



United Nations  
Educational, Scientific and  
Cultural Organization

EDUCATION RESEARCH AND FORESIGHT

# WORKING PAPERS

October 2016

18

## Privatization in Education: Trends and Consequences

Fazal Rizvi<sup>1</sup>

Department of Global Studies in Education  
University of Melbourne

### ABSTRACT

Privatization in education has been widely embraced by governments around the world and often supported by certain inter-governmental organizations, transnational corporations, and non-governmental organizations. However, the idea of privatization has been interpreted and translated into educational practice in many ways and the forms that privatization takes at different levels of education varies across systems, as do the rationales used to justify them. This paper provides an overview of the debates around the privatization of education; it presents the arguments that have historically been laid out for and against this process, and problematizes its effects on social inequality and the uneven distribution of educational opportunities. The paper concludes that, since education can no longer be entirely funded and provided by the state, the question is less about whether or not private engagement in education is commendable, but more about the extent to which the activities of private actors should be regulated by the state, how this should be, and to what end.

1 Author's email address: frizvi@unimelb.edu.au

Introduction

Arguments for privatization

A global trend

Forms of privatization

Privatization of education

Problems and consequences

Conclusion: The need for  
democratic control

## INTRODUCTION

Over the past three decades, the idea of privatization in education has been widely embraced by governments around the world and often supported by certain inter-governmental organizations whose ideological commitment to privatization stems from the proximity of their mission to market ideologies and economic concerns. This has been accompanied by the interests of powerful transnational corporations in promoting privatization and even the attitude towards the privatization of education of many socially-committed non-governmental organizations (NGOs) and governments of socialist persuasion, such as Vietnam and China.

As globally dominant as privatization in education has become, it is an idea that has been interpreted and translated into educational practice in many ways. The forms that privatization takes at different levels of education vary across educational systems, as do the rationales used to justify them. Also contested is the issue of the extent to which public funding should complement private investment. In this way, debates surrounding privatization, its applicability to, and desirability in education, have been both wide-ranging and intense.

This paper provides an overview of some of these debates. It suggests that given the rapid rise in demand for education around the world, and an almost universal commitment by governments to ensure universal education for all, an educational system that is funded exclusively through the public purse is no longer a realistic option— especially in view of the inability or disinclination of most nation-states to fund educational expansion through taxes. Some degree and forms of privatization thus appear inevitable. If this is the case, then the question is no longer whether private actors should be allowed in education, but rather, to what extent and how should their activities be regulated, and to what end.

Given the rapid rise in demand for education around the world, [...] an educational system that is funded exclusively through the public purse is no longer a realistic option – [...]. the question is no longer whether private actors should be allowed in education, but rather, to what extent and how should their activities be regulated, and to what end.

## ARGUMENTS FOR PRIVATIZATION

Across the world, there is a growing trend towards allowing private institutions to become active players in the development and delivery of social programmes. This trend is often referred to as privatization: it involves the “transfer of assets, management, functions or responsibilities previously owned or carried out by the State to private actors” (Coomans & Hallo de Wold, 2005). Privatization is often proposed as a way of reducing the reliance on governments in the provision of services either because the governments are no longer able to meet the costs of the services sought by the public, or because they are ideologically committed to minimalist forms of government. In the provision of educational services, both of these considerations are often at play.

The private sector has always been involved in education, with family, religious institutions and philanthropic organizations playing an important role in its funding and governance. Indeed, public funding of education is a relatively recent historical phenomenon. With the emergence of the welfare state, the idea that the state has the primary responsibility for providing education to all its citizens became a moral and political imperative. The Keynesian view of economics simply assumed this to be so, and required the state to regard education as a ‘public good’. Most advanced economies accepted this tenet, and after the Second World War, in particular, developed robust systems of public education. Even in low-income countries such as India, the right to education was inscribed in its constitution— even if this aspiration was not enacted until only recently, mostly, it was argued, due to the state’s lack of resources (Tilak, 2009). The postcolonial countries believed the public funding of education to be essential for their national development.

This line of thinking is consistent with the United Nations’ view of education, not only as a human right but also as essential for human development. Since its inception, UNESCO has believed that education expands opportunities and freedoms, and contributes to fostering peace, democracy and economic growth as well as improving health and reducing poverty. These ideas are encapsulated in the foundational goals of *Education for All* (EFA), the *Millennium Development Goals* (MDGs), and the more recently adopted *Sustainable Development Goals* (SDGs). UNESCO expects Member States to invest heavily in the realization of these goals, especially at primary and secondary levels, but does not rule out a major role for private investment in education.

