Low-Cost Private Schools in the Developing World
Guest: Pauline Dixon
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WOODS: I like to think of myself as someone who's reasonably well informed as to what's going on out there in the world of classical liberalism, and yet I'm very sorry to say I didn't know about your important work at all until your tremendous TED talk was brought to my attention. Can you give us a brief digest of the points you made in that talk? Although before that, I guess I want to know: how do you get to give a TED talk?

DIXON: You have to be invited to do a TED talk, so my TED talk was TED in Glasgow. So I was invited to do a talk on low-cost private schools.

WOODS: So what's your message? Not that TED talks have a political agenda necessarily, but I think your message is vastly different from what people would expect. People expect talks on innovation and this and that. You're saying something that runs deeply counter to what pretty much everyone believes.

DIXON: I guess you're right, Tom. So I supposed this started about 13 years ago, when we started looking into how children were being educated in slum areas around the world, and it really started because of a John Templeton Foundation Grant, which we got in about 2001. We were awarded $1 million to go into slum areas in Africa and India and China and to see what was happening, how children and where children went to school and to see if low-cost private schools existed or not. First of all to see did they exist. Secondly, if they did exist, what did they actually look like? And three, if they did exist and we found out what they looked like, how did they compare to the government schools that operated within the same area?

We carried out research in countries that were on lists of UNESCO or the World Bank as being very poor, so we went to countries in Africa, which were Ghana, Nigeria, and Kenya. We also went to India and China, and we went into slum areas, and we did a survey and a census of schools within those slum areas. We walked around all of the alleyways and around every street corner, and we plotted these schools on a map. Once we found a school we went into the school and did various things within those schools, and that was sort of the start of it.

WOODS: I think what surprised me the most about your talk was the very existence of the low-cost private schools that you were finding in these various places, because this runs contrary to the expectations of many people. It runs contrary to the expectations of certain economic models which hold education to be a public good, which will therefore be underfunded on the market. So what's going on here? Tell us something about the types of schools that you encountered and how it's possible that they were, from the

West's point of view anyway, more or less under the radar all this time.

DIXON: Exactly right. The main reason that parents are voting with their feet away from the state sector is that the state sector is failing them. I think, as I say in my talk, these parents don't read World Bank reports. They don't wait around for governments to actually do something for them, because their governments aren't going to do something for them. So these parents have to do something for themselves. And what happened in, for example, India was that entrepreneurs within certain areas were finding that government schools were only teaching in Hindi or the local language, and that's not what parents wanted. Parents wanted schools that were what's called English Medium. That means that their children were going to read and write in English. So local entrepreneurs, because these schools grow organically within the communities themselves, started off what we call low-cost private schools in order to satisfy parental demand.

What happened, for example in India, is that parents started moving away from the government schools. What you tend to think is that a government school would be provided free, but there are always these hidden costs. Parents still have to buy a uniform. They have to buy books. There's transport to schools and so on. And the local private schools weren't actually that much more costly for the parent than sending your child to a government school. A low cost private school costs maybe $4, $5, $6 per month to send one child to school, which is about six percent of a daily wage earner's wage. So for example, in India, what we found was that these low-cost private schools have sprung up, because parents wanted English Medium. That's the main thing, but also because the government schools we're failing. Teachers weren't turning up. Teachers aren't from the communities themselves, and parents noticed that teachers weren't teaching in governments schools when they're supposed to be.

The similar things in the African countries is that it's become endemic that government school teachers often don't turn up, or they don't teach. Because they're not from within the communities themselves, so they don't really understand the children. So parents recognize the fact that this is the one and only chance that their children are going to be educated. If they don't grasp this chance now for their kids then these children aren't going to be educated, and the root of poverty becomes less and less if you've gotten education. Do you want me to give you some of the figures, Tom, of the amount of schools that we found, because maybe some of your listeners will be astounded as to how many schools there are.

[time 00:07:35]

WOODS: Absolutely.

