 percent.  

Not surprisingly, the rapid growth of private schools has polarised the education community. There are those who wish to heavily regulate and perhaps shut down private schools altogether and those who believe that private schools should instead be subsidised through the public purse. Missing from this debate is a detailed empirical picture of what the growth of private schools means for education markets more broadly and what the functioning of the market tells us about the demand for schooling and the ability of public and private schools, in turn, to respond to that demand.

Here, I use research from the Learning and Education Achievement in Pakistan Schools or LEAPS project (leaps.hks.harvard.edu) to discuss key features of the educational landscape and the implications thereof for policy. There is a strong continued case, I conclude, for governments to maintain their focus on improving the quality of public schools. There are also new policies that alleviate constraints for the education sector more broadly that should now become part of the regular arsenal in our efforts to improve the quality of schooling for all children.
What are we learning from the LEAPS project?

The LEAPS project was started in 2003 by the author together with Tahir Andrabi at Pomona College and Asim Ijaz Khwaja at Harvard University in 112 villages in the province of Punjab, Pakistan. The province has more than 100,000 public and 60,000 private schools; a useful comparison is the state of California in the United States, which is the largest public education system in the country with 9006 public schools. The villages in the LEAPS project were selected from those with at least one private school in 2003 and are therefore larger and somewhat wealthier than the average village in the province. In 2003, between 60 percent and 70 percent of the province’s rural population lived in such villages.

To illustrate what the growth of private schools has meant for education markets, Figure 1 shows a village in the LEAPS sample. It took the author (walking with 2 young children) 15 minutes to walk across the village, yet it has 5 private and 2 public schools. The average monthly fee in a private school was PKR 107 in 2003, or less than the price of a cup of tea each day. Figure 1 is not cherry-picked in terms of the density of schools—in fact, the average LEAPS village in 2003 had 8.2 schools of which 3 were private even though there were only 678 households. A fundamental consequence of the growth of private schools is that 90 percent of children in Punjab now live in neighbourhoods and villages like that in Figure 1, with tremendous school choice. Such “schooling markets” are not just a Pakistani or South Asian phenomenon; further afield, we find similar schooling markets in Latin America and parts of Sub-Saharan Africa.

Figure 1:
One Village in the LEAPS sample

Note: The figure shows a single village from the LEAPS sample. Private schools are marked with a $ sign and government (public) schools with a house. Shops in the village are marked with a shopping cart.

With that background, one question salient in the literature is whether children in private schools learn more than those in public schools. While a successful answer
to this question is typically judged in terms of the researchers’ ability to address the selection concerns that arise because children enrolled in private schools are not randomly drawn from the population, a deeper problem is the emphasis on an “average” private school premium. Such an emphasis is overly reductionist if the multiple public and private schools that children can choose from differ in their quality: Comparing a high-performing public to a low-performing private school will yield a very different estimate from comparing a high-performing private to a low-performing public school.

This is indeed what we find. Andrabi et. al. (2023a) estimate School Value-Added or SVA as the gain in test scores in Urdu, math and English that a randomly selected child will face when enrolled in a specific school. They find that the variation in SVA is so large that, compounded over the primary school years, the average difference between the best and the worst performing school in the same village is similar to the difference in test scores between low- and high-income countries.

Figure 2, then shows what this variation implies for estimates of private school effectiveness. Here, all 112 LEAPS villages are arranged along the horizontal axis and the figure shows the SVA of all schools in each village, with public schools marked in red and private marked in black. The red band shows the average quality of public schools in the village—increasing because the figure is arranged in ascending order of average public-school quality in the village—and the black band shows the average quality of private schools in the village. As is clear, every village has good and bad private and public schools and the “private school premium” is entirely dependent on what specific schools are being compared. In fact, depending on the specific schools that are compared, Andrabi et. al. (2023a) show that the causal impact of private schooling on test scores can range from -0.48sd to +0.84sd!

The question then is not whether private schools are more effective, but rather whether parents are able to discern quality and choose the best school for their children and whether policy, in turn, can affect these choices.
As to the first, Andrabi et al. (2023a) find that parents choosing private schools appear to recognise and reward SVA. Consequently, in the LEAPS villages, private schools with higher SVA are able to charge higher fees and see their market share increase over time. In contrast, parents choosing public schools either have a harder time gauging the school's value-added or are less quality-sensitive in their choices. This is of particular concern for those enrolled in very poorly performing public schools where after 5 years of schooling children may still not be able to read simple words or add two single-digit numbers.