In recent decades, however, despite increased levels of public investment, education has been increasingly funded by the private sector, often by citizens themselves. Most states have used privatization not only as a policy tool to expand the provision of education in order to meet the growing student demand, but have also argued that it will contribute to greater efficiency and effectiveness. In the 1970s, this ideological belief was widely promoted by economists such as Friedman (1962) and management gurus such as Drucker (1969). They proposed privatization as a way of improving government services— as a way of breaking up state monopolies by subjecting government services to market discipline in order to improve their cost-effectiveness.

Governments in the United Kingdom and the United States in the 1980s embraced these ideas enthusiastically, providing them with a pronounced ideological impetus to what has since, so it seems, become a privatization movement. While, in the United States, large utility providers were already privately owned, the Thatcher Government viewed privatization as a way of ‘de-nationalizing’ what it regarded as inefficient state-owned companies. The continued and unsustainable increase in government expenditure was cited as a major reason for privatization; as was an argument about ‘choice’. Without privatization, it was suggested, the tax burden on citizens could not be reduced, making it difficult for them to choose to buy or not to buy the services they needed or wanted. Many of these arguments were further developed in theories of New Public Management (OECD, 1996), which suggested that the business ideas that had proved successful in the private sector could be applied equally to the management of public services.

Since the 1980s, a powerful new ideological discourse around such ideas has spread to most parts of the world. It has seemingly become ‘common sense’ to define how best to organize the economy and society. According to Savas (2000), five major forces have propelled the privatization movement. First, *pragmatic* forces have led many governments to believe that when the demand and cost of their activities rise and when the public also resists higher taxes, they have little option but to favour privatization as a way of relieving fiscal stress. It is also assumed that privatization will inevitably improve the productivity of government agencies through the power of private property rights, market pressures and competition, and by giving back to people ‘more for their own money’. Second, this pragmatic argument is often linked to an *economic* theory that suggests that as communities become more affluent and educated, they are able to manage their own affairs more effectively and with greater satisfaction, and with better return on their investment. This line of thinking is based on Glazer’s (1988) contention that the welfare state is withering away not because governments are no longer committed to it, but because market forces are changing the conditions of supply and demand for social welfare and programmes. Third, there is a growing *ideological* belief that governments have become too big, too powerful and too intrusive in people’s lives therefore representing a danger to individual freedom. It is assumed furthermore that the decisions made by governments are driven by their own ‘self-interest’ and the political processes are inherently less trustworthy than free-market mechanisms. Fourth, there has emerged a *philosophical* belief that when the governments ‘outsource’ many of their activities, they unleash the potential for more business opportunities, better jobs and hence, faster economic growth. In contrast, when sheltered from competition, public sector stifles the potential for innovation, enterprise and entrepreneurialism. Finally, there is a *populist* argument in favour of privatization, which suggests that people should be empowered to define and address their own needs in order to forge a sense of community and not rely on what are often distant and unresponsive bureaucratic structures.

Of course, many of these claims can and have been contested (see for example Verger et al., 2016). It has been shown that they are often unsupported or contradicted by empirical evidence. These ideological claims have nevertheless become highly influential around the world. There is remarkable similarity in the ways in which nations that have different social, political, historical, and economic traditions have used these arguments to analyse the problems of governance they face. They have alleged the inefficiency of government services, the lack of public funds to meet the growing demand for these services, the importance of accountability and the need to give consumers a choice. Not surprisingly, the direction of their policy responses has tended to be correspondingly similar, with comparable sets of ideas that demand that public institutions become more responsive to the external market pressures and restructure their priorities in line with requirements of the global economy. There is an ever growing belief that the state should no longer be asked to carry the entire burden of funding growth in public services; rather, that there should be a greater reliance on private sources of revenue to meet even the most basic of social programmes, such as education.

## A GLOBAL TREND

How might we explain what appears to be a globally converging policy preference for privatization? Of course, some of the factors that explain it lie within the political dynamics of particular nation-states, as claims in favour of privatization are promoted through the local systems of communication, political parties, and corporate interests. The ideology of privatization is thus interpreted within each state according to its own specific terms.

The processes of globalization have contributed to the growing popularity of privatization. These processes are increasingly affecting the political dynamics and policy priorities of nation-states, even as these are articulated and refracted through their local specificities. For example, recent developments in information and communication technologies have transformed the circulation of policy ideas and information, leading nation-states to increasingly seek policy advice from abroad. At the same time, the comparative policy work of international organizations such as the OECD, the World Bank and UNESCO has become increasingly influential (Rutkowski, 2006). Regional and global policy networks have emerged, leading to increasing levels of cooperation across nation-states, driving them towards a common set of interests and policy priorities. Corporate investment in low-income countries is often accompanied with the requirement that they privatize many of their government services (Dicken, 2015). Such a condition is often also attached to grants and loans offered by aid agencies, following the lead provided by the Washington Consensus (Serra & Stiglitz, 2008).