DIXON: There are two types of private schools in most countries, and that's recognized and unrecognized or recognized and unregistered. The two types of schools usually exist. The recognized ones purportedly abide by the on-paper laws and rules. So that's the laws and rules that are on paper: there's a bit of a Hernando de Soto model going on here. But in reality, many of the schools just pay a bribe in order to gain that recognition. And I'm not saying that's a bad thing. It's actually a good thing, because most of these laws and rules are unattainable. Like a 40-square-meter playground in a slum area just isn't going to happen, or the teachers are going to have to have a trained teacher's certificate, and that's not going to happen, either. But there are these recognized schools that have supposedly ticked the boxes, and on the other side there's unrecognized schools that either haven't got recognition, because they haven't got to that required quality, or they haven't paid the bribe, or they've just started. So there are two types of private schools, but these private schools do not get any funding from the government. They are run totally by parents paying those monthly, termly, or daily fees.

WOODS: To me what's so amazing about this is that this is one of the objections people have when they're talking to libertarians and education comes up. Like everybody's against the NSA spying on them. That's an easy one. But when education comes up, they must think you must be crazy, especially in the developing countries. There's no way education can take place without massive government involvement. And then

you turn around and show that well, in fact, it exists. So the best argument against "it can't possibly exist" is: here it is.

DIXON: Exactly, and you know I think that James Buchanan said that education actually isn't a public good. It's a private good. It is excludable, and it is rivalrous. There are economic arguments there as well. But it's not what parents want. If a supposedly free government system is failing them, as I say, these parents aren't going to stand for that, because this is the only chance that their kids are going to get educated. For example, the numbers are and were quite astounding when we wandered these slum areas. There we are with our muddy boots on walking around the slums of Hyderabad, for example, which is a city in Andhra Pradesh, which is in Southern India. And in three zones, which were Charminar, Bandlaguda, and Bahadurpura, of 19 square miles.

So we walked every alleyway, every street corner. We actually drew maps of this slum area, of this low-income area, so that we knew that we'd visited as many of the the alleyways, etc., that we could. We actually found 918 schools, and that's just in 19 square miles. This is in the poorest zones of this one city. We found 918 schools. Five hundred forty-nine of them were private. That's 60 percent of the schools in the low income areas of Hyderabad were private. Some of your listeners might be thinking, oh, well these schools must be quite small. The government schools must be much bigger. But that wasn't the case. Some of these schools have 1000 children in them, the private schools. And of the quarter of a million children attending those 918 schools, 65 percent of them are going to these low-cost private schools. So that was in Hyderabad. That was in southern India.

A third of those schools were unrecognized schools. This was actually a good news story, because the government didn't know that the children in these unrecognized schools were actually attending school. This is a good news story, because education for all is going to be much easier to achieve, because there are these children going to these unrecognized schools that until our research had actually been underneath the radar, and people didn't know they were going.

Then when we went to Africa we found similar numbers. So, for example, in Ghana, in the Peri Urban area of Accra where there's about half a million inhabitants, 70 percent of them are living on less than $1.25 a day. We found 779 schools. Seventy-five percent of them were private, and again, something like 65 percent of peoples in that region were going to these low-cost private schools. Similar findings in Nigeria in Lagos state, and we also did research in Kabara, which is the biggest slum in East Africa, about the size of Central Park. The reason we did the research there was that in 2003 free primary education had just been introduced. We wanted to find out the effects that introducing free primary education would have on a private sector. Because what we'd seen, for example, by E.G. West's work on looking at what happened to the private sector in 1870 in the British context was there was a crowding out of private schools, which destroyed the whole private sector altogether.

But actually, for Kabara, in 2003 we found 76 private schools. When we say we found 76 private schools we're not saying we found all of them, because obviously some of them could have escaped our attention. But when we went back in 2008, we thought gosh, maybe the low-cost private schools now aren't going to exist, because free primary education has been introduced. But we actually found 116 private schools. So there was a massive increase in private schools, and there were many more children attending low-cost private schools than before free primary education was introduced. Some of the reasons are, for example, in Africa that parents feel these low-cost private schools are accountable to them. Because they pay a fee, they feel that they can go into the school. They can complain to the school owner, who can actually then complain to the teacher if they're not doing their job properly. There's no teacher unions in these low-cost private schools. Teachers typically get about a quarter of the wages of the government school teachers.

Also, these schools are within the communities. They're not run by people outside. They're run by activity, by people, entrepreneurs that know people within the community, so they really understand their children.

