Unit 9: Education Markets (A Systems Approach to the Private Sector)

Private schools have seen tremendous growth in developing countries in recent years, and now account for a greater share of enrollment than public schools in many urban areas. As they have expanded in number, private schools have ceased to only serve the rich, with the poor now being served by ‘low-cost’ private schools. The private sector is therefore an increasingly consequential part of the overall education system.

Much of the academic and policy debate over the role of private schools in education has focused on comparing private vs. government schools, including contentious debates over which type of school is higher quality. In contrast, scholars have recently begun to articulate a systems approach to studying private schools. Under this approach, private and government schools co-exist within local education markets, and families make choices between these types of schools depending on the market structure. Within education markets, private and government schools are not best understood separately, but instead can only be understood together.

After introducing education markets, this unit explores policy options for intervening in and improving them. The unit discusses multiple kinds of market failures that, left unaddressed, lead to lower learning in all schools. For example, on the demand side, lack of good information on school quality leads families to make poorly informed decisions about where to educate their children (and allows the non-state market to charge higher fees). The unit also explores questions around how private and government schools respond to the alleviation of market failures. For example, how is the impact of increasing funding to a single school different from increasing funding to multiple schools within an education market? And how do private schools respond to increased funding to government schools in their local market?

The unit will focus on education markets in Pakistan, which has one of the highest penetrations of private schools in the world and has been a focus of academic study and policy experimentation to improve private schools.

After completing the unit, students should:

- Understand the concept of education markets;
- Identify common education market failures and their impact on school choice and learning; and
- Offer examples of how to alleviate education market failures and support these examples with empirical evidence.

Lectures

1. Education markets (preliminaries) (Jishnu Das, Georgetown University)
2. The education landscape (Jishnu Das, Georgetown University)
3. Understanding policy responses (Jishnu Das, Georgetown University)
Required Readings

  - Presentation of unpublished long-term results at 2019 RISE Conference: [https://www.youtube.com/watch?v=cvOHvrXxcV0&t=10333](https://www.youtube.com/watch?v=cvOHvrXxcV0&t=10333)

Further Readings

- On Education Markets:

- On the Private School Premium

- On Public Private Partnerships in education (generally)
    - Ungated working paper version: [https://www.cgdev.org/publication/partnership-schools-for-liberia](https://www.cgdev.org/publication/partnership-schools-for-liberia)
On Vouchers (specifically)
- Pedro Carneiro, Jishnu Das, Hugo Reis; The Value of Private Schools: Evidence from Pakistan. *The Review of Economics and Statistics* 2022; [https://doi.org/10.1162/rest_a_01237](https://doi.org/10.1162/rest_a_01237) (ungated working paper version: [https://doi.org/10.35489/BSG-RISE-WP_2022/091](https://doi.org/10.35489/BSG-RISE-WP_2022/091))

On Regulation and State Capability:

On Parent Choice

**Supplementary Resources**
- CGD blog on low cost private schools: [https://www.cgdev.org/blog/low-cost-private-schools-what-have-we-learned-five-years-dfid-rigorous-review](https://www.cgdev.org/blog/low-cost-private-schools-what-have-we-learned-five-years-dfid-rigorous-review)
- Testimony to UK Parliament by Joanna Harma and Pauline Dixon on low-cost private schools: [https://parliamentlive.tv/Event/Index/7dc4112b-76b7-4fd4-8b5b-8fb8aaf30a5d](https://parliamentlive.tv/Event/Index/7dc4112b-76b7-4fd4-8b5b-8fb8aaf30a5d)
- The RISE Podcast: Jishnu Das on School Choice, School Quality, and 'Zombie Schools' in Pakistan: [https://riseprogramme.org/podcast/jishnu-das](https://riseprogramme.org/podcast/jishnu-das)
- The Seen and Unseen podcast episode with Karthik Muralidharan (an epic tour of the entire Indian education system, with a section on private schools starting at the 2:45:00 mark). [https://seenunseen.in/episodes/2020/8/9/episode-185-fixing-indian-education/](https://seenunseen.in/episodes/2020/8/9/episode-185-fixing-indian-education/)