In the popular business media, the rhetoric of privatization is often supported by a highly ideological claim that there is no alternative but to allow the private sector a greater role in the delivery of government services. Most government reports around the world now appear to have accepted this contention, often locating it within a broader discourse of the global imperatives of how best to meet the challenges of globalization, and to take advantage of the opportunities it offers. This discourse is particularly popular among the globally mobile business elites, who have become major carriers of globally circulating ideas, images and ideologies across national spaces. These ideas are reproduced in the business schools that an increasing number of international students now attend, and that produce a new transnational corporate elite (Robinson, 2004).

At the same time, the processes of policy production have become increasingly 'mediatized', greatly affected by the message systems that the global media carries. These message systems are now part of a broader set of ideas about how societies and their institutions are best organized and governed, and how human sociality is and should be constituted. These ideas are often referred to as 'neoliberalism' (Harvey, 2004). Although the idea of neoliberalism does not have a precise meaning, and although its discursive formulations, policy entailments and material practices vary, it has become something of a system of thought—a distinctive mode of reason that views human interactions largely in economic terms. Its basic principle involves affirming the importance of free markets, expressed in policy terms in the ideas of the deregulation of industries and capital flows, the radical reduction in welfare state provisions, and the outsourcing of public services.

These developments have resulted in a new discourse of governance that redefines the relationship between the state and its institutions, as well as individuals, now filtered through the logic of the markets. It assumes human beings to be largely motivated by their economic interests, always seeking to strengthen their competitive positioning within markets. In this way, education is viewed in terms of human capital in which private personal investment is assumed to be apt, and perhaps even necessary, especially in light of the benefits education is supposed to accrue in greater earning capacity and other advantages to the individual. This human capital approach does not deny education's social benefits but insists on the need for individuals to make a financial investment in their education.

According to Wendy Brown (2015, p. 33), this economisation of subjects is a fundamental assumption underlying the contemporary neoliberal rationality: it imagines that economics can "remake other fields of existence in and through its own terms and metrics". Through this logic, human beings come to be figured as human capital across all spheres of life. In recent decades, Brown insists, this logic has become a governing rationality saturating most practices of ordinary institutions and discourses of everyday life. This line of thinking is consistent with Rizvi and Lingard's (2010) analysis of a 'neoliberal imaginary' through which people have begun to make sense of their identity and social relations. As an imaginary, it suggests both the ways in which we need to interpret the world and imagine the ways it should be. As Brown (2015, p. 36) puts it, "within neoliberal rationality, human capital is both our 'is' and our 'ought' – what we are said to be, what we should be, and what the rationality makes us into through its norms and construction of environments".

Neoliberalism is thus best understood not simply as an economic policy, but rather a rationality, a mode of thinking that disseminates market values and metrics to every sphere of life and constructs human beings and relations largely in economic terms. It does not merely 'privatize' individual production and consumption of goods that were once publically supported and valued. Rather, it reformulates everything, everywhere in terms of capital investment and appreciation. The notion of 'public goods' becomes increasingly more difficult to define, as government is no longer identified with the public but is increasingly viewed as merely another economic actor, among many others. Citizens are rendered as investors and consumers, and not as members of a polity who share certain common traditions, spaces and experiences. What is more, knowledge and education are valued and desired almost exclusively for their contribution to the processes of capital formation and enhancement.

[Under neoliberalism], citizens are rendered as investors and consumers, and not as members of a polity who share certain common traditions, spaces and experiences. What is more, knowledge and education are valued and desired almost exclusively for their contribution to the processes of capital formation and enhancement.

## FORMS OF PRIVATIZATION

While this mode of thinking has become globally dominant, privatization policies based on market principles have not led to an identical set of practices. Indeed, the neoliberal rationality has given rise to various forms of privatization. The Indian economist of education, Tilak (2009) points to the ambiguity surrounding the term 'privatization' because of the different meanings it has in relation to the sources of funding and the degree to which both public and private play a role within the same national system. Tilak (2009, p. 52) classifies the phenomenon of the privatization of education based on various types: from an extreme form of privatization, where education is seen as a business and profits are made by private institutions; to pseudo privatization, which includes institutions managed entirely privately, but financed mostly by the government.