As to the second question of whether policy can affect school choice, one instrument that policy makers often use is educational vouchers, whereby money follows the child regardless of the school they choose. The idea here is that making private schools “free” will allow children to leave poorly performing public schools in favor of higher quality private schools. A fundamental assumption underpinning the advocacy for such vouchers is that schooling choices are very sensitive to school fees, and in fact, we may reasonably expect that sensitivity to be higher in poor countries where incomes are lower. In contrast, in the LEAPS villages Carneiro, Das and Reis (2022) show that a 10 percent decline in the private school fees increases private school enrollment by 1 percent for boys and 2.7 percent for girls. In light of these low fee-elasticities, a subsidy that makes private schools free would still decrease public school enrollment by just 12.7 and 5.3 percentage points for girls and boys respectively. Rather than going to children who are coming from public schools, most of the subsidy will be captured by children who would have enrolled in private schools in any case. Further, most of the children induced to move under the policy may be from high- rather than low-performing public schools, limiting any test score gains that we may expect.

Rather than price subsidies, an alternate policy is to try and improve test scores in public schools directly. Andrabi et al. (2022b) experimentally evaluate a school grant programme for public schools and show that four years after the schools received the grants, test scores were +0.2 standard deviations higher in treated public schools. Importantly, they demonstrate the existence of an educational multiplier as test scores were +0.2 standard deviations higher in private schools as well. Consistent with models of “industrial organisation” whereby higher quality firms increase their quality further in order to protect their market share when low quality firms improve, private schools that faced greater competition, either by being closer physically to a public school or by being in a village where public schools were better, improved more, as did private schools in villages where the grants were larger.

One important implication of these results is that the education multiplier increases the cost-effectiveness of the programme by 85 percent, putting it among the top ranks of education interventions in low-income countries. But more than that, accounting for private school responses also changes the optimal targeting of the policy. For instance, the authors show that if policy makers consider test score increases in public schools only, a targeting policy that divides resources equally across villages also maximises test score gains—there is apparently no trade-off
between equity and efficiency. But once private school responses are considered, equal division exacerbates existing inequalities in learning across villages. Instead, a government that places positive weight on equity should distribute more resources to villages with poorly performing public schools.

Implications for policy

With 90 percent of children living in neighborhoods with multiple public and private schools, the days when governments could formulate policies that affected only public schools are long gone. Every policy will have an impact on public and private schools, even if it is targeted purely at public schools. Policymakers can choose to ignore these responses, but that doesn’t mean that the responses go away; it just means that the impact of the policy is miscalculated. Having recognised this basic reality, it is still the case that factoring parental and private school responses into the design of policy remains difficult. A key insight from the LEAPS research is that there is significant variation in schools in terms of performance and in parents in terms of their preferences for quality. A policy to improve public schools can lead to an education multiplier in one context but private school exits in others, and the data requirements to predict these effects beyond a broad understanding of market dynamics (such as parents placing a very high weight on physical distance to school in their choices) may be too onerous to be policy actionable, at least for now (Dinerstein and Smith, 2021 and Dinerstein, Nielson and Otero, 2020).

How then to proceed? Three broad principles are emerging.

First, policies that seek to reallocate children from public to private schools through the use of instruments like vouchers may end up spending a lot of money on children who were already going to private schools and have limited test score gains if the switchers are from higher performing public schools. Indeed, we see both these implications play out in India’s Right to Education Act, which has put in place one of the largest voucher schemes in the world (Romero and Singh, 2022). Subsidising private schools in a way that consistently improves test scores by moving children out of low-performing public schools remains an elusive goal. At the same time, there is little evidence that parents choosing to send their children to private schools are being “fooled” or hoodwinked into receiving a sub-standard education. In fact, the parents choosing private schools seem to be more informed and better able to reward school quality—the bigger problem is the substantial population that is enrolled in very low-performing public schools, even when there are other, better public schools around them.

