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# Education by the State

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## **Abstract**

The Universal Declaration of Human Rights promises free elementary education and free choice of schools. Why, then, do governments limit parents' choice of free education, often to schools owned and operated by the state? Defendants argue that this is necessary to transmit common values of society to the next generation, correct market failures of public goods, protect children from poor choices their parents might make, or promote equality of opportunity. This essay examines each of these arguments.

Keywords: education, human rights, public goods, vouchers, India.

JEL Classifications: H52, I28

## 1. EDUCATION FOR ALL

*Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory.*

Universal Declaration of Human Rights (1948), Article 26(i).

Since Adam Smith, economists have assumed that education promotes economic growth and increases the productivity of labour.<sup>1</sup> In the 1950s, they even coined a term –‘human capital’– that elevated education to the status of physical capital. Only in recent years did econometricians subject this assumption to empirical test. To everyone’s surprise, they were unable to find evidence for a *positive* relationship between growth in education and growth in output per worker, although they did find some evidence of a *negative* relationship (Easterly, 2001; Wolf, 2002). It is true that some countries investing heavily in formal education have prospered, but it is equally true that others have stagnated, performing much worse than their less educated neighbours. The failure of many of the low-income countries to grow, despite a massive expansion of education, caused one researcher to ask, “Where has all the education gone?” (Pritchett, 2001).

Investigation of this anomaly continues; there is no shortage of explanations, ranging from improper measurement of education to uneven quality of schooling to poor functioning of labour

markets. Nonetheless, no matter what this research uncovers, it will not erase the fact that basic education is useful and necessary. This is true because education directly affects the quality of life, quite apart from any effect it may or may not have on productivity. In the inimitable words of Amartya Sen (1997, p. 6):

“It would ... be a mistake to see the development of education, health care, and other basic achievements *only* or *primarily* as expansions of ‘human resources’ – the accumulation of ‘human capital’ – as if people were just the *means* of production and not its ultimate *end*. The bettering of human life does not have to be justified by showing that a person with a better life is also a better producer.”

It was in this spirit that the United Nations General Assembly in 1948 chose to recognize basic education as a human right and called for primary education everywhere to be both compulsory and free. The General Assembly did not set a timetable for action, but it eventually became evident that progress in reaching this goal was painfully slow. Four decades after adoption of the Universal Declaration of Human Rights, more than 100 million children had no access to primary schooling, and millions more attended schools that failed to equip them with even minimal levels of literacy and numeracy. In 1990, delegates from 155 countries and representatives of 150 organizations met at Jomtien, Thailand, at the World Conference on Education for All, and pledged to provide education for all—youth and adults as well as children—by the year 2000.

Once again, progress was slow; consequently, the goal of “education for all” was not reached. The number of children in school increased from 599 million in 1990 to 681 million in 1998; but the number of children out of school also increased, from 100 to 113 million, and adult illiteracy remained high. At the World Education Forum 2000, in Dakar, Senegal, delegates moved the target for achieving quality basic education for all to the year 2015. The General Assembly, in its Millennium Declaration of 8 September 2000, gave a high profile to this target by agreeing

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**1 Adam Smith wrote in the *Wealth of Nations* (1776 [1776], Book I, chapter 10, pp. 113-114): “When any expensive machine is erected, the extraordinary work to be performed by it before it is worn out, it must be expected, will replace the capital laid out upon it, with at least the ordinary profits. A man educated at the expence of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expence of his education, with at least the ordinary profits of an equally valuable capital.”**

**“To ensure that, by the year 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and the girls and boys will have equal access to all levels of education.”**

This goal was less ambitious than that set in 1990, for the target date was fifteen years distant, rather than ten, and there is no mention of providing basic education to illiterate or innumerate adults and youth. Nonetheless, reaching the goal will not be easy, for “in developing countries, one child in three does not complete five years of schooling” and “the quality of education remains low for many” (United Nations, 2001, paragraph 94, p. 20). The strategy for reaching this target involves “urging national Governments, local communities and the international community to commit significant resources towards education such as school buildings, books and teachers” (*ibid*, paragraph 98, p. 21).

Fortunately, as the excellent *Public Report on Basic Education in India* (PROBE Team, 1999) emphasizes, improving the *quality* of schools increases very much their attractiveness to students. Unfortunately, increased expenditure alone is not likely to produce significant improvements in quality. This is very clear in the PROBE study, and from earlier work of Drèze and Sen (1995, p. 123), who conclude that “it would be naive to think that India’s educational achievements can be transformed simply by spending more, and especially by spending more on the same—or a smaller number of—teachers. Achieving a real change in the situation of primary education in India is a much more demanding task.” India is important because that large country is home to a disproportionate number of the world’s illiterates, but the observations of Drèze and Sen are applicable as well to other countries. Indeed, nowhere is there a systematic relationship between educational inputs and outputs (Grundlach, Wossmann and Gmelin, 2001; Hanushek, 1995, 2002), so in no country is it realistic to expect increased spending alone to improve the quality of primary education.

