

PRESIDENTIAL ADDRESS

Schooling Around the World: An Institutional Perspective

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I want to thank B. J. Reed for his strong leadership over the past year. B. J. always shares his wisdom with humor, and working with him has been a pleasure. Indeed, working with members of the executive council and other program leaders is one of the rewards of service to NASPAA. I also want to thank NASPAA's executive director, Ken Tolo, Laurel McFarland, and other staff for the outstanding support they have provided to me as vice president, and I look forward to working with NASPAA's entire staff during the coming year.

After checking with NASPAA, I learned that there are no rules that govern these addresses. The President can talk about anything she wishes. I am going to take advantage of this absence of rules and talk about my own research. Today, I shall talk generally about the evolution of institutions in a world of globalization and specifically about the evolution of the institutions that govern elementary and secondary school provision.

Only those persons who literally have lived in an ivory tower could be unaware of the changes in governance that have occurred in the public sector over the past decade. As we all discuss in our programs, globalization is here, and with it have come privatization, contracting out, outsourcing, and the blurring of administrative distinctions between the public and private sectors. From the perspective of an economist, globalization has resulted from advances in technology and has lowered the costs of communications and trade, caused product specialization across countries, created growth, and generally enhanced economic welfare. Many persons hold different and negative perspectives of globalization relating in large part to reduced cultural identities across countries and increased reliance on private markets.

Today I do not want to evaluate globalization or to focus on its economic consequences. I want to take as a given that globalization has increased competition across all sectors and around most of the world. I want to think about the consequences of this enhanced competition on public administrative structures.

When we talk about the blurred lines between the public and private sectors from a public administration perspective, we are talking about the fact that institutional structures and their accompanying incentive and reward systems, once reserved for the private, for-profit sector, have encroached and sometimes subsumed the institutions of the public sector. We recognize that competition causes countries to specialize or to produce relatively more of those goods for which they are the least cost providers. If efficiency drives the market production of goods and services, then efficiency also should influence nonmarket structures that govern the public sector.

My goal today is to ponder globalization as a factor of influence on the way we deliver education to the public. Specifically, I raise the question of whether we are witnessing an evolution of institutional structures that will erase institutional differences in schooling across countries in the same way that we are seeing other cultural and trade differences diminish. But before adopting a world perspective on the evolution of institutions that supply schooling, we can also gain insights from looking historically at the evolution of these institutions within the United States. Keep in mind that politics may have dictated the past more than it will dictate the future.

In the United States, we think of public schools as those that are governed by a public board, are managed by public employees, and for which taxpayers provide all funding. Private schools, on the other hand, are privately governed, managed by private employees, and financed from private sources. We have operated public and private schools under such distinctions for over a century.

From the pre-Revolutionary War period into the mid-1800s, education in this country was largely privately provided and privately financed. For the most part, families paid fees to tutors to visit their homes, or in more urban areas the families paid fees to teachers for collective instruction in a school setting. Churches and other charitable organizations sponsored the education of children whose families were too poor to contribute to teachers' fees. In some cases, and especially in rural areas, the public contributed to the financing of schooling for the

poor, but full taxpayer financing of schooling was not common until the mid- and late-1800s. Education was certainly not universal, but literacy rates were surprisingly high.

Private schooling dominated initially, in large part because the public sector was simply not developed. The only real option for school provision lay with the private sector. Taxing capacity and service provision were limited by scarce resources across sectors, and the role of the public sector from the taxpayers'/voters' perspective was chiefly to provide defense. In part because of the success of schools in producing human capital, and in part because of the industrial revolution and its accompanying economic growth, the capacity of both the private and public sectors began to grow rapidly in the mid-1800s.

The collective provision of goods and services began to generate relatively high returns at this point in history. The population of towns was small by modern standards and the within-town populations were relatively homogenous. Gains from collective provision could be shared among the townspeople without severe allocation losses due to differing tastes. The towns began to collectively produce schooling whose pedagogy was based largely around Anglo-Saxon Protestant beliefs, and they funded the schools through gradually increasing proportions of public revenues.