If we cannot move children out of low-performing public schools, the alternative is to improve them. The second principle therefore is that governments should maintain a continued focus on improving the quality of public schools. While results from the first generation of studies that tried to do so in low-income countries were mixed at best, that pessimism is slowly disappearing as the emphasis in newer
studies on pedagogy, incentives, teacher recruitment, and training as well as school grants are all showing positive results. Alex Eble and others (2021) for instance, have shown dramatic improvements in test scores in the Gambia with an intervention that bundled teachers on temporary contracts with changes in pedagogy as well as monitoring and regular feedback to teachers. As I have argued previously, the benefits of these policies may be larger than just the effect on public schools—in schooling markets, the education multiplier will create knock-on effects for private schools.

Third, an entirely different space of policies needs to be actively considered. These are policies that do not privilege either the public or private sector but acknowledge that both parents and schools face constraints and that alleviating these constraints can lead to significant improvements in both sectors, regardless of the preferences of parents or the cost structures of schools.

Andrabi et al. (2017) and Andrabi et al. (2020) present two examples of such policies. Andrabi et al. (2017) provide information on the performance of all schools—public and private—in the village through report cards and show that this intervention improves test scores in both public and private school and decreases private school fees. The policy, in this case, pays for itself. Andrabi et al. (2020) provide grants to private schools. They show that when the grant is given to a single private school, it uses the money to expand capacity without any improvement in test scores. However, when the grant is given to all private schools in the same village, simultaneous capacity improvements lead to a price war driving profits to zero. In this context, schools prefer to focus on test score improvements to maintain profit margins. In both cases, the return on investment exceeds market-based interest rates and improves the lives of children without any need for costly monitoring.

These interventions are examples of policies that leverage the fact that children now live in neighbourhoods with multiple public and private schools. In these environments, progress relies on alleviating broader constraints in the education market rather than focusing on specific schools or specific sets of schools. Moving beyond “public versus private,” we now need policies that support schooling markets, not schools.

References


Schooling Ain’t Just Learning: Controlling the Means of Producing Citizens

Lant Pritchett

The vast majority of what gets written by economists about the policy stance of governments towards “private” provision of basic schooling (K-12) is just deeply irrelevant. Standard economic approaches mostly ignore a key fact about and a key analytical feature of basic schooling. In so doing, they get three key aspects of considering public versus private schools wrong: the positive model of what governments are doing, the normative and positive model of what parents are doing, and the positive model of what many private sector suppliers of schools are doing. Once one incorporates the key fact and key analytical feature of basic schooling into the analysis there is a strong case for allowing private schools to operate, but that case is mostly a liberty case, that people mostly should be allowed to do what they want to do. There is very little case for public sector funding of private schools, and even if there were, it is likely to be politically irrelevant.

The key, and obvious, fact is that basic schooling jointly produces skills and socialisation. As a paradigm example of a skill, children in elementary school are taught arithmetic operations—how to add, subtract, multiply, divide. As a paradigm example of socialisation, nearly all children in government owned and operated schools are intended to acquire some beliefs and attitudes and dispositions about the country they live in and to be shaped into “good citizens.” The basic school curriculum includes lots of both skills and socialisation, and they are not always (or even perhaps rarely are) clearly separable. While the ability to read is a skill, reading necessarily involves reading something and that something nearly always has content that conveys normative attitudes, beliefs, and dispositions. Battles over what reading “primers” convey normatively is always as least as contentious as whether or not they are optimally designed to teach the skills of reading. We live in a post-Foucault world where it is broadly accepted that our social reality is largely “socially constructed” through discourse and even much of what is learned in science is not just facts, like the periodic table, but has social import.
Even the United Nations global goals for education have, and have always had, socialisation goals. Article 26 of the Declaration of Human Rights from 1948 commits in clause 1 to universal free and compulsory elementary education and then clause 2 articles not skill goals but socialisation goals: “Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.” The SDG education target 4.7 is “By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development.”

Economists have never denied that skills and socialisation are jointly produced but have, in their “human capital” approach to education, emphasised the components of education that have to do with marketable skills (which could involve both “hard” and “soft” skills).

The key analytic feature that distinguishes skills and socialisations is that no one can successfully pretend to have skills they don’t have, but people can (easily?) pretend to have beliefs they don’t have. This latter analytic feature about the contrast in “observability” between skills and beliefs (attitudes, dispositions) is also common sense and an integral part of human existence. If your spouse/significant other asks “do I look good in this outfit?” you know that lying is an option—and can be your best option. Lying is an option because your actual belief is an interior mental state that no one but you has any direct access to, and most of us have acquired the ability to convincingly dissemble.

