

## **How would the education sector change if governments were no longer involved?**

By Sizhuang Wang

Currently, in most countries, the education sector is controlled jointly by the government and private sector. In America, the United States Department of Education establishes education policies, whereas some entrepreneurs and private companies are the shareholders of schools, such as charter and private schools. In recent years, the necessity of government involvement in the education sector has been quite controversial. There is no doubt that great changes would take place all over the world if governments were no longer a part of the education sector, a situation that includes advantages as well as drawbacks.

First and foremost, if governments were no longer involved in the education sector, families with relatively low disposable income would definitely be negatively impacted. It has been widely accepted throughout history that education offered by the government should be free or low-cost in most countries. However, if the education sector is completely privatized, entrepreneurs then, in order to make maximum profits, may raise the price to compensate for the cost of teacher wages and the purchase of various education tools. And in reality, it is common that private school tuition is higher than that of public schools, which can be caused by the difference in the original intention of the school's establishment. A public school is opened to improve the education level of people, while a private school may be used to earn profit. Considering the higher price, the shape of a demand curve shown in Figure 1 indicates that a movement upwards on the curve caused by an increase in price would lower the demanded quantity. To be specific, as the price for receiving education gets higher, more families will be unable to afford the cost so that the amount of students will decrease. Nowadays, it is reported on reliefweb that there are still 260 million children who are not able to receive education even from primary or secondary school.<sup>1</sup> One of the reasons leading to this phenomenon on the list is lack of funding, which has greatly affected the quality and quantity of education. If the education sector is totally privatized, this situation could be more severe as the government cannot ensure that all of the subsidies will be used in the right way and right place. And from the perspective of the whole society, having a government control the education sector can be of great importance as some parents may, otherwise, let their children work instead of receive an education since it is no longer compulsory.

From the perspective of government, providing education to society should be one of their top missions to be carried out. In other words, the outcomes of receiving an education conform to what a good government is pursuing, which is to raise the living standard of citizens. Compared to what is taught in a private school, the goal of public schools should be to form a basic level of education so that nearly all the citizens can live a enjoyable life by themselves. For the whole economy, if primary education is not universal, it is difficult for this economy to grow as most of the workers lack the ability to understand and explore some high-tech industries; as a result, there may potentially be an employee shortage in this kind of fields. Besides,

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<sup>1</sup>Ewan Watt. *20 reasons why, in 2020, there are still 260m children out of school*. Feb 7, 2020 <https://reliefweb.int/report/world/20-reasons-why-2020-there-are-still-260m-children-out-school>

the rate of unemployment is likely to get higher because some people, without receiving basic education, do not even have the ability to work. In explaining the necessity of basic education, Mahatma Gandhi proclaimed, “The object of basic education is the physical, intellectual and moral development of children through the medium of handicraft.”<sup>2</sup> The United Nations has pointed out that education can lead to an increase in socioeconomic mobility, defined to be an upward movement from one social class to another,<sup>3</sup> and is vital to escaping poverty.<sup>4</sup> This idea can be especially convincing at this moment. With the spread of COVID-19, almost never before have so many students been absent from school during such a short period of time. This pandemic has posed even greater education challenges for students worldwide, both from academic and nutritional standpoints as about 369 million students who normally get their meals at school are in need of other sources.

From a local and global standpoint, if providing education is the responsibility of government, then education can be seen as a public good, with the role of government crucial to its development and sustainability. Public goods are defined to be both non-rival and non-excludable in economics. Being non-rival shows that the use of a good by one person cannot reduce the utility of the good by others and being non-excludable means that one person cannot prevent others who do not pay for the good from using it. Nevertheless, education can be neither non-rival nor non-excludable. In other words, if a student is asking the teacher a question, other students cannot ask the teacher other questions simultaneously. Besides, education is excludable as only students who have paid the tuition can enter the school. Thereby, education may not be considered as a public good. Although education cannot be classified as a public good in this case, it can be seen as a merit, representing a positive externality.<sup>5</sup> This externality can have some influences on a third party.<sup>6</sup> For example, people receiving higher education may publish more articles to benefit the society or take fewer violent actions that may be harmful to others. However, due to imperfect information, the society might not easily recognize these positive externalities (shown in figure 2) and education will be under-produced and under-consumed if it is provided by the private sector because people will only consider their own private costs and benefits, which are MPC and MPB in the figure respectively. Nevertheless, with the guidance and central control of the government, the social optimum level, which is the intersection of curves marginal private cost and marginal social benefit (MSB) representing by the quantity Q2 in the figure, can be reached, and people will be better off. The influence of a government on society goes far beyond deciding how much to produce. With the involvement of a government, infrastructure (electricity, internet, running water, etc.), which are services largely regulated by the government in most countries, are provided for schools. These basic services must be accessible for a school to function

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<sup>2</sup> Mahatma Gandhi. “India of My Dreams”, p.178, Rajpal & Sons. 1959