## 2. SCHOOL CHOICE

*Parents have a prior right to choose the kind of education that shall be given to their children.*

Universal Declaration of Human Rights (1948), Article 26(iii).

The United Nations General Assembly in 1948 also recognized as a human right the freedom of parents “to choose the kind of education that shall be given to their children”. This right is violated, to a greater or lesser degree, in every country on earth<sup>2</sup> and progress has been slower toward the right to school choice than it has been toward the right to basic education. Nonetheless, delegates to Jomtien in 1990 and Dakar in 2000 ignored school choice, as did the General Assembly in its Millennium Declaration of September 2000.

India, in common with other countries, violates rights of parents by restricting choice to government schools, forcing those who are dissatisfied with the tax-financed service to pay tuition at private schools. How effective are government schools in India compared to those that are privately run? The PROBE Team (1999, pp. 63-64) sought to answer this question by visiting, unannounced, 195 government schools and 41 private schools in 188 villages of four, educationally backward states.<sup>3</sup> They found that in half of the government schools there was no

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<sup>2</sup> Though no country fully respects parental choice, Denmark comes close. All private schools in Denmark receive the same public funding as government (municipal) schools and “in principle it is not up to any government authority but to the parents in each private school to check that its performance measures up” to expectations. Nonetheless, Danish authorities impose the severe restriction that “a school must not be owned by a private individual or run for private profit.” As a result, only 12 per cent of students are enrolled in private schools, though this is up from the 8 per cent recorded two decades ago. (Danish Ministry of Education, 2000.)

<sup>3</sup> Despite its title (*Public Report on Basic Education in India*), the report is not an official publication. Rather, it is the product of a team of eight academics, aided by field investigators and other contributors, working in association with the Centre for Development Economics at the Delhi School of Economics, University of Delhi.

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teaching activity at all at the time of the visit. (See Box 1.) Moreover, this pattern of idleness “is not confined to a minority of irresponsible teachers—it has become a way of life in the profession” and is characteristic even of government schools with good infrastructure, adequate books and a relatively low pupil/teacher ratio. In contrast, they found a “high level of teaching activity in private schools, even makeshift ones where the work environment is no better than in government schools.” The report stresses

“the key role of *accountability* in the schooling system. In a private school, the teachers are accountable to the manager (who can fire them), and, through him or her, to the parents (who can withdraw their children). In a government school, the chain of accountability is much weaker, as teachers have a permanent job with salaries and promotions unrelated to performance. This contrast is perceived with crystal clarity by the vast majority of parents.”

Parents in the above-mentioned 188 villages enrol a large number of their children (18 per cent of all who attended school) in one of the 41 private schools, even though 26 are unrecognised by government, which means they cannot confer diplomas. Another 13 are recognized but receive no government aid, while only two receive any aid from government.

These Indian states are not the only places where the poor quality of government schools drives parents of modest means to enrol children, at their own expense, in private schools. In numerous towns and villages of Pakistan, the story is much the same. (See Box 2.) Parents of children in developed countries are also known to reject ‘free’ schooling offered by the state, and pay for private education. The wealthy can more easily afford private tuition, but working-class parents are known also to ‘opt out’ of the public system, often at great sacrifice to the family budget.

#### **Box 1. The Government School in a Village of Uttar Pradesh, India**

Six-year old Reena is not keen to go to school in the morning, and it is not difficult to understand why. When the PROBE investigators visited her school in Salempur ..., they found the little children of classes 1 and 2 herded together like sheep and goats. The other children crowded the three small, dark and dirty rooms which make up the school building. The premises were gloomy and virtually bare, not a great surprise since the building has no lock.

The school’s four teachers are equally unmotivated. Except for the headmaster, none of them were teaching when the investigators arrived. The class-1 teacher did not look as though he had anything to do with his small charges. Villagers, for their part, have strong charges against the teachers, from neglecting their teaching duties to playing cards during school hours.

... [I]t is not that the people of Salempur are not keen on educating their children. Three private schools have sprung up in the village, and those who can afford it send their children there. But children like Reena come from very poor families. They continue to crowd the government primary school – or drop out.

Source: PROBE Team (1999, pp. 38-39).

The poor, of course, cannot afford high tuition fees. In Indian villages, however, fees at private schools are low, much lower than the cost to taxpayers of government schools, in large part because “private-school teachers ... receive very low salaries—often less than one-fifth of the salary of a government teacher with similar teaching responsibilities” (PROBE Team, 1999, p. 104). Because of these low tuition fees, “even among poor families and disadvantaged communities, one finds parents who make great sacrifices to send some or all of their children to private schools, so disillusioned are they with government schools” (PROBE Team, 1999, p. 103). Nonetheless, the very poor, realistically, face a choice of attending the government school or dropping out, and many opt for the latter. If tuition fees were reduced or eliminated at private schools, more parents would no doubt keep their children in school rather than allow them to drop out.