If a Finn asks you if you love their cuisine, you can dissemble about your true beliefs. In contrast, if a native speaker of Finnish asks you if you can speak Finnish, honesty is the best policy as a lie is easily discovered: you cannot convince them you speak Finnish if you don’t. This is asymmetric as you can pretend to not speak Finnish even if you do, but not the reverse.

This key fact of jointly produced skills and socialisation and the analytic distinction of the differential ease of measurement of the outcomes of skills and socialisation is central. Without it, standard economics actually has no plausible explanation for direct government production of schooling. What Mark Blaug (1976) pointed out going on 50 years ago remains true today: “what needs to be explained about formal schooling is not so much why governments subsidise it as they do, but why they insist on owning so much of it in every country. On this crucial question we get no help, and cannot expect to get help, from the human capital research programme, even when it is supplemented by the theory of externalities and public goods of welfare economics.” The standard “economics of education” tends to rely on either no positive model at all or a casual (and even sheepish) reliance on “normative as positive” (Pritchett, 2009)
which confuses “rationales”—the possibility that with “market failures” public action could improve outcomes over a decentralised equilibrium—with true “reasons” why actual governments do what they do.

Governments do what they do—own and operate schools as their primary, if not exclusive, commitment to basic education—because they want to control the socialisation in basic schooling. The reason they need to own and operate schools is that, since the outcomes of socialisation are not observable, “third party contracting” for socialisation is impossible. That is, suppose that the government wants your child to believe something that you as a parent do not believe and do not particularly want your child to believe. Then you could subvert the socialisation goals of governments by using a voucher to enroll in a school with “insincere instruction” that taught children to give correct responses about socialisation questions, but without actually teaching your child to believe those responses to be “true.”

If governments own and operate schools and do not give “vouchers” or allow “money to follow the student” (except to selected types of schools whose ideology the government favours) because of their desire to control socialisation, then academic work showing that private schools are, or are not, more cost-effective in producing skills is largely politically irrelevant.

This is even more true if one examines the demand for and supply of private schooling.

Parents (taking parents as the agents for primary school aged children) can best be thought of as having a “hedonic” demand for schooling in which at least five broad elements play a role in their choice of school. One, is whether they perceive the school to be effective at creating valued skills for their child—but that is just one. Two, is convenience and safety in getting their child to school. Three, is whether the child is generally content with the school as a place (e.g., is not bullied by peers or teachers, enjoys the class day [within reason], etc.). Four, is whether the socialisation conforms to the parents’ desired socialisation for their child. Five, is some degree of valued social signaling from the school.

A government school can be thought of as a subsidised hedonic bundle of features. The government says: “We will provide you school at a low financial cost, but we (through some perhaps contested process) get to choose the socialisation in the school”—the other features of government school operation emerge endogenously. Parents choose a private school option over the (heavily) subsidised government options when the marginal benefit of the hedonic bundle exceeds the additional marginal cost (and this is a choice of one or the other).

This identifies three main types of private school options in terms of demand and supply.

First are parents who opt out of government schools primarily due to their objections to the socialisation in government schools. The most common example

3. Other narratives of why governments own and operate schooling stemming from the “normative as positive” are implausible theoretically (as the “rationale” for Pareto-improvements from an intervention over a decentralised equilibrium never lead to “own and operate” as the optimal intervention) and don’t pass simple empirical muster (Filmer and Pritchett, 1999). And the idea that “democracy” pressures governments to own and operate also makes no theoretical sense without consideration of socialisation goals (Pritchett, 2018) and has been recently robustly challenged as an empirically plausible historical narrative of the expansion of government schooling (Paglayan, 2021).
of this is religious schooling. In this case the supply side, the producers of private schooling, are motivated to subsidise costs for the exact same reason governments are: they realise that skills and socialisation are jointly produced and one needs to own and operate schools to control socialisation.

This first “type” illustrates the case for allowing private schooling but is not a good case for its support. The case for allowing private schools is a case for liberty, that governments should offer, but not coerce, parents into a socialisation they disapprove of. Of course, there are individual parents who have whacky and nutty beliefs and one wants private schools to be regulated to be sure they are capable of providing an adequate education and are not merely the ravings of a cult, but, at the same time, most lists of human rights include notions of freedom of conscience and many (not all) an idea of specifically religious liberty. In fact, Article 26 of the Declaration of Human Rights on education recognised this liberty case for private schools as a fundamental human right, as clause 3 says: “Parents have a prior right to choose the kind of education that shall be given to their children.” The option for private schools was treated as much a “human right” as anything else in the Declaration.