<sup>3</sup> *Socioeconomic mobility in the United States*. Wikipedia. May 31 2021.  
[https://en.wikipedia.org/wiki/Socioeconomic\\_mobility\\_in\\_the\\_United\\_States](https://en.wikipedia.org/wiki/Socioeconomic_mobility_in_the_United_States)

<sup>4</sup> The United Nations Sustainability Goals (#4 Quality Education)  
<https://www.un.org/sustainabledevelopment/education/>

<sup>5</sup> James Tooley. *Government And Education, The Changing Role Of*  
<https://www.encyclopedia.com/education/encyclopedias-almanacs-transcripts-and-maps/government-and-education-changing-role>

<sup>6</sup> Corey A. Deangelis. “Is Public Schooling a Public Good? An Analysis of Schooling Externalities.” *CATO INSTITUTE*, May, 2018.  
<https://files.eric.ed.gov/fulltext/ED586209.pdf>

and are indicators of sustainability. Thus, government involvement protects education as a public good and prioritizes its place in society as beneficial to all.

Moreover, the importance of sports and other subjects can be stressed if the government is still involved in education sector. Take the city I live in as an example; the government has recently introduced a policy that all the primary and high schools should make sure that the students have one hour of exercise and sports a day. Comparing one public school to one private school in my neighborhood, there are fewer music, art, and physical education classes offered at the private school. This situation is reasonable as some private schools mainly aim for better scores to build their reputations; however, those public schools controlled by government will improve nearly all aspects of a student so that physical health and hobbies are also their important criteria in addition to good scores. In other words, governments are more likely to work to achieve a balance between schoolwork and other abilities. This idea is also illustrated in the mission of the U.S. Department of Education, saying that the purpose of the basic education is to develop well-rounded students through achievement, global competitiveness, and excellence.<sup>7</sup>

Apart from all of these benefits a government can bring to education, it can also provide the basic support of funding. According to the US Department of Education, “In the 1860s, a budget of \$15,000 and four employees handled education fact-finding. By 1965, the Office of Education had more than 2,100 employees and a budget of \$1.5 billion. As for mid-2010, the Department has nearly 4300 employees and a budget of about \$60 billion.”<sup>8</sup> This kind of enormous financial support enables innovation and engagement from the private sector, which can share business sensibilities with the government and help to allocate the funding.

On the other hand, the existence of government in the education sector contains its drawbacks. To start with, the effectiveness of schools by government is a great concern due to bureaucracy and red tape. There are so many rules and complex systems in a public school. Some teachers may lack the incentive to work as their jobs are too stable to be influenced. What’s more, some citizens believe that the government may use the power of this role to instill ideas that benefit the government and oppose the other parties.<sup>9</sup> In order to solve this problem, for instance, the US government has taken a great number of actions, including Bush’s No Child Left Behind, Obama’s Race to the Top and so on. Some of them indeed successfully dealt with problems of cooperation between the government and private sector in education, but other problems still exist in this field and more work is required.

Private schools also show their advantages. To list a few, a private school may have higher standards for their students, and it is more difficult to raise their grade point averages (GPA) compared to students in public schools.<sup>10</sup> The reason of this fact, as previously discussed, is that private schools are in need of good scores to solidify their reputation, which may not be a central target for public schools. In addition, teachers in private schools can control the class more easily as the size of a private school on average is smaller. It is reported by the National Center for

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<sup>7</sup> *An Overview of the U.S. Department of Education*. Sep 2010  
<https://www2.ed.gov/about/overview/focus/what.html>

<sup>8</sup> *An Overview of the U.S. Department of Education*. Sep 2010  
<https://www2.ed.gov/about/overview/focus/what.html>

<sup>9</sup> *Why Shouldn't the Government be Involved in Education*  
[https://schoolandstate.com/?page\\_id=58#.YNrOLi3Xfi3](https://schoolandstate.com/?page_id=58#.YNrOLi3Xfi3)

<sup>10</sup> Robert Kennedy. *Why Private School?* 2020  
<https://www.privateschoolreview.com/blog/why-private-school>

Education Statistics (NCES) that ‘Private high schools on average are less than half the size of public schools. In central cities, for example, the average size of a private high school is 398 students, compared to 1,083 for a public school.’<sup>11</sup> In such cases, the teacher-student ratio in private schools is higher, and students, therefore, can have more opportunities to meet their teachers individually, which may bring greater productivity for students because teachers can spend more time on every student.<sup>12</sup> This phenomenon is understandable since government funding to public schools is limited and unable to afford the wages of so many public school teachers. Also, some private schools, as they charge a higher tuition, may provide more opportunities for students to explore themselves, including internships and voluntary service to community and summer programs. These extracurricular activities can help students to broaden their horizons and enrich their experiences far away from classrooms, which may benefit them to a large extent in the society.

From the discussion of public schools and private schools above, it is recognizable that each side has its advantages and disadvantages. It would be a great balance if the government and private sector coexisted in the education field so that citizens could enjoy benefits from both. Also, in a society with a mixed system of education, families can make a decision as to what kind of school their children should attend according to family situations and preferences.