The authors of *Public Report on Basic Education in India* are sincere in their desire to make schools and teachers accountable to parents, yet they insist that this be accomplished through collective action, without turning to

private schools. This is difficult because “neglect of elementary education has been a persistent feature of public policy in most states since independence” (PROBE Team, 1999, p.131). It is, of course, *possible* for parents to make government schools accountable to their needs, as success in the states of Kerala (Drèze and Sen, 1995; Sen, 1997) and Himachal Pradesh (PROBE Team, 1999, pp. 115-127) demonstrates. In Himachal Pradesh, one of the success stories, it is

“the vigilance of parents, and their ability to keep the local teachers and administrators on their toes, that keeps the system going. The role of parental vigilance as an accountability mechanism takes a conspicuous form from time to time, for instance when a school threatens to break down. We heard several interesting stories of villagers resorting to spontaneous agitation (e.g., blocking the road or threatening to boycott the elections) to obtain a new school, or effect the transfer of negligent teachers ” (PROBE Team, 1999, p. 124).

### Box 2. Government Schools in Pakistan

Pakistan’s public schools (primary and middle) offer strict regimens for children, where playful learning is not common or encouraged. Many children, in rural and urban areas, spend long hours in dark and overcrowded classrooms, receive occasional beatings, are required to memorize an overload of (often irrelevant) facts which their counterparts in other countries can simply look up in encyclopaedias (or, in industrialized countries, increasingly on computer CD-ROMs), and face regular absenteeism by their teachers. This is the cause for high drop-out and repetition rates. ....

A positive recent development is the growth of the private education system. This is mainly an urban phenomenon, but is increasingly filling the gaps in the public system. It is estimated that, overall, private education now accounts for about 10-12 per cent of gross enrolments. Almost all of these schools are profit-based, but parents are willing to sacrifice a good deal of their meagre income and get better educational quality in return. In these settings, head teachers, teachers, students and community are excited about the educational process and take their school very seriously.

Source: Bragman and Mohammad (1998, pp. 78, 81).

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Clearly, though possible, it is not easy for parents to assert their rights through political action.

An easier and direct way to empower parents is for government to stand prepared to pay the tuition fees of any student at a competing, private school up to the amount it spends on the student in an official school. The authors of *Public Report on Basic Education in India* reject this option<sup>4</sup>, arguing that other considerations, discussed below, more than offset the superior performance and lower cost of private schools. These arguments against school choice are not compelling, however, nor are they new<sup>5</sup>

### 3. ARGUMENTS AGAINST SCHOOL CHOICE

The PROBE Team (1999, pp. 105-106) opposes public finance of private schools on grounds that private education has “serious limitations” compared to public education. The alleged limitations are:

1. Private teachers prepare students only to pass examinations, so they “have little reason to promote the personal development of the children ...or to impart a sense of values.” Values are not defined, but the authors of this report presumably have in mind common values of civil society, which are necessary if modern democracy is to function smoothly.
2. Since “private schools often take advantage of the vulnerability of parents,” government must protect children from poor choices that might otherwise be made by their parents.

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4 “We are not making a case here for private schools” (PROBE Team, 1999, p. 64).

5 The PROBE authors (1999, p. 137) also assert “If private schools could be relied on to universalise elementary education, they would have done it already.” This statement is disingenuous and unworthy of comment. How can private schools expand if government denies them resources, and competes with them by offering parents a highly subsidized, state-administered alternative?

3. “Private schooling remains out of reach of the vast majority of poor parents, who cannot afford the fees and other expenses.” As a result, “children enrolled in private schools come mainly from better-off families.” This, presumably, is objectionable only on egalitarian grounds. The PROBE team makes this argument explicit in what they list as a *fourth* danger of private education: it “may lead to a very divisive pattern of schooling opportunities, with better-off parents sending their children to private schools while poorer parents are left to cope with non-functional government schools.”

Each of these arguments has a long history, but it is shown below that they do not justify denying parents the rights promised them under Article 26(iii) of the Universal Declaration of Human Rights.

#### (a) *Impart civil values (civic education)*

The need to transmit common values to children is the oldest argument for state control of education. It is for this reason that Aristotle, like his teacher, Plato, disliked the schools of his day, which were private and independent of government. In 350 BCE, Aristotle drafted this forward-looking piece of advice:

“[I]t is manifest that education should be one and the same for all, and that it should be public, and not private--not as at present, when every one looks after his own children separately, and gives them separate instruction of the sort which he thinks best; the training in things which are of common interest should be the same for all. Neither must we suppose that any one of the citizens belongs to himself, for they all belong to the state....” (*Politics*, Book Eight, Part I)

The pronoun ‘himself’ is deliberate; women were not citizens in ancient Athens, so were thought to have no need of education. This applied as well to slaves and other non-citizens.