In India, Tilak (2009) also notes that forms of private education cannot only be classified by funding arrangements, but also by the kinds of programmes offered and services provided, in addition to its nationally specific legal requirements, as well as by the particular political circumstances. Perhaps the best approach is to examine the degree of participation of each of the public and private sectors. Degefa (2011) focuses on the interlocking roles that the state and the market play in privatizing institutions, and helpfully suggests a continuum that involves four possible modalities:

- Privatization as cost-sharing (public provision and private financing modality);
- Privatization by application of business-like management styles to public institutions (corporatization);
- Privatization through voucher system (market provision and state financing);
- Privatization as emergence of non-state education sector (market provision and financing).

Degefa's approach too however is somewhat limited, since it does not focus on the nature of the goods and services— the extent to which they may be available and the manner in which they are consumed. Savas (2000) suggests that goods and services can be classified according to the degree to which they possess these two properties of exclusion and consumption. He identifies four kinds of goods: individual goods (characterized by exclusion and individual consumption); toll goods (exclusion and joint consumption); common-pool goods (non-exclusion and individual consumption); and collective (or public) goods (non-exclusion and joint consumption). He argues that some of these goods are best left to the market, while others require a role for the government.

Stephen Ball and Deborah Youdall (2007) have suggested that privatization in public schools can either be 'exogenous' or 'endogenous'. Endogenous privatization involves the importing of ideas, techniques and practices from the private sector in order to make the public sector more business-like. This is a form of 'commercialization', through which management techniques borrowed from the private sector are brought into schools. In contrast, exogenous forms of privatization involve "the opening up of public education services to private sector participation on a for-profit basis and using the private sector to design, manage or deliver aspects

of public education" (Ball & Youdall, 2007). The extent to which exogenous and endogenous privatization relate to each other is, of course, an interesting theoretical issue.

Beyond these theoretical arguments, the privatization of functions and responsibilities previously owned or carried out by nation-states has been achieved through many different techniques. Savas (2000) classifies techniques of privatization into three broad categories: delegation, divestment and displacement. In a delegation, the state continues to remain entirely responsible for a function but delegates the actual production activity to the private sector. Contracting out is an example of delegating, whereby the government privatizes an activity by contracting a private organization, either for profit or non-profit, to perform the work. Franchising is another method of privatization, whereby the government delegates to a private organization the right to sell a product or a service to the public for which the state has the ultimate responsibility. Delegation can also be achieved by awarding grants, whereby the government provides a private entity a subsidy to do the work. Instead of a grant to the service provider, the government can give the subsidy, such as a voucher, directly to eligible recipients to purchase a service from a private agency that had previously been provided by the state itself.

Another privatization technique involves divestment of an enterprise, function or asset. It involves the government shedding its responsibility by transferring it to a private agency. The enterprise is either sold or given away as an on-going business. The sale can be managed in a number of ways, through selling to private corporations or by issuing or selling shares either to the manager, employees or customers of an enterprise. Divestment can also involve the giving away, for whatever reason, of assets, through their free transfer to a nominated class of people. The state may not receive any compensation but divests its responsibilities to the private sector. Sometimes divestment simply involves liquidating a poorly performing government enterprise.

Besides divestment and delegation, Savas suggests that privatization can also proceed through displacement. It does not require an active measure on the government's part, but involves instead "a more passive or indirect process that leads to government being displaced more or less gradually by the private sector— a withering away of the state, so to speak, as markets develop to satisfy people's needs" (Savas, 2000, p. 132). Displacement may occur by default, where the people themselves decide to move away from their reliance on the government services and begin to purchase the services provided by the private sector. The role of the government shrinks in relative terms, either deliberately or inadvertently, and the private sector begins to play a more prominent role. Of course, a government might wish to withdraw from its services by 'load sharing' or 'mothballing' the agencies once established to provide those services. More frequently, in recent years, displacement has been carried out by deregulation, whereby the state decides to abandon its monopoly status, enabling the private sector to compete against its own agencies, in the belief that such competition will make the government services most efficient. In this way, deregulation is premised on a neoliberal assumption that demand-driven and market-driven arrangements are necessarily more effective in satisfying people's needs. Key state agencies are thus implored to reform their decision-making processes and to re-imagine the way in which they are funded, think about the services they provide, relate to their clients, and generally manage their resources.

## PRIVATIZATION OF EDUCATION

Examples of each of the three forms of privatization –delegation, divestment and displacement– can be found in systems of education around the world. Indeed, as education is increasingly regarded as an industry, its key characteristics have acquired the form of other market driven enterprises, driven by commercial concerns. Thus, terms such as 'contract', 'franchise', 'voucher', 'joint venture', 'customer demand', 'customer satisfaction', 'payment by results' and 'profit margins' have now entered the vocabulary of education in ways that diminish its traditional status as a public good. Of course, as I have noted, private actors have always participated in the funding and management of education, but there is something different about the contemporary language of privatization: it now appears to have become tied to a neoliberal rationality in which ideas relating to educational reform are increasingly defined in market terms.