To conclude, both the role of government and the private sector in education sector are quite critical and it would lead to great problems if either one of the two roles exited this field. In order to keep the education sector working well, a balance of government and private sector involvement should be established, and the effectiveness of schools should be carefully supervised. Through this essay, it is reasonable to conclude that now, and in the future, governments and business must come together and complement each other to face global education challenges. Besides the collaboration between domestic government and the private sector, considering today’s globalized world, education development will require cooperation between people, governments, and an international commitment to meet the UN sustainability goals now and in the future.

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<sup>11</sup> *PUBLIC AND PRIVATE SCHOOLS: HOW DO THEY DIFFER?* National Center for Education Statistics. 1997

<https://nces.ed.gov/pubs97/97983.pdf>

<sup>12</sup> *Nine Reasons for Private School*. The Brightmont Academy Team. Sep 13, 2017.

<https://www.brightmontacademy.com/blog/nine-reasons-for-private-school>

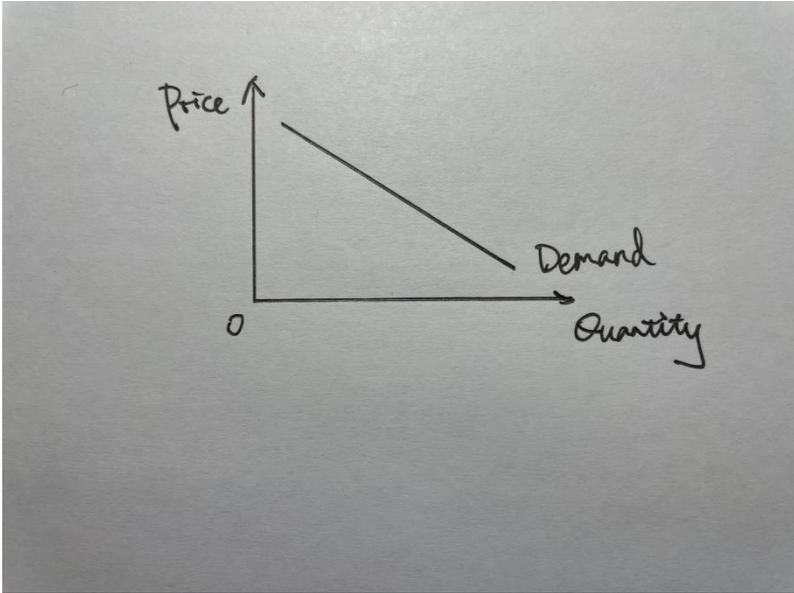


Figure 1

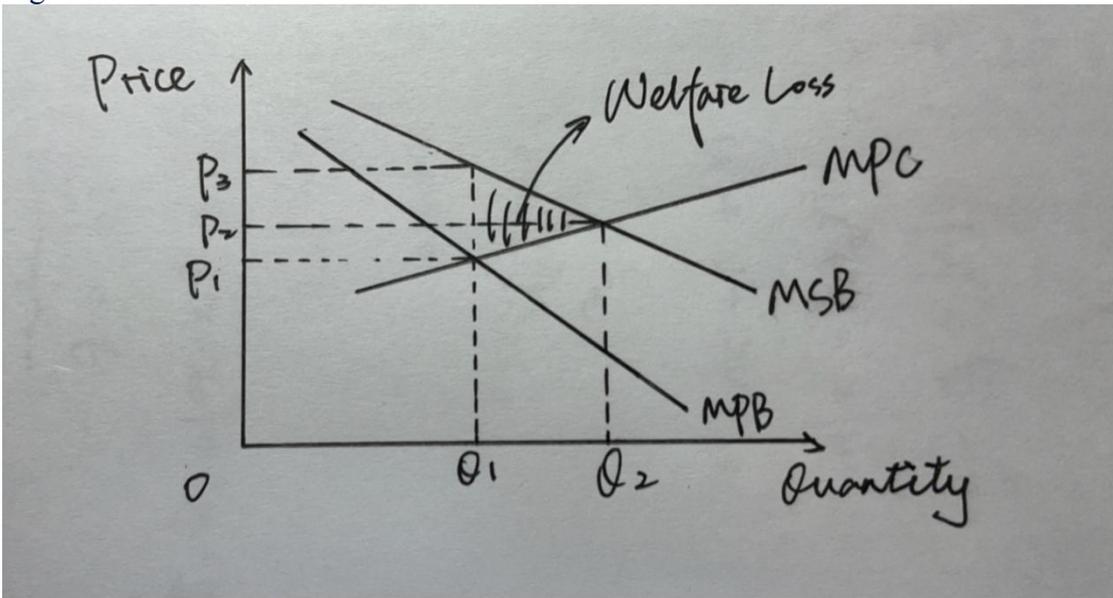


Figure 2 (MPC=Marginal Private Cost, MPB=Marginal Private Benefit, MSB=Marginal Social Benefit)

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