Everywhere today, state schools dominate, and

they educate girls as well as boys. Champions of government schools continue to invoke the ‘civic education’ argument in their defence. Political theorist Stephen Macedo (2000, p. 16) echoes Aristotle when he writes “There is no reason to think that the dispositions that characterize good liberal citizens come about naturally: good citizens are not simply born that way, they must be educated by schools and a variety of other social and political institutions.” Chubb and Moe (1990, p. 32) are not champions of government schools, but they succinctly explain why students and their parents might find it difficult to make such schools respond to their needs:

“The fundamental point to be made about parents and students is not that they are politically weak, but that, even in a perfectly functioning democratic system, the public schools are *not meant* to be theirs to control and are literally *not supposed* to provide them with the kind of education they might want. The schools are agencies of society as a whole, and everyone has a right to participate in their governance. Parents and students have a right to participate too. But they have no right to win. In the end, they have to take what society gives them”<sup>6</sup>

What society gives them are its collective values, which may or may not coincide with an individual’s values. Indeed, an individual may even agree that certain values are desirable for *others*, but not for members of her own family. A mother might want young people to become convinced that it is their patriotic duty to take up arms and die for their country, while selfishly shielding her own children from such indoctrination.

Kremer and Sarychev (2000) and, more recently, Gradstein and Justman (2002) give ‘civic education’ high marks as an explanation for the popularity of public provision of education in countries around the world. In fact, they conclude that it is the *only* explanation for the

<sup>6</sup> Macedo (2000, pp. 125-126) makes the same point: “Now, as before, some [parents] complain because public schools do what they are supposed to do: intervene between parents and children to teach children civic virtues, to prepare children in various ways to be good citizens of our regime and not only followers of parental beliefs” (emphasis added).

overwhelming dominance of government schools<sup>7</sup>

There are three problems with this view. First, the ‘civic education’ argument should call not only for government schools, but also for compulsory attendance at those schools to ensure that all students are taught the same common values. In practice, attendance is rarely compulsory. Nearly all governments allow parents to pay private tuition at a school of their choice, and some allow home schooling as well. Second, it seems inconsistent with decentralized systems of education in nation-states such as India, Canada and the United States of America, where the school curriculum is far from uniform across states, provinces, or municipalities. Third, and most important, it assumes that governments can control the curriculum only if they own the schools. Large bureaucracies have a life of their own; public school teachers, in particular, are prone to form powerful unions and are not easy to control. Paradoxically, it may be easier for government to control *private* schools, by threatening to revoke licenses if specified standards are not met.<sup>8</sup> There is much truth to the Brazilian saying, “The state controls all the private enterprises, but no one controls the public enterprises.” Indirect controls, through licensing and regulation of schools competing in the marketplace, can be more effective than government efforts to directly control hundreds of schools and thousands of teachers (Gintis, 1995, pp. 10-13).

Apart from the question of whether

<sup>7</sup> “Did the government of Indonesia create a nationwide public school system rather than a voucher system because it cared about the welfare of the poor? A more likely explanation is that the government of Indonesia wants to control separatist tendencies and build nationhood through a single national educational system.” (Kremer and Sarychev, 2000, p. 4.)

<sup>8</sup> Shleifer (1998, pp. 146-147) writes: “as someone who went through Soviet schools, I am underwhelmed by the alleged benefits of indoctrination. But even someone who believes in large social benefits of teaching state ideology must recognize that these problems can be largely addressed contractually, by requiring that particular subjects be taught and others not taught, stipulating the basic curriculum, and testing students as a condition for school eligibility for a voucher program.”

ownership or regulation of schools is the best way to transmit uniform values to pupils, there remains the much broader issue of whether such a goal is desirable. Writers in the classical liberal tradition celebrate diversity, and argue that uniformity of thought, in religion, politics or any area of study, ought to be avoided at all costs. John Stuart Mill, in a famous passage from his essay *On Liberty* (1909 [1859], chapter V), expressed this view most eloquently:

“A general State education is a mere contrivance for moulding people to be exactly like one another: and as the mould in which it casts them is that which pleases the predominant power in the government, whether this be a monarch, a priesthood, an aristocracy, or the majority of the existing generation, in proportion as it is efficient and successful, it establishes a despotism over the mind, leading by natural tendency to one over the body. An education established and controlled by the State, should only exist, if it exist at all, as one among many competing experiments, carried on for the purpose of example and stimulus, to keep the others up to a certain standard of excellence.”

Sixteen years later, Karl Marx (1875) took an even stronger position against government schools:

“Elementary education by the state' is altogether objectionable. Defining by a general law the expenditures on the elementary schools, the qualifications of the teaching staff, the branches of instruction, etc., and ... supervising the fulfillment of these legal specifications by state inspectors, is a very different thing from appointing the state as the educator of the people! Government and church should rather be equally excluded from any influence on the school.”

On the subject of school choice, the Universal Declaration of Human Rights is a very liberal document. The Declaration states that parents have a right to choose the education of their children and does not qualify this right in any way. Parental choice is not restricted to schools operated by the state, and parents are not asked to

give up their right to free education in order to exercise their right to choice of education. Preferences of individuals are respected even when they conflict with collective values of the nation-state.

