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Are we using Friedman's roadmap? A comparative analysis of stimuli of private school enrolments in post-Soviet countries

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Highlights

- This paper examines comparative trends in private schooling in the post-Soviet states.
- Private enrolments in post-Soviet countries are considerably below world averages.
- Private schooling may be complementing rather than substituting public schooling.
- Low public investment in education may be associated with higher private enrolments.
- In countries with relatively high private enrolments government funds private schools.

Abstract

There have been extensive scholarly debates on the role the private sector in the provision of schooling across the world. The former Soviet states have been largely excluded from these debates. This exploratory study examines the role the private sector in the formal provision of primary and secondary education in post-Soviet countries to demonstrate comparative trends and to provide a framework for the analysis of stimuli for private enrolments in the region. On the basis of the analysis of secondary data, documentary evidence and relevant literature, this paper shows that across the former Soviet countries, neoliberal ideas of education marketisation have not found fertile soil for development.

Keywords

- Comparative education;
- International education;
- Private schooling;
- Post-Soviet countries

1. Introduction

Marketisation of education systems gained international momentum the 1990s when the so-called Washington consensus was established as the dominant paradigm in international development. As described by Colclough (2011), under the conditions of recession,

stagnation and deepening poverty, the proposed strategies in this period included liberalisation, stabilisation and privatisation. Since then, the landscape of private schooling has been changing across the globe, with many governments promoting ideas of education marketisation. I define education marketisation as the sequence of government policies aimed at the introduction of market models into the education system, thus avoiding the state responsibility of distributing taxpayers' money effectively, equitably and efficiently. The idea of education marketisation is vital to the neoliberal ideology of free markets and a limited state (Chankseliani, 2014). Education marketisation policies are generally analysed through the theoretical framework of economic neoliberalism for which privatisation has been a watchword (Klees, 2008).

The analysis of the aggregate international data shows that 14% of primary school pupils and 22% of secondary school students attend private institutions (World Bank, 2013b). A private school is defined as 'an institution that is not operated by a public authority but controlled and managed, whether for profit or not, by a private body such as a nongovernmental organization, religious body, special interest group, foundation or business enterprise' (World Bank, 2013b). This definition is taken from the World Bank's *World Development Indicators*, as this is the main source of the secondary data used in the analysis.

The proliferation of private schools in economically developed as well as developing countries has been justified by arguments on efficiency, equality, quality and fiscal constraints. There have been extensive scholarly debates on the role the private sector in the provision of schooling across the world. The former Soviet states are largely excluded from such debates. There is very scarce literature on the subject of the marketisation of schooling in post-Soviet countries individually or in a comparative perspective; either on between-country differences in terms of the role of markets in education or on differences between the region and the rest of the world.¹

This exploratory study uses three lenses – the political, the socio-economic and the educational – interchangeably to examine the role the private sector in the formal provision of primary and secondary education in post-Soviet countries. The study establishes comparative trends and provides a framework for the analysis of stimuli for private enrolments in the region. Specifically, this paper seeks to answer the following questions: viewed in the global context, how do post-Soviet countries compare in terms of private school enrolments, costs and quality? How, if at all, do the demand from families and the supply from non-profit and for-profit providers stimulate private enrolments? How do the political agendas of individual states shape the stimuli for private schooling?

To answer the above research questions, the current work employs an analysis of secondary data, documents and literature in English, Russian and Georgian languages. The available secondary data on private schools in the post-Soviet countries is extremely limited. The World Bank's (2013b) *World Development Indicators* provided the main source of the statistics of private school enrollments in post-Soviet countries. The relevant secondary data on marketisation and a variety of factors related to it was obtained from the European Bank for Reconstruction and Development (EBRD), the Economist Intelligence Unit, Organisation for Economic Co-operation and Development (OECD), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), national statistical agencies and ministries of education.

¹ Some exceptions are Kersh (1998), Kreitzberg and Priimagi (1998), and Lisovskaya and Karpov (2001).

The post-Soviet countries² have experienced profound socio-economic and political changes the early 1990s. There are significant differences in terms of economic development, with the Baltic states and Russia being high-income; Kazakhstan, Azerbaijan and Belarus middle-income and all the rest – low or lower-middle-income economies (World Bank, 2013a). These countries, however, are relatively homogeneous in terms of the human development index which is a composite of life expectancy, educational attainment and income indicators. The majority have achieved high human development. The rest (Moldova, Uzbekistan, Tajikistan and Kyrgyzstan) are considered to have medium human development (UNDP, 2013). The analysis of political systems shows that seven out of the fifteen post-Soviet country governments are recognised as authoritarian; these are Uzbekistan, Turkmenistan, Belarus, Azerbaijan, Russia, Kazakhstan and Tajikistan (Economist Intelligence Unit, 2012).