But, at the same time, this liberty case is not a case for government or tax support to those schools. If the intended—and often legitimate—purpose of public schools is to create a common, shared, socialisation then, as this purpose cannot be reliably fulfilled by many private schools due to the impossibility of third party contracting on socialisation, governments are going to only selectively support private schools. At times this will mean governments will support just certain types of religious schools (e.g., Indonesia), at times money will follow the student into various public or religious schools (e.g., the Netherlands), but in many instances, as in the USA, there will be prohibitions on allowing public resources to support explicitly religious instruction.

The “money follows the student” reforms in Chile provide an interesting case in point. Economists have examined whether this reform, on average, led to higher test scores (or the same scores at lower cost). But, as an economist, one could do a simple “area under the demand curve” analysis of the welfare gains. As roughly 20 percent of the population shifted from public to private schools after this shift in financing, these perfectly standard economic calculations would produce massive estimated welfare gains (much larger than most other “liberalisations”). But this shift in demand mostly seems to be students shifting from public into religious (many of them Catholic) schools (the elite private schools largely did not participate in the subsidy scheme) so the welfare gain seems mostly to come from better hedonic match of parental socialisation (and willing suppliers of that socialisation) rather than mostly parents choosing higher value added in skills. The evaluation of this as an “education” policy cannot be separated out from stances about desired socialisation.

But, to emphasize the main point, which is that if a government is choosing to own and operate schools because it wants to control socialisation, it will often be the case that the people with the highest demand to switch into private schools (and the first supply of private schools) will be those who most object to (have the largest hedonic
loss from) the socialisation process in government schools. So “recommending” that the government provide support to those schools, independently of whether they produce measurable skills more cost-effectively or not, is exactly the kind of aggressively missing the point that academics are famous for.

A second type of demand for private school is when parents choose schools because those schools send a certain “signal” valued either intrinsically or because parents believe the signal (and the social networking) will pay off for their child socially and economically. These are generally “elite” (even “elitist”) private schools that actively attempt to market their school on the basis of its social signaling value. Here again there is a liberty case that governments should be wary of compulsion and substituting their own values over those of parents (and while, with a “good” government and “icky” elites [both of those obviously value judgments] banning private schools can seem attractive, many of the worst abuses of human rights in history have emerged from a lack of respect for liberty often justified by the need to “socialise” youth into “correct” values).

But general (as opposed to targeted) financial support flowing to schools whose main attraction is signaling seems a dubious proposition. Government support to disadvantaged (by race, ethnicity, income) children to be able to enroll in these elite schools is a plausible (though not “no brainer”) policy stance. The Right to Education act in India mandates that schools accept a certain portion of their students from disadvantaged groups (with reimbursement) on these grounds.

It is worth mentioning that Caroline Hoxby (2002) has a provocative paper arguing that if public policy objectives of schooling include social goals that can be objectively measured, like racial diversity, these can be factored into vouchers. So my argument is specifically about the difficulty of the observability of socialisation, not a general argument that any social goal—like racial diversity—would be impossible to achieve via specifically designed government financial support of private schools. The design possibilities hinge on observability.

A third type of demand is the flow of children from public schools into “low-cost private schools,” by which the literature typically distinguishes these from either of the above two types of religious schools or elite schools. This choice is often driven by “low quality” either in (perceived) learning outcomes and/or child treatment.

The main difficulty with public support of this type of school, particularly in South Asia (India and Pakistan) is that the economic viability of these low-cost schools depends on wages for teachers that are very low relative to the public sector. In some cases the private sector teacher wages are a tenth as high as the those of the public sector—for equivalent quality and learning outcomes. I think the best way of thinking about this is that these excess wages are not an “economic” cost of schooling (though they are of course an “accounting” cost) but rather are just a politically determined “rent.”
This does raise an entirely different “positive” model of government production of schooling, which is that it is easier to hide or disguise “rents” that inflate costs if the process of determining costs is opaque and not subject to competition. There is massive confusion in discussions of the “cost” of schooling where many just mean “accounting cost” whereas for economists “cost” is an analytic concept that implies “minimised” cost. Pritchett and Aiyar (2014) argue that a significant fraction of the “accounting” cost of government schooling isn’t an “economic” cost but is rather a “rent” (or “quasi-rent”) as the wages paid to public sector teachers are vastly higher than is needed to attract quality teachers (and these rents do not ensure quality teaching).