### (b) Civic education as a ‘public good’

India’s PROBE Team overlooked one possible justification for government provision of education. Schooling is said to be a ‘public good’, which causes exercise of free, individual choice to result in market failure (Fischel, 2002; Labaree, 2000). In this simple form, the argument is incorrect, for two reasons. First, schooling is a *private* good, not a public good. Second, even if schooling were a public good, correction of the resulting market failure requires only government *finance*, not government *ownership* of community schools.

Consider the definition of ‘public good’. It is a good that is simultaneously consumed by everyone in a community: your consumption of it does not subtract from your neighbour’s consumption. Moreover, nothing can prevent a person from consuming the good, so it is impossible to charge for it. A radio broadcast is an example of a public good: any number of listeners can enjoy it without affecting other listeners, and it is (nearly) impossible to deny a person access to the broadcast. Schooling fails the ‘public good’ test on both counts. If one child occupies a classroom space, another cannot occupy that space, and it is quite easy to prevent a child from entering the classroom to consume schooling. Schooling, then, is clearly a *private* good, like bread, wine or live theatre. It has nothing in common with a radio broadcast.<sup>9</sup>

Even if schooling were a public good, this would be an argument only for government subsidy of schools, not for government

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**9 There is much confusion on this point, and many authors insist on defining any publicly supplied service as a public good. Hawley (1995, p. 740), for example, writes “the idea of paying parents public money to purchase services essentially defines education as a private rather than a public good”. This is wrong. Education is a private good regardless of who owns and administers the schools, just as a radio broadcast is a public good regardless of who owns the station.**

administration of schools. Paying for public goods with compulsory taxes is all that is required to address the fact that citizens have an incentive to ‘free ride’, hiding their true preferences while enjoying benefits paid for by others. Private firms and individuals can and do produce public goods.<sup>10</sup> The adjective ‘public’ in ‘public good’ refers to *collective consumption*, not *collective ownership*.

A more sophisticated version of the ‘public good’ argument accepts the fact that most benefits of schooling are private, while some are public. Schooling can be thought of as an activity that simultaneously produces two distinct goods: a private benefit and a public benefit.<sup>11</sup> This is analogous to “joint supply” in economic theory, the classic example being sheep farmers that produce wool and mutton. A standard result of this model is that an increase in the production of one good necessarily results in an increase in production of the other. An increase in the supply of wool does not come at the expense of mutton; on the contrary, an increased supply of wool is necessarily accompanied by an increased supply of mutton.

In the case of schooling, though parents are willing to pay only for the private benefit, they necessarily consume the public benefit as well, because of the joint supply. With this model, it is difficult to justify public subsidies for education, and impossible to justify government ownership and control.

To justify government intervention, it is necessary to assume, contrary to standard assumptions of the joint-supply model, that it is possible to increase the production of one product while decreasing production of the other. Returning to our sheep example, this requires that a farmer be able to increase production of wool and, at the same time, *decrease* the production of mutton. If there is no demand for mutton, he might choose a breed of

sheep that produces a lot of high-quality wool, but has tough, worthless flesh. In these circumstances, mutton is a waste product with no value. A single good—wool—is produced, and there is no joint supply.

Similarly, in the case of schooling, to justify government intervention, one must assume that the production of public benefit (which has no private value) can be reduced, even to zero, while continuing to produce as much or more of the private benefit. Indeed, this is precisely the assumption that Krashinsky (1986b, p. 164) makes, when he states, “the issue is ... the teaching of common values in the classroom. In countries that fund private schools, the primary recipients are schools run by various religious groups. The values emphasized by some fundamentalist groups might not conform to some of the values society would like taught.” One might add that in countries where a particular religious group dominates government, the values taught by *secular* schools may not conform to those that society would like taught.

The public benefit of private schooling, as perceived by those who control government, can easily become zero, or even turn negative. Despite assertions of Krashinsky and West to the contrary, this is not a case of joint supply. This is very old wine in a new bottle, for it is the familiar ‘civic education’ argument that dates from Plato and Aristotle. It does no harm to describe civic education as a public good, but this contributes little or nothing to our understanding. The PROBE team was right to avoid all reference to education as a public good.

### (c) *Protect children*

Another argument against school choice asserts that parents in general are not capable of choosing wisely the education that is best for their own children, so government ought to make this choice for them. This is different from the ‘civic education’ argument, for government intervenes in the interest of individuals, not in the interest of society as a whole. In effect, the state behaves as a loving parent to all children, so this can be

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**10 Most often, public goods will be produced privately only with a large public subsidy, but not always. In the case of radio broadcasts, private stations are unable to charge their listeners, but they can and do send them paid commercial messages along with programmes of interest (Willmore, 2002).**

**11 See Krashinsky (1986a) and the interchange between West (1986) and Krashinsky (1986b).**

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described as a *paternalistic* argument for government schools.