Politics played a critical role in the demise of privately provided schooling. In addition to grants of land from the federal government, the political economy of towns changed significantly when immigration flows brought waves of Catholics to the new towns. Many towns found themselves with clusters of Catholic families who wanted an education that included Catholic teachings. Protestant families, at the same time, did not wish to use the collective funds to pay for schooling that conflicted with their own religious beliefs. In some instances, the divisions between Catholics and Protestants resulted in full-scale riots, with historical recordings of at least one Catholic Church that burned to the ground in a school riot. Other political issues also developed around the schools and immigration. Some believed the schools were the single place in which immigrants could be taught the common values of the

new country. Some educators thought schools for the public were the only way to ensure the socialization of humanity. The political economy answer to these conflicts lay in a collectively funded, publicly operated system of schools technically available to all children. But, in the early years, these public schools continued to provide instruction in Protestant religion. Catholics, who constituted the minority population, formed their own schools that provided instruction in Catholicism, financed through fees from families and with subsidies from the Church. This practice continues today.

It is interesting to note that other countries that also experienced the economic gains of the industrial revolution period and followed roughly a similar time pattern for economic development chose a different set of institutional arrangements for schooling, because, at least in part, of politics. Countries with Dutch heritage provide a contrasting example. Belgium and the Netherlands, both dominated by Catholic religious adherents, provide full taxpayer funding for privately governed schools and have done so since the early 1900s. In Belgium, the constitution guarantees students the right to attend the school of their choice, private or public, at taxpayer expense.

Many former colonies of the Dutch adopted this practice of full taxpayer funding of all schools, public or private. Other Western European countries either fund private schools fully or partially. Many without public funding allow choice among publics independent of residential location. Over the past twenty years, the funding practice has extended to developing countries such as Chile, where all schools receive budgets based on student choice to enroll in the school. Numerous countries do not provide full funding of private schooling but provide subsidies based on some set of criteria.

The structural arrangements we currently observe around the world in schooling resemble the contracting out and privatization that we see in many other sectors of the economy. Of great interest to persons in the United States, this flow of public funds to private schools occurs in some countries, such as France, that operate under a constitutional separation of church and state. France has main-

tained its constitutional separation through a set of contracts with the private schools. In exchange for subsidies, the schools relinquish varying degrees of managerial authority to the state.

While it would take more time than I have today to fully explore the factors influencing the current institutions around the world, it seems reasonable that both economics and politics played roles in the evolution of the existing institutions. Today, enrollment in private schools around the world reflects the public subsidy patterns that often were established over a century ago. In the United States, approximately 12 percent of the students enrolled in primary schools are in private schools, and with small exceptions, such as in Cleveland, Milwaukee, and Washington, D.C., students pay fees to cover the operating expenses of these schools. According to UNESCO data, the 12 percent places the United States fifty-fifth among 260 countries in reliance on the private sector

for provision of schooling at the elementary level; a 10 percent enrollment in private school at the secondary level places us seventy-second in the world. The top countries in the private sector include a former Portuguese colony, Macau (China), Zimbabwe, Belgium, the Netherlands, Caribbean countries, Middle Eastern countries, and the twentieth-ranked country, Spain (Table 1).

While the public-private structure in the

Table 1. Top 20 Private School Enrollment Rates—Primary Level

Country	%
Macau	94.1
Zimbabwe	88.1
Belize	87.1
Aruba	82.4
Netherlands Antilles	74.8
Netherlands	68.4
Lebanon	63.6
Belgium	54.4
United Arab Emirates	46.5
Chile	45.5
Togo	39.7
Qatar	39.3
Bangladesh	38.7
Liberia	38.4
Antigua and Barbuda	38.2
Malta	35.9
Brunei	35.1
Pakistan	34.8
Bermuda	33.8
Spain	33.4

United States has been relatively unchanged over the past 100 years, the question of the efficiency of the public sector in providing schooling has become a salient policy issue in this country over the past couple of decades. We can predict change in our institutional structures only if the structure of schooling matters in terms of efficiency of output. Before thinking about this from an international perspective, return to the structure in the United States.