One could argue that public support to private schools would be a mechanism to reveal these rents and hence improve the efficiency of spending on schooling. And there are examples where collusion among, say, producers of textbooks lead to costs being vastly inflated and more open contracting being able to reduce those costs. But the danger is that the political logic would work in exactly the opposite way. It might be the case that extending public resources to private schools would come only with the political bargain that the rents are also extended to private schools. In this case the political consequence of extending public sector support to private schools is almost certainly a very bad idea. (And this is doubly so when combined with the ideological concerns above as this would imply extending public taxpayer supported rents to teachers whose motivation for teaching and hence “willingness to accept” wages is explicitly ideological).

So again, there is a strong liberty case for letting parents escape the worse consequences for their children of the available government options, but the case that these “low-cost private schools” can be supported with public funding without destroying their economic viability is not at all obvious—and the revelation of rents through the existence of private schools happens without public support in any case.

References


Low-Fee Private Schools Are Families’ Coping Mechanism for the “Global Learning Crisis”—and That’s Okay

Joanna Härmä

Lant Pritchett states that “the vast majority of what gets written by economists about the policy stance of governments towards private basic schooling (K-12) is just deeply irrelevant.” I fully agree with this assertion, while coming at it from my own experiences in remote rural Uttar Pradesh, India, where my husband and I established a school in 2004, and also from my experiences in the urban informal settlements of Lagos, Accra, Abidjan, Kampala, and many more places, urban and rural. I address primarily Pritchett’s third type of demand, highlighted at the end of his essay, that parents want low-fee private schools in poorer countries in South Asia and Sub-Saharan Africa due to problems with public education, a subject I have authored a book on (Härmä, 2021).

A long history of colonialism and neo-colonialism has led us to the point where we are today—having destroyed a vast, highly effective, and entirely local education system in India in the 18th and 19th centuries (Härmä, 2020) and having sowed the seeds for desire for European models of schooling there and in Sub-Saharan Africa—we in the Global North now castigate poor countries for not providing good-quality education. These education systems are now well-documented and openly avowed as failing, having expanded at break-neck speed with hardly any suitably prepared people available to fill the newly created shoes of professional teachers needed across vast countries. In many countries in Africa, the fee barrier to entry to school was abolished almost overnight, with no planning and no resourcing available to schools to cope with the tsunami of first-generation learners who came forward eagerly to enter school. Swelling enrolment numbers were lauded as great progress—children were now in school, and the rest would work itself out.

In the face of vastly over-crowded classrooms, people with any means started to abandon government schools in favour of small private schools that began to spring up in houses, flats, shops, and sheds, and under trees. In other places, the hunger for
education had been stoked but no government school had been opened anywhere near where people lived, often the case in the urban informal settlements (what many call slums) that grow up around major cities. So, rather than send small children far across a congested community to fight their way into a crowded government school classroom on the other side of the slum or outside of it, parents chose and continue to choose in great numbers to send their children to these small, local, low-fee private schools.

When this began to be documented in the early 2000s by Geeta Kingdon, James Tooley, Prachi Srivastava, and then myself and others, it was met initially by denial and dismissal, then questions as to the extent of the phenomenon and whether the schools were actually any better than government schools. This latter question—which involves the need to take into account the different levels of wealth of the families sending children to different types of schools—continues to vex researchers because, as Jishnu Das highlights in his essay, some are good, some are bad, and many are in between (with the same applicable to government schools, too). The main issue now seems to be “what is to be done?” Should children be funded to go to private schools instead of government ones, since things seem to function somewhat better there? The Punjab Education Foundation has been running various schemes to support private school operations or to support parents to send their children to private schools, with some schemes more successful than others. Much effort has gone into monitoring and evaluation, but the perverse outcome seems to be that the Quality Assurance Test the children and schools supported via the schemes have to go through lead to a whole array of unintended consequences that lead to the careful exclusion of many of the intended beneficiaries: poor and marginalised children.