The argument dates from the 16<sup>th</sup> century Protestant Reformation, which set as its goal universal, compulsory education for everyone, girls as well as boys. Protestants were concerned that the adult population of their day was overwhelmingly illiterate and, presumably, too ignorant to make correct choices for the Christian education of their children. Martin Luther (1962, p. 355), as leader of the Reformation, expressed this sentiment with great clarity in a letter directed to councilmen of all the cities of Germany in the year 1524:

“[T]he great majority of parents unfortunately are wholly unfitted for this task [of educating the young]. They do not know how children should be brought up and taught, for they themselves have learned nothing but how to care for their bellies. It takes extraordinary people to bring children up right and teach them well.”

According to Luther (1962 [1524], p. 370), government officials should be entrusted to select these “extraordinary people” to staff schools where children can study “for one or two hours during the day, and spend the remainder of the time working at home, learning a trade, or doing whatever is expected of them”.<sup>12</sup>

Nearly five centuries after Luther wrote these words, precisely the same assertion of parental ignorance continues to be invoked to justify government control of schools, not only in India, but also in developed countries that have attained near universal adult literacy. Professor John F. Covalenskie (Glass, 1994, p. 28), who teaches philosophy of education at Northern Michigan University, expresses a view that is shared widely by professional educators.<sup>13</sup>

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**12 Luther (1962 [1524], p. 371) added, “The exceptional pupils, who give promise of becoming skilled teachers, preachers, or holders of other ecclesiastical positions, should be allowed to continue in school longer [than two hours], or even be dedicated to a life of study....”**

**13 Dwyer (1998) and Barry (2001) similarly argue that it is the duty of the state to protect children from paternal ignorance. Dwyer also stresses, however, that children must be protected from dangerous religions, which, for him, includes Christian fundamentalism, the**

“We live in a society where Beavis and Butthead are not just watched by kids, but are a cultural phenomenon; where kids spend their allowance on music that glorifies violence and demeans women, and parents allow that; and where one of the most popular video games shows the winner tearing the still-beating heart out of the loser. May I humbly offer these in evidence that the occasional parent makes foolish--downright stupid--choices on behalf of their children. .... To 'reform' education by empowering parents and disempowering the community seems to me to put these children, the most vulnerable, at risk.”

No doubt *some* parents are unable, or unwilling, to make an informed choice of school for their children. Does this justify taking away from *all* parents their right to school choice? In other aspects of child welfare, such as food, shelter and clothing, parents are given the benefit of the doubt; until proven otherwise, authorities presume that they are able to make intelligent decisions in the marketplace on behalf of their children. The state assumes custody only of those children whose parents are unable or unwilling to provide for them. The state does not take on the task of supplying food, shelter and clothing to *all* children. Why, then, should the state supply them with education, which is arguably less basic a need than food, shelter and clothing?

In any case, it is possible to address paternalistic concerns of society with measures that fall short of denying school choice to all parents. Government can insist on minimum standards before licensing a school, eliminating the possibility that a parent can make a truly bad selection. It can punish schools that mislead or misinform parents of prospective students, publicize the results for each school of standard examinations of its students, and prohibit spending of public money for purposes unrelated to education, such as holiday travel or cash

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**Amish beliefs, Hasidic Judaism and Islam. By equating certain religious values of parents with parental ignorance, Dwyer manages to combine the ‘civic education’ argument with the paternalistic argument against school choice.**

kickbacks to parents. It can go even farther and specify a core curriculum for all schools. Regulation has its cost, however, which takes the form of restricted choice. The heavy hand of regulation can eliminate choice just as effectively as restricting finance to government schools does.

**(d) Promote equality**

Unlike the other two arguments, that of promoting equality is of recent vintage. It forms part of the drive for equal opportunity that became popular in the twentieth century as a reaction to the Great Depression and, especially, the trauma of two World Wars. The Oxford English Dictionary defines ‘equality of opportunity’ as “equal chance and right to seek success in one’s chosen sphere regardless of social factors such as class, race, religion, and sex.” Equal access to education is an important component of equality of opportunity.

In brief, the argument is as follows. Markets are inevitably inequitable because they distribute goods and services in a very unequal fashion. To ensure equality of access to secondary and higher education, all children should receive the same primary education. This can be guaranteed only with government schools. If people are given the freedom to choose among competing schools, they will sort themselves by social class, ethnic group or level of ability, thereby harming those who end up in schools filled with students of low social origin and limited intellectual talent. In the words of one opponent of school choice (Hawley, 1995, p. 741), “once we have isolated most low-income children ‘in their own schools’ it will be difficult to sustain the significantly higher-than-average expenditures such children need to receive a quality education. This, in turn, means that all children in public schools that serve low-income students will have a lower quality education than they now have.”

Albert Hirschman, in his influential book *Exit, Voice and Loyalty*, added a twist to this argument. In competitive markets, customers are free to ‘exit’ a service by switching to another supplier. The alternative to ‘exit’ is ‘voice’, expression of dissatisfaction directly to management or through general protest. These two reactions of exit and voice, Hirschman (1970, p. 47) reasoned, do not work well together

because “those customers who care *most* about the quality of the product and who, therefore, are those who would be the most active, reliable, and creative agents of voice are for that very reason also those who are apparently likely to exit first in the case of deterioration.” In the case of public schools, it is best to deny articulate complainers the right of exit: a “tight monopoly” is preferable to a system that allows schools to compete for students. In sum, public schools will improve if attendance is made compulsory; they will deteriorate if government facilitates the ‘exit’ of dissatisfied parents.