So parents believe that these entrepreneurs, these schools, will do better for them. Because they're paying a fee, and they can go and complain. In Kenya, when children went to the supposedly free government schools—although they actually turned to be almost as expensive as the low-cost private schools—when they so-called "ran away," as the school entrepreneurs put it, to the free government schools, parents felt that they couldn't go and complain to the headmistress in the government school. Partly because she was of a different socioeconomic background than they were. She didn't really understand their problems. So when they went half a mile or a mile up to the government school they just weren't listened to. So initially, they sent their children to these free supposedly government schools, but then many of them came back to their low-cost private schools in Kabara, where they felt much more comfortable and much more able to complain or actually liaise with the teachers and these school entrepreneurs.

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WOODS: Pauline, I think I can anticipate an objection that a critic or a skeptic may have. When you talk about all the schools that you've discovered, how can we compare them qualitatively to the government schools? Maybe the government schools are wonderful institutions that expose the children to many different sorts of perspectives and have a lot of resources and are able to do all kinds of things. Maybe what you're calling schools are just five parents in a room somewhere. How do you explain that these are qualitatively comparable institutions? And also, if I'm not burdening you too much with one question, can you compare the results? Do you have any data on output, on how well the students wind up doing in one system as opposed to the other?

DIXON: That's a really good question, Tom, and I think it's easy to judge these and just have sort of your philosophical baggage and say, well, they're doing much better. But first of all we did the survey and the censuses. Then we wanted to look at the quality. So we actually used three approaches with the John Templeton Foundation research. And the first one was talking to parents to see what they believed the quality was in the government and the private schools. Then we did a survey of input by every school that we went to, ourselves and the researchers would go into classrooms and find out whether there was drinking water, if there was a playground, a library, desks, chairs, and so on. So what actually were the facilities like. And then finally we did a survey of achievement with the people. We've actually now tested 32,000 children around the world in math, English, and other languages or another subject, and we've compared those with government schoolchildren's results as well.

In our John Templeton research we tested around 24,000 children in the African context and the Indian context. What we found was that almost in every single place with a survey of inputs, private schools scored statistically significantly better than the government schools, the facilities—bar one, which was actually the playground. Government schools typically had a better playground. But private schools were much more likely to have drinking water. They were much more likely to have desks, chairs, and also the teacher was much likely to be present and likely to be active when he or she was supposed to be. The survey of achievement—as I say, we've now tested 32,000 children around the world, and we have papers in, for example, the school effectiveness journal and I'm sure we could put links for your listeners to actually find out the papers. We have them in journals, and we've written books and articles about it. What we did was, as I say, we tested the children. We also gathered data on family background, and we also gathered data on innate ability so that we could control innate ability and family background and also school choice.

One way we analyzed the data was doing what was called the Heckman-Lee procedure, which is where you control school choice, because obviously, some people are going to say, well, the children in private schools are obviously going to be better than the ones in government schools, because they've chosen to be there. So they're actually controlled for that. Then we actually controlled for the child's IQ level, and we controlled for their family background. Still, in every case we found there was a significant difference between the children in the private schools and the government schools on their test scores. We also did multilevel modeling analysis just to do a different way just to make sure that what we were saying was actually what

the data said. And we also gave our data set to various other organizations such as the NFER, the National Foundation for Education Research in England, and they also analyzed the data and also found the same thing: that if you're a child in a private school, you're much more likely to achieve higher than a child in a government school.

We're not the only ones that have done this research now. Geeta Kingdon from the Institute of Education has done research looking at achievement levels, and she's found the same things. Sometimes children in private schools are one to two years ahead of those in government schools. In Pakistan, the LEAPS Project has also looked at children's achievement, finding that children in private schools are much further ahead than children in government schools. This is mainly because teachers in private schools are teaching when they're supposed to be. So they teach from 9:00 to 4:00, whereas often in the government schools the government school teachers aren't teaching, or they're just not present. So those in government schools really do get left far behind.

WOODS: Pauline, how does this story tie in to the more general story of foreign aid? Wasn't education one of the areas that Western development aid was supposed to go to? The results that you see in the government schools: is this a subset of the more general story of the relative failure of foreign aid, or am I reading too much into this?