In the United States, for example, a powerful critique has decried what it claims as the heavy-handed attempts by the government to monopolize education. Ever since the early 1980s, a strong rhetoric around the values of competition and choice in education has emerged, of which privatization initiatives are a major component. Among these initiatives, charter schools are an example of delegation. Charter schools typically operate under a contract with local school districts on behalf of groups of parents, teachers, school administrators, community members and private firms. Their management structure often mimics corporations, with control over capital and

operating funds, and considerable autonomy over curriculum, instruction, budget and personnel, in exchange for being held accountable for student performance. For market enthusiasts, even this level of privatization is not enough. They argue that “for as long as governments control the money, competition is available only on the demand side, not the supply side” (Shlaes, 1998). The choice provided by charter schools, they insist, is a hollow choice (Lieberman, 1998).

A more radical form of privatization lies in the advocacy for vouchers. Under a voucher system, parents receive a voucher to send their child to a school of their choice. The amount of money a school receives from the government would depend on the number of vouchers that are submitted by parents for the education of their children. It is argued that this competition for students would force schools to be more effective and responsive to the demands of the educational market, and would inevitably lead to great entrepreneurship and innovation by teachers and administrators. A market-driven system would also drive greater employment flexibility and professionalization of the teaching force, and ultimately, better teaching and student outcomes. This neoliberal experiment was perhaps most systematically tried in Chile, under the military regime; vouchers continue to have an ongoing influence on Chile’s current system of funding education (Castro-Hidalgo & Gomez-Álvarez, 2016). In Chile, privatization was always a hot topic, and the issue of whether it has produced the improvements in quality it promised remains inconclusive and highly contested.

In addition to parental choice through vouchers, tuition tax credits, charters and similar mechanisms, the most far reaching mode of privatization through delegation has been through contracts awarded competitively to private, for-profit firms. Public schools negotiate these contracts for a whole range of services –some uncontroversial, such as cleaning and maintenance of school buildings, pupil transportation and security– while others, far more controversial such as testing, student counselling and even planning and policy development. The contracting of some courses and the education of some categories of students has also become common in many school districts around the world. At the same time, a parallel shadow system of schooling has emerged alongside the traditional public schools (Bray, 1999). It includes for-profit learning centres where children are tutored after their regular classes, as well as commercial enterprises that prepare students to take scholastic and high stakes examinations for entry into highly prestigious universities and professions. Public schools are of course not unaffected by these for-profit enterprises, and in light of declining public funds, have sought to join the educational market, commercializing many of their own programmes.

In addition to parental choice through vouchers, tuition tax credits, charters and similar mechanisms, the most far reaching mode of privatization through delegation has been through contracts awarded competitively to private, for-profit firms.

A number of these privatization initiatives are small and local, but a more substantive aspect of the privatization of education is the rise of a global education industry. These include for-profit organizations setting up schools, providing policy advice, developing testing regimes and conducting programme evaluations. Verger, Lubienski and Steiner-Khamsi (2016) have sought to understand the key drivers and mechanism of these recent developments. They have shown the motivations of the global educational actors to be diverse and complex, consisting of interests that are both altruistic and for-profit. Their concerns are a curious mix of a desire to provide education where it is unavailable, but also to become influential policy advocates for particular conceptions of educational reform. Because of the close links they have been able to develop with national systems of education, they are able to exert their policy influence on a transnational basis. While some of these actors insist that they are simply philanthropic organizations, interested in the welfare of children and their communities, others do not hide their wish to make money from education for their sponsors, investors and stockholders. They are able to do this because increasing levels of demand for education, the competition for status and possibilities of cross-border supply of education have created a market that is almost limitless. Private investors and commercial banks are therefore willing to invest in the education business because of their potential for profits.

## PROBLEMS AND CONSEQUENCES

The discussion above shows how the privatization agenda has now become embedded within the global educational space. It cannot be denied that privatization initiatives have greatly assisted in expanding access to education around the world, in ways that would not have been possible if left to the resources of the public sector

alone. In this sense, privatization has been helpful in realizing ambitious plans for universal primary education articulated in both the EFA and MDGs and more recently in the SDG agenda. Across higher levels of education, privatization policies have also contributed, by building demand and delivering the possibilities of participation to previously excluded populations. Thus, although it is now difficult to imagine an educational system without private input, the privatization of education has created a range of ethical, political and educational problems that cannot be overlooked. It has had consequences that are more far-reaching and extensive than is often realized, in not only changing the nature of education but also transforming its complicated relationship to social and cultural production and reproduction.