As stated earlier, we essentially have two structures for providing schooling: one is operated and funded by the public sector and the other is operated and funded by the private sector. Researchers have examined the effectiveness of private versus public schools in the United States by looking at academic test scores. Most of the private school data pertain to Catholic schools. On average, a student in private schools in the United States achieves higher standardized test scores than does a student in public schools. Researchers have analyzed this statistical finding in great detail to examine the extent to which the average result stems from selectivity bias. In particular, is performance higher in private schools because the families of private school enrollees are of higher socioeconomic status and provide more home inputs into the educational process? The econometric results suggest this is certainly not the sole answer. The single group of students who exhibit the greatest test score gains from attending private schools in the United States are minority students in inner cities. This group also does better in terms of high school graduation rates when in private schools. Public administration scholars have argued that a prime reason for the difference in output in the two sectors of schooling can be attributed to managerial efficiencies and the role of the principal in the private sector compared to that in the public sector.

While the results suggest that private schools of the United States today are on average more efficient than public ones, it is equally informative to examine those countries in which the funding is public and the structural distinctions between public and private schools are blurred. Based on observations of more than 20,000 students in Belgium, France, New Zealand, and the United States, students in private

schools outperformed students in public schools after controlling for student, family, school, and peer inputs. In France, the reverse held true. There, students in public schools outperformed those in private schools. It is interesting to note that the French government subsidizes private schools only if the schools relinquish pedagogical and quasi-managerial functions to the government. To receive full public funding, schools must adopt the state curriculum and allow state hiring and firing of teachers. Generally looking at these countries, there does appear to be an efficiency advantage for private schools even if they have public funding and large enrollments. The French case illustrates that the institutional advantages of private schools are not absolute but depend on the specifics of the arrangement.

Briefly consider developing countries. These countries, like the United States and Europe in their early histories, lack the infrastructure to support public services. Water, public health services, and transportation rank as high-demand goods in these countries. Public expenditures for schooling are low because economic development is in an infancy stage and education is not the first priority in these countries. But like the United States and other developed countries historically, education provision does occur in these countries. And much of the education provision occurs in the private sector. In Macau, 94 percent of primary students enroll in private schools. In Zimbabwe, approximately 88 percent of students at the primary level enroll in private schools. In Belize, it is 87 percent.

Not surprising given the lack of public infrastructure in developing countries, the efficiency superiority for private schools is very robust. In multiple case studies including China, Colombia, the Dominican Republic, India, and the Philippines, students in private schools performed at higher levels than those in public ones even after controlling for socioeconomic differences across students. Of great importance, these performance advantages in the private schools also require fewer dollar expenditures per pupil.

Thinking about the efficiency advantages in both developing and developed countries returns us to the globalization issues raised earlier. Will competi-

tion across national boundaries result in a homogeneous set of institutions that govern the provision of schooling? Begin with the developing countries. As economic growth expands to more parts of the developing world, the public sector is likely to increase its capacity to provide goods and services in general. Strictly from the perspective of efficiency in provision, it is unclear that increased capacity is sufficient to warrant public institutions for schooling. But increased public sector capacity does enable countries to address issues such as families' ability to pay for schooling. Developing countries will be able to choose between public management of schooling or private management with public funding. Countries with a proclivity toward heavy regulation of markets will find fewer efficiency gains from public funding of private schools than will those that tend to rely more on competitive forces for regulation. In those heavily regulated countries, therefore, we should see a larger role for public provision of schooling in the future. Likewise, in more market-like economies, we should see public financing of private schools.

Turning now to the United States, there is evidence that we are changing our school structures just as other institutions are changing in our public sector. Forty-two states now permit charter schools that allow full public funding but often have private governance and management. The states have chosen varying degrees of regulatory authority over these schools. In certain cities, we are funding private school attendance through vouchers. The federal government has mandated accountability measures that carry sanctions of choice when standards are not met. The lines between public and private are growing less distinct as they are blurring in other sectors of the economy. And if globalization and competition constitute the source of this blurred distinction, then, presumably, these changes are efficient.

In the end, only a crystal ball can predict what an efficient institutional structure for schooling will be tomorrow or a few decades hence. The same is true for NASPAA and its member schools and programs—and the universities of which we are an important

part. NASPAA exists as a community of institutions that share a mission of excellence in education and training for public service. Our universities are changing; public service is changing. So too must NASPAA change as we move forward in a more competitive world. Embracing synergies among schools of public service training, whether they be public administration or public policy, and emulating structures that prove to work in other institutions will be keys to success in this new global world. Our future cannot be easily predicted, but we must be flexible and open so that the future will be bright.

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