DIXON: No, I agree with you Tom. I think it is, but what you have to remember is that a lot of the bilateral aid and multilateral aid that went into education goes to government schools, and so ironically, it's not the private schools that have been getting the aid. We've seen marked success without international aid. And that's one of the reasons that I wrote my book *International Aid and Private Schools for the Poor*, because I feel very concerned that international aid might actually disrupt the market that is actually operating so well without, as George Ayittey would say, "this begging bowl that leaks." So yes, I think it's about $11 billion worth of bilateral aid in 2011 went into education, but what you have to remember that's really trying to achieve education for all. But throwing money at government schools where there's no teacher or where the teacher doesn't actually turn up is actually just trying to get bums on seats, and bums on seats doesn't actually mean improving education. Education for all is a bit of a difficult one.

It's a funny millennium development goal. Just because the child is attending school doesn't actually mean that they're learning anything. But yes, you're absolutely right, Tom. I do think there's a problem now, and the reason I wrote the book was that I feel that I'm not saying that we caused the problem. But because of our work, because it became so well known, there is now a concern that international aid agencies have noticed the low-cost private schools. Before our research, before I know you didn't know about it, but before it became quite well known, for international aid agencies it was underneath the radar. They didn't really know about it. But now, it's got their attention, so the reason I wrote the book was so that instead of international aid agencies throwing money at these schools, and as William Lee would say, acting as planners rather than searchers, the book was really to give international aid agencies and people who design policy ideas on how least to upset the market, and maybe one could increase access and the quality of these low-cost private schools.

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WOODS: Before I let you run, can you say something about E.G. West? You work for the E.G. West Centre, and I'd like those of my listeners who are unfamiliar with him to know something about him and his work.

DIXON: Eddie West, he was a great guy. He was an economist, and he actually also was a lecturer and professor at Newcastle University, which is where the E.G. West Centre is situated. Eddie West went to the Mont Pelerin Society in the 1950s, and he was very much influenced by Hayek's idea that the socialists actually were using history as a way, and actuallty the wrong history, as a way of distorting historical facts. So Eddie West looked back into the achieves, and he wanted to find out what was happening in England.

Actually also in New York in schooling terms before the state actually got involved in schooling. His findings were that the state jumped onto a horse that was already galloping. He found that children were already being educated in England in 1833. He went through documents and censuses to find out that children were already being educated privately. Minors could read. People were reading, because they wanted to read the Bible, and it wasn't because they needed government schools to do that.

There were lots of different ways of being educated, so the mechanics institutes, the Dane schools, parents were prepared to pay for their children to go to school just as much as they are in India and Africa. The same was happening in India in 1833 as well. There was this indigenous Indian private school system before the British actually imposed again their government system on India. In 1831 I think it was Gandhi actually did a talk at Chatham House, and he said that the British had rooted the beautiful tree of the village education or the British schooling system in India, because they wanted to replicate something that they were doing in England, which was a bureaucratic, costly government system of schooling. There was an indigenous schooling system both in England and in India before the state imposed the system.

Eddie West was one of the first people really to highlight the fact that children were being schooled before 1833, which is when the government started giving some sort of handouts to people for schools to operate, and before the Foster Education Act of 1870. He wrote a book called *Education and the State*, which was published by the Institute of Economic Affairs. I think at the time it was called slanderous, and where had Eddie got the information from? But he won the court case, and I think it's in its second or third or fourth edition, so it's very much worth a read. He's a complete hero.

Eddie was going to come over to give a talk for us at Newcastle University, and we had just set up our research center—we were going to call it Catallaxy or something—but unfortunately, Eddie was very poorly [TW note: the British mean "ill" with this word] at the time, and we spoke to him and his wife Ann on the phone. He was so looking forward to coming over, and then just before he was going to come over he died of cancer. We were all very upset, so we all decided to call the center the E.G. West Centre after Eddie West.

WOODS: Well, that's absolutely wonderful. As I said, I didn't know there was such a center, and I'm so glad there's a center named after E.G. West. What's an easy way people can follow or find out more about your work and your book?

DIXON: For me, you can come onto the Newcastle University website or the E.G. West website. There's also an E.G. West Facebook page, but yes, the book's published by Edward Elgar. It was actually one of the top books of 2013 in the *Times Literary Supplement*. So that's all great news. Just really Google me, and you'll be able to watch my TED talk, and if anybody wants to get in contact with me, my email address will be Googleable.