Privatization policies do not only specify the manner in which schools are funded and administered, they have the potential to redefine the very nature of education. As noted earlier, they have the potential to transform the organizational culture of educational institutions. Market considerations often lead to the development of a different conception of curriculum, teaching and learning than those based on the notion of education as a public good. When education is commodified, it inevitably serves personal interests ahead of those of communities at large. It begins to regard the acquisition of knowledge and skills in terms of the human capital that can be exchanged in the labor market, or used to acquire social status. Traditionally, education has aspired to serve the public good—privatization policies undermine this aspiration by chipping away at the traditional role of education in developing and sustaining communities, building social cohesion and ensuring some measure of social solidarity. When people are encouraged to primarily look after their own economic interest, as the neoliberal notion of *homo economicus* clearly encourages, their concern for fellow human beings concurrently diminishes, and the foundations of ethics become eroded.

Privatization policies do not only specify the manner in which schools are funded and administered, they have the potential to redefine the very nature of education.

Insofar as privatization policies in education are predicated on the assumptions of economic self-interest, they also risk generating unsustainable patterns of social inequality. Of course, inequalities have always been a component of educational systems; privatization puts in place structures that have the potential of extending them. These structures institutionalize access to a range of educational practices based on the ability to pay. So even in richer countries, for example, poorer students are often denied certain experiences such as school excursions and tuition in subjects that are considered non-core. In poorer countries, the inability to pay fees still prevents some children from attending school. Therefore, while privatization has opened up the possibility of universal participation in education, student opportunities are nonetheless unequally distributed. In any case, formal access to education facilitated by private investment philanthropic agencies does not guarantee equality of educational experiences and outcomes. Schools remain highly differentiated, and privatization policies often serve to not only perpetuate but also extend social inequalities.

Therefore, while privatization has opened up the possibility of universal participation in education, student opportunities are nonetheless unequally distributed.

It has often been argued that privatization has the potential to improve the quality of educational provision. A recent review of research on publicly funded private schools vouchers in the United States, however, suggests no clear advantage in academic achievement for students attending private schools. According to Chris and Sarah Lubienski (2014), the evidence about charter schools effectiveness is equally mixed. More disturbing is the finding from the United States that private schools are more economically and racially segregated than public schools, and that they underrepresent students with special needs. Furthermore, public schools are less likely to provide access to new technologies, science laboratories and secure environments. In lower income countries, where the idea of low fees private schools has been widely championed (see Tooley, 2000), the quality of instruction remains consistently low. Also missing in these schools are pedagogically enriching activities. In India, even after the introduction of the Right to Education Act in 2010, which mandates each school to enroll 25% of its students from marginalized communities, patterns of educational inequality persist, and are intensified across public and private schools owing largely to economic factors (Pratham, 2015).

In his recent book, *The End of Public Schools*, David Hursh (2016) has shown how privatization policies also undermine democracy. He argues that public schools were created as learning communities that supported the

development of trusting and caring relationships. In private schools, where students are viewed as customers and parents as shareholders, this democratic function of education is necessarily diluted, as students are prepared for a world of competition. In the end, the idea of privatization grounded in the neoliberal imaginary projects a different view of society in which individuals are encouraged to compete for scarce resources, and in which the market defines the modes of social relationships. The ideas of democracy and equality are not abandoned, but are rearticulated in market terms. The concept of democracy becomes largely representative rather than participatory, symbolic rather than substantive, while equality is re-defined in terms of fairness, suggesting that individuals deserve what they have earned rather than what they might share. When equality is rearticulated in market terms, the focus shifts away from community to individuals – their right to keep the goods they produce through their own efforts. In this way, property rights are privileged over personal rights (Bowles & Gintis, 1985), with democracy becoming a matter of transactional politics.

## CONCLUSION: THE NEED FOR DEMOCRATIC CONTROL

What this discussion suggests is that the global trend towards privatization of education is accompanied by some serious problems for the future of individuals and communities that find themselves on the wrong end of the social hierarchies to which the neoliberal rationality has given rise. The ideology of the market necessarily produces winners and losers. However, as Robert Reich (2015, p. 218) has noted, there is nothing inevitable about the market: “we need not be the victims of the market forces over which we have no control”. Markets are based on rules that human beings create, so the questions become ‘which rules’, ‘for what purpose’ and ‘whose interest’. The coming challenge, Reich insists, is not an economic one, but of democracy. It is not about the freedom of the market or the size of government, but how we determine what government is for and for whom. The central choice is not between the market and the state, but around the question of how the relationship between the two should be conceptualized so that it delivers broadly based prosperity and benefits, rather than all the gains to the few.