The ‘equality of opportunity’ argument is well intentioned but misguided, for it is based on a false premise. Government schools do *not* guarantee equality of opportunity for children, despite the best efforts of policy makers. Families sort themselves geographically by social class and by ethnic group when they choose their place of residence. Parents prefer to send children, especially young children, to a school near their place of residence, so some schools end up with disproportionate numbers of deprived children whereas others receive disproportionate numbers of privileged children.

Governments can reverse the effects of geographic sorting by transporting children to distant schools, thus obtaining, across schools, greater uniformity in the social class and ethnic origin of students. Local governments in the United States of America in this way have integrated some schools in racially segregated neighbourhoods. Nonetheless, it is difficult for government to take such remedial action, especially in the primary grades, for busing absorbs resources that could be used to improve classroom instruction, and is disliked by parents whose small children are forced to travel hours each day to and from school.

An alternative way to promote equality is to ensure that all schools, regardless of the ethnic or social composition of the student body, offer the same standard of education. This requires directing a larger share of resources to schools that enrol large numbers of deprived children. This is also difficult, for such egalitarian measures can be resisted by teachers, or thwarted by actions of parents, as the examples of New York City and

the Republic of Korea illustrate.

Public expenditures per student in New York City's 664 elementary schools are very unequal: in 1997-1998 they averaged \$7,076, and ranged from a low of \$3,807 to a high of \$18,548 (Iatorola and Stiefel, 2003, table 2). This would be consistent with promotion of equality of opportunity if proportionally more funds went to schools in need, but the reverse is actually the case: schools with large numbers of failing students receive less per student from the city's educational budget. This is not by design. The Board of Education assigns relatively more teachers to schools with large numbers of ethnic minorities and children in poverty, where test scores are lowest, but "the union contract and regulations allow teachers with seniority the right to transfer to desirable schools, which makes it difficult for low performing schools to retain experienced and licensed teachers" (Iatorola and Stiefel, 2003, p. 77). Failing schools in New York City have higher ratios of teachers to students, yet have smaller budgets than more successful schools because they have teachers who are unlicensed, or inexperienced, or both. Unlicensed and inexperienced teachers receive low salaries and, presumably, impart classes of lower quality than those given by more experienced teachers.

Government measures to introduce equity can also be reversed by actions of parents, even though their children remain in the public school system. This happened in the Republic of Korea in the 1970s, following the introduction of a Draconian "school equalization policy". The aim of the policy was to assure that all Korean students receive the same standard of education regardless of the school they attend. There was no teachers' union to prevent the Government from carrying out its plans, but parents did react. The Government had hoped that, by reducing competitive pressures, its policy would cause a reduction in private, supplemental tutoring; instead, it had the opposite effect. Expenditure on private lessons soared, so the Government decided in 1980 to prohibit private tutoring outright. In defiance of the law, parents continued to pay for private lessons. By 1997, more than 70 per cent of the elementary school students and half the high school students were taking at least

some private tutoring, and private expenditure on tutoring came to equal government expenditure on public schools.<sup>14</sup> This private expenditure is not at all uniform across students. Educated, wealthy and urban parents spend more on private lessons, giving their children an even greater edge over those in lower social strata and those who live in rural areas.<sup>15</sup>

The possibility of contracting private, supplemental tutoring explains why it is so difficult to prohibit exit from the public school system. In effect, the educated and the wealthy make a partial exit by keeping their children in the public schools, and supplementing those classes with private tuition. An alternative tactic used by the articulate and educated is to stay in the public system, but capture the schools for their own interests, which may conflict with interests of the poor and the ethnic minorities. One way this happens is with introduction of 'streaming', the separation of students by ability, which results in their separation by social strata as well. More resources can then be channelled to the 'high performing' stream of students, at the expense of other students in the school.

Government schools, for these reasons, fail to provide equality of opportunity to the children they serve. Markets, surprisingly, can be beneficial for the poor because markets are inequitable only if there is an inequitable distribution of purchasing power among consumers. So long as there is government

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**14 The law banning private tutoring in the Republic of Korea was never repealed, but it was declared unconstitutional in April of 1999. For full details of the school equalization policy and Korean parents' response to it, see Kim and Lee (2001). Bray (1999, p. 77) reports that bans on private tutoring have been imposed as well at various times in Cambodia, Mauritius and Myanmar, "though in none of these cases were the bans very effective because the governments were unable to enforce them."**

**15 Kitamura (1986, p. 161, cited in Bray, 1999, p. 85) reports precisely the same phenomenon in Japan's public school system, where "the dominant values are egalitarianism and uniformity. Mainstream teachers are bound by these two mandatory principles; but juku [tutoring centres] undermine them. .... Prosperous parents learn to live with equality in public elementary education because they can invest independently in juku and other aids to success in examinations."**

finance of education, the market for education can be made as equitable as one likes. One proposal is to issue each child in the nation a voucher of the same value, good for payment of tuition at any public or private school (Gintis, 1995). Exceptions could be made for children with learning disabilities or special needs, who would be eligible for a larger voucher. To keep this system egalitarian, it is important to prevent schools from charging fees in addition to the voucher. Otherwise, political pressure might lead to a reduction in the size of the voucher, thus segregating the poor in substandard schools while the middle-class and wealthy add to their vouchers at better schools.