From my current vantage point, the question of “what is to be done?” is an amusing one, particularly when posed by people like me from the Global North—academics (be they economists or otherwise), development professionals, and human rights advocates (I am, or rather, was, all three of these in part). People are doing what they want to do, in the locations in question, without the blessing of anyone, foreign or domestic, and despite the condemnation of many. People see an unmet need of local children, or they see a business opportunity, and they start small schools in their homes or in small rented premises. In Makoko in Lagos, some of the earliest private schools were started from the kernel of a small group of children taught reading and numbers by a local person, whom parents then pleaded with to start a proper school. As this example caught on, some individuals who had got their own education saw a business opportunity in starting a small school, a way to make a living by teaching children in the community while doing something worthwhile at the same time. For many this has become a family business, a way to create employment for their educated adult children in economic contexts where formal sector jobs suitable for the educated are scarce. Supply has risen up to meet demand, and the two seem to have fed each other, growing and changing form and developing organically, without any formal encouragement on the one hand, nor any real let or hindrance from anyone, on the other.
Today, people will send their children to school, no matter what anyone has to say about it. The better off and the more motivated choose low-fee private schools in large (but by no means all) areas of Sub-Saharan African and South Asian countries. The poor but more motivated wish to send their children there, but are forced by circumstance to send their children to government schools instead. Sadly, local elites, including many, many people in government departments in these countries, are just as capable of condescending, nannyish, and uncomprehending attitudes as those who make up the priestly triumvirate mentioned earlier. They set up ludicrous sets of regulations that schools must comply with in order to be legally accepted into the fold of the recognised education sector—while their own government schools provide horrific and often unsanitary and unsafe conditions for children.

Where regulatory requirements are at their toughest, as in Lagos (Baum, Cooper, and Lusk-Stover, 2018), school proprietors fly under the radar in great numbers in order to survive. In places like Kampala where the regulatory regime is more flexible (Härmä, 2019), seemingly more responsive to the situation existing in reality, more schools successfully manage to become registered. In the end, the relations between the organs of the state and the schools are characterised similarly: to placate the government official and to get him or her to go away, money must change hands. They might give some advice at the same time, and in some cases the regulations have actually been complied with. It doesn’t matter, the transaction must take place for peace and for the continued operation of the school (Härmä, 2023). Sometimes governments feel the need to flex their muscles and close down a few schools or needlessly bulldoze a few structures in informal settlements to make sure the poor people living in these areas realise threats are credible. But rest assured that these actions are not motivated by the interests of the vulnerable children attending private schools found to transgress the regulations as they exist on paper.

What the triumvirate write about low-fee private schools is irrelevant to poor people seeking to do right by their children. I have never interviewed parents (in places where private schools have developed) who, in any numbers, believed government schools to be better than private ones. They believe that because private schools are smaller, closer to home, and teachers are seen to show up and do something, and that their children are carefully tended all day, they are preferable to government schools. But specifically—and I stand by this generalisation, sweeping as it may be—they tend to believe the quality of the teaching and learning taking place is better. They do not have uniformly positive views of such schools. They often feel that the schools screw every last penny out of them that they can, and unjustly so (often not comprehending the struggles of proprietors to gather fees from erratically-earning parents in order to pay the teacher salary bill at the end of every month), and often have complaints. Human rights advocates jump on these complaints to point to how both parents and teachers are exploited through paying fees at primary level and by being paid painfully low salaries, respectively. But at the end of the day and at the end of the argument, countless parents have said to me that the schools are better, closer to home, and—here’s the kicker—teachers know their children’s names and keep them safe all day so that they can, with confidence, go out and work. This is not something that many
amongst the triumvirate or in the local elites (government and otherwise) consider and take into account. It is a factor so fundamental to family life and existence, one of the most basic of needs: to keep one’s young safe.

My final observation is, as I have said so many times before, including to the UK Parliament’s International Development Committee: these schools are already out there in the world in great numbers, doing what they do on their own, off the backs of their local community members, keeping the fee revenue local by paying local people as teachers. They do not need our help or approval to do so, they are not waiting for our opinion or that of their local elites. We do not need to suggest that governments waste resources that could be used to support the children of the truly poor who must attend government schools or no school at all, by subsidising private schools. In fact, we (meaning all elites) should leave well enough alone. Government should focus on government provision to serve the truly poor, and should strive to raise this minimum bar that private schools must, of necessity, stay above in order to justify their financial costs to parents. Once they manage this well, and the poorest children in government schools are well served, then by that time, in any case, the worst low-fee private schools, which can be very depressing indeed, would already have disappeared, and very much to the general good.

References