The idea that education should be funded and managed entirely by the state is no longer feasible. In an era of expanding demand for education, few states have the resources to fund education on their own. They need the private sector to help out– and indeed, the input of the private sector can greatly benefit educational systems. However, for these benefits to reflect broadly based interests of the communities these systems are located in, privatization needs to be democratically controlled– to be tamed in a manner that preserves education’s traditional purposes of community building and working towards social cohesion and solidarity. In achieving this goal, nation-states cannot be allowed to ‘wither away’ against the encroaching power of the global markets. Instead they need to develop rules and systems that ensure that the privatization of education does not end up favoring the corrupt, the already privileged and the few, rather than all.

Privatization needs to be democratically controlled– to be tamed in a manner that preserves education’s traditional purposes of community building and working towards social cohesion and solidarity.

Of course, one way that nation-states have sought to do this already is by developing stronger accountability systems. Such systems are designed, it is argued, to ensure that educational outcomes are measured and compared so that the educational markets work efficiently, in the interests of both private and public schools and students. Indeed, the emphasis on high stakes testing is often justified on equity considerations; that it will provide the data needed to improve the performance of students ‘falling behind’. The underlying logic of No Child Left Behind in the United States made precisely such a claim. At the global level, the current rhetoric underlying the Programme for International Student Assessment (PISA) suggests something similar. However, what is increasingly clear is that high stakes testing does little to promote equity, for it is incapable of suggesting ameliorative strategies for improving educational performance of students at ill-equipped and poorly resourced schools. On the contrary, it demoralizes teachers and students alike, and serves only as a conduit to the markets in education, a mechanism for promoting and legitimizing activities that favor the already advantaged.

Another way in which the state can tame the excesses of privatization in education is through public-private partnerships, which involve public and private sectors working together to develop policies and programmes that are consistent with the wishes of the community but are delivered by the market. It is assumed that the

public sector will draw attention to public interest, stewardship and solidarity considerations, while the private sector will bring access to finance, knowledge of technologies, managerial efficiency and entrepreneurial spirit. By ensuring that equity concerns are taken into account, including the need to prevent discrimination and exploitation, ensure continuity and stability of services, and encourage social cohesion, it is assumed that the public sector can collaborate productively with the market and tame its excesses. As appealing as this arrangement sounds, experience from many countries shows that such a balance is not easy to achieve, and such partnerships can often be a source of conflict of interest, as interests of the public and private sectors often diverge. The private sector inevitably gravitates toward activities where it is quick to make a profit, leaving the public sector with the inherently more complex and less easily rewarded task (Rosenau, 2002). When things go wrong, the lines of accountability are never clear, and it is always possible for the private sector to simply walk away.

So whereas the public-private partnerships can be useful, they are not the panacea to the challenge of taming the excesses of privatization in education. What is required is the reassertion of the social democratic goals of education. This means detaching the role of the private sector in education from the neoliberal imaginary in which it has become increasingly embedded. While acknowledging that the private sector may have an important role to play in education, it is important to regard this role as secondary to the broader concerns of education relating to community building. The dictates of 'market fundamentalism' (Soros, 1998) need to be resisted if education is to serve the needs of entire communities rather than just the few. With respect to education, markets are inherently contradictory for they rest on the assumptions of individualism in an area of human activity that is essentially about sociality— of learning to live with each other. These contradictions need to be identified and repelled so that the democratic voices of teachers and their students are not drowned out. This task cannot be left to the private sector alone.