Voucher schemes, then, are not inherently egalitarian; it all depends on their design. From an egalitarian perspective, the worst possible scheme is one that exempts government schools from the voucher system, and provides partial vouchers, insufficient to cover full tuition, to students who transfer to private schools. These vouchers are worthless unless parents supplement them with money of their own. The consequences of this scheme would be a flight of children of middle- and upper-class parents to private schools, leaving the poor behind, without any meaningful choice. Introduction of a market does lead to greater inequality in this instance, but only because the poor lack effective purchasing power.

Another design of a voucher system is to give students not vouchers of uniform value (with adjustments for disabilities), but rather vouchers that are larger, the smaller the family income. U.S. President Clinton's Secretary of Labor, Robert Reich (2000b), is a vocal advocate of such a system, stating, "Instead of giving poor kids less money per pupil than middle-income kids get, give them more." This seems ambitious for a developing country like India, which might find it difficult to measure personal income with any accuracy; but location, size or condition of the family home could serve as a rough proxy for income. In New York City, to return to our previous example, vouchers could transform the educational system from one that channels public money disproportionately to the affluent to one that allocates funds disproportionately to the poor. Children from families in the lowest quintile of

the income distribution might be given education vouchers in the amount of \$15,000, those in the next quintile \$11,000, the middle \$7,000, the next highest \$3,000 and the wealthiest quintile only \$1,000. The precise amount could be calculated so that the public expenditure on education remains the same (about \$7,000 per student in 1997-1998). To ensure that the poor are not priced out of the market, use of tuition vouchers could be limited to schools that charge no more than the value of the largest voucher (\$15,000 in this example). Up to this amount, parents would be free to add their own money to the voucher of their child.<sup>16</sup> All schools, public and private, would compete for students. Students, especially poor students, and their parents would truly be empowered. The resulting market for educational services would be more than egalitarian; it would have a pro-poor bias.

To sum up, those who have the interests of the disadvantaged at heart should not oppose school choice. Rather, they should concern themselves with designing a system of government *finance* of education that favours the poor, the inarticulate and the underprivileged, in contrast to the current system of government *provision* of education that favours the wealthy, the articulate and the privileged.

#### 4. CONCLUSION

The Universal Declaration of Human Rights promises (1) compulsory, free education for all children at the elementary level, and (2) free choice by parents of the type of education given to their children. Failure to educate all children has received much attention, most recently in the Millennium Declaration of the General Assembly. Failure to allow freedom of choice, in contrast, has received little attention in international fora,

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**16 Reich's (2000a, 2000b) proposed national system is somewhat less redistributive than the example above, for he suggests vouchers of \$10,000 to \$12,000 for the poorest quintile, falling to \$2,000 or \$4,000 for the most affluent quintile, and would not restrict tuition charges of schools accepting vouchers. The point, though, is that a voucher system can be as redistributive as desired, whereas, with government monopoly of public education, it is difficult even to equalize per-student expenditure across schools.**

even though this human right, without question, is violated more frequently than the right to free education. This neglect is unfortunate, since school choice is known to improve the quality of education by making schools more accountable to parents and students. Better schools are more attractive to students, who are more likely to enrol, and less likely to drop out. Best of all, school choice is one reform that can be carried out at no cost to taxpayers.

Why, then, do governments everywhere restrict parents' choice of free education, often to schools owned and operated by the state? This violation of a basic human right is so widespread that many today do not question its wisdom or its morality. Intellectual arguments in support of suppression of school choice are three in number. First, it is said that society must transmit common values to all children, and only government schools are able to carry out this task. Second, the state must protect children from the ignorance of their parents, who might make poor choices. Third, government schools are necessary to promote equality of opportunity by providing each child with the same standard of primary education.

This essay has shown that not one of these three arguments justifies government monopoly of taxpayer-financed schools. Increased choice improves the quality of schools, especially in the eyes of parents and students, while finance (vouchers) can be as egalitarian as desired, and licensing can be used to address collective concerns regarding civic values and minimum standards. A fourth argument against school choice (market failure due to the 'public good' nature of education) turns out to be a restatement of the first, since the public benefit of education consists of the transmission of common, civic values to students.

Many years ago, Mark Blaug (1976, p. 831) wrote "What needs to be explained about formal schooling is not so much why governments subsidize it as they do, but why they insist on owning so much of it in every country in the world." We are still searching for a compelling explanation.

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