## REFERENCES

- Adamson, F., Astrand, B. and Darling-Hammond, L. 2015. *Global Education Reform: How Privatization and Public Investment Influence Education Outcomes*. New York, Routledge.
- Ball, S. and Youdall, D. 2007. *Hidden Privatization in Public Education*. [http://pages.eiie.org/quadrennialreport/2007/upload/content\\_trsl\\_images/630/Hidden\\_privatisation-EN.pdf](http://pages.eiie.org/quadrennialreport/2007/upload/content_trsl_images/630/Hidden_privatisation-EN.pdf)
- Bowles, S. and Gintis, H. 1985. *Democracy and Capitalism: Property, Community and the Contradictions of the Modern Social Thought*. London, Routledge.
- Bray, M. 1999. *Shadow Education System: Private Tutoring and Its Implications for Planners*. Paris, UNESCO Institute for Educational Planning.
- Brown, W. 2015. *Undoing the Demos: Neoliberal Stealth Revolution*. New York, Zone Books.
- Castro-Hidalgo, A. and Gómez-Álvarez, L. 2016. A Long-term Experiment and its Impact on the Quality and Equity of Education. F. Adamson, B. Astrand and L. Darling-Hammond (eds), *Global Education Reform: How Privatization and Public Investment Influence Education Outcomes*. New York, Routledge, pp. 16-49.
- Commans, H. and de Wolf, H. 2005. Privatization of Education and the Right to Education. K. de Feyter and I. Gomez (eds), *Privatization and the Human Rights in the Age of Globalization*. Antwerp, Intersentia.
- Degefa, D. 2011. *Privatization of higher education in Sub-Saharan Africa: global pressures, national responses and local realities*. LAP Lambert Academic Publications.
- Dicken, P. 2015. *Global Shift, Mapping the Changing Contours of the World Economy*, 7th edn. London, Guildford.
- Drucker, P. 1969. *The Age of Discontinuity*. New York, Harper and Row.
- Friedman, M. and Friedman, R. 1980. *Free to Choose*. New York, Harcourt.
- Glazer, N. 1988. *The Limits of Social Policy*. Cambridge MA, Harvard University Press.
- Harvey, D. 2007. *A Brief History of Neoliberalism*. Oxford, Oxford University Press.
- Hogan, A., Sellar, S. and Lingard, B. 2016. Corporate Social Responsibility and Neo-Social Accountability in Education: The Case of Pearson PLC. A. Verger, C. Lubienski and G. Steiner-Khamsi (eds), *World Year Book of Education: The Global Education Industry*. London, Routledge, pp. 107-124.
- Hursh, D. 2016. *The End of Public Schools: The Corporate Reform Agenda to Privatize Education*. New York, Routledge.
- Lieberman, M. 1998. *Public Education: An Autopsy*. Cambridge MA, Harvard University Press.
- Lubienski, C. and Lubienski, S. 2013. *The Public School Advantage: Why Public Schools Outperform Private Schools*. Chicago, University of Chicago Press.
- Pratham Foundation. 2015. *Annual Status of Education Report 2014*. <http://img.asercentre.org/docs/Publications/ASER%20Reports/ASER%202014/National%20PPTs/aser2014indiaenglish.pdf>
- Reich, R. 2015. *Saving Capitalism: For the Many Not the Few*. New York, Alfred Knopf.
- Rizvi, F. and Lingard, B. 2010. *Globalizing Education Policy*. London, Routledge.
- Robinson, W. I. 2004. *A Theory of Global Capitalism: Production, Class, and State in a Transnational World*. Baltimore, John Hopkins Press.
- Rosenau, P. 2000. Strengths and Weaknesses of Public Private Policy Partnerships. P. Rosenau, (ed), *Public Private Policy Partnerships*. Cambridge, MIT Press.
- Rutkowski, D. 2007. Converging Us Softly: How Intergovernmental Organizations Promote Neoliberal Educational Policy. *Critical Studies in Education*, Vol. 48, No. 2, pp. 229-247.

- Savas, E. S. 2000. *Privatization and Public-Private Partnerships*. New York, Chatham House Publishing.
- Serra, N. and Stiglitz, J. 2008. *The Washington Consensus Reconsidered: Towards a New Global Governance*. Oxford, Oxford University Press.
- Soros, G. 1998. *The Crisis of Global Capitalism: Open Society Endangered*. New York, Public Affairs.
- Srivastava, P. 2016. Questioning the Global Scaling-Up of Low-fee Private Schooling: The Nexus between Business, Philanthropy and PPP. A. Verger, C. Lubienski and G. Steiner-Khamsi (eds), *World Yearbook of Education: The Global Education Industry*. London, Routledge, pp. 248-263.
- Tilak, J. B. G. 2009. Higher education: a public good or a commodity for trade? *Prospects*, Vol. 38, No. 4, pp. 449-466.
- Tooley, J. 2000. Private Education: The Poor's Best Chance. *UNESCO Courier*, Vol. 53, No. 1, p. 24.
- Verger, A., Lubienski, C. and Steiner-Khamsi, G. (eds), 2016. *World Yearbook of Education: The Global Education Industry*. London, Routledge.

The Education Research and Foresight Series generates and disseminates insights from works in progress, or recently completed, to encourage exchanges of ideas about education and development in a world of uncertainty, complexity and contradiction. The purpose of the series is to gather contributions that may inform current educational policy debates and challenges, and to lay them out for further discussion or elaboration. The papers carry the names of the author(s) and should be cited accordingly. The views expressed in these papers are those of the author(s) and do not necessarily reflect the views of UNESCO and its affiliated organizations, or those of the governments it represents.

To cite this article:

Rizvi, F. 2016. Privatization in Education: Trends and Consequences. *Education Research and Foresight Series*, No. 18. Paris, UNESCO. <https://en.unesco.org/node/262287>