Historically, education provision started as a non-state led initiative in many countries, including the former Soviet states. Religious, entrepreneurial or charitable individuals and groups used to educate the selected few. For example, in the nineteenth century Russia, urban elites were educated at private schools or with private tutors; central or local authorities did not invest public resources in education. Russia started centralised financing and control of public schools only at the start of the twentieth century. Primary enrolments at formal schools at the outset of WWI reached only 20% (Chaudhary et al., 2012). In another post-Soviet country Estonia, even with the spread of formal public schooling, 47% secondary schools in 1922–1923 remained private (Kreitzberg and Priimagi, 1998). It was under the USSR's investment in formal public schooling that the constituent states achieved almost universal school enrolments. Heyneman and Stern (2013) note that in Eastern Europe and the former Soviet Union, the precedents of government-delivered schooling 'shifted as soon as they had the opportunity. In former socialist states non-government schooling is now a normal source of education.' This paper challenges that view and presents evidence to demonstrate that the level of primary and secondary education marketisation in the former Soviet countries is markedly below international averages.

2. Private enrollments in the post-Soviet countries: comparative analysis

The states that constituted the Soviet Union used to have very similar education systems at the time of the dissolution of the USSR. Some of the key characteristics of these systems were centralised control and provision; using schools for communist indoctrination; and full public financing of formal schooling. The education reforms that these countries chose to implement in the last two decades, however, gave rise to some differences amongst them. This section looks at the variation in private school attendance among post-Soviet countries when viewed in the wider international context. Specifically, it focuses on trends in private school enrolments, costs and quality.

Private school enrolments have been rising steadily across the world. Since 2000, enrolments at the secondary level went up from 19% to 22% and at the primary level from 10% to 14% (World Bank, 2013b). In this context, private enrolments at primary and secondary levels are generally low in the former Soviet countries, ranging from very few private school students in Uzbekistan to 9.5% of private primary school enrolment in Georgia and 13.9% of private secondary school enrolment in Azerbaijan (Fig. 1). Georgia, Estonia and Azerbaijan stand out with their relatively high levels of educational privatisation.

² This paper looks at Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan. Turkmenistan is excluded from the analysis because of the non-availability of data.

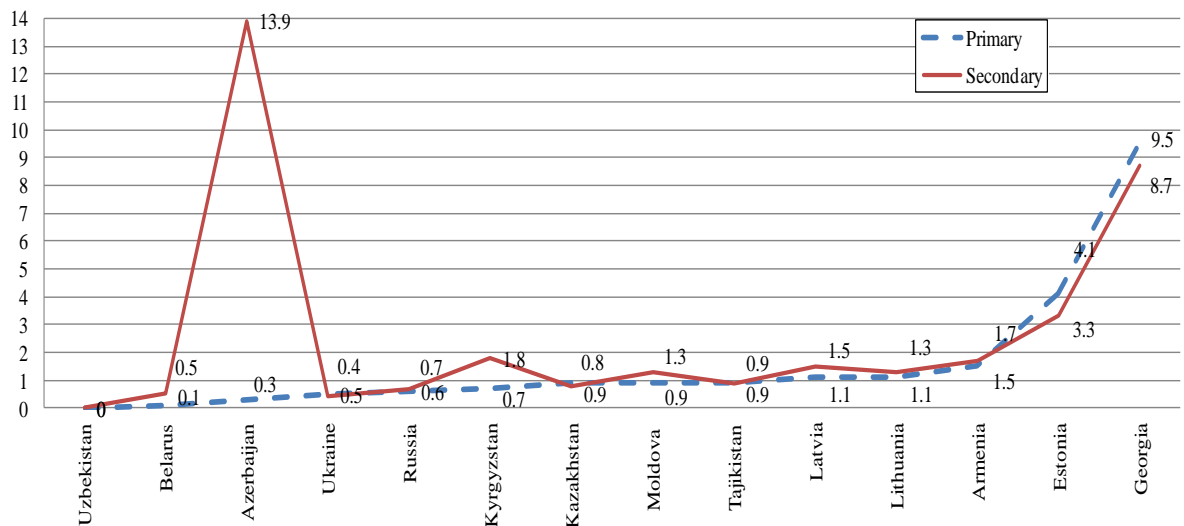


Fig. 1. Private enrolments at primary and secondary levels (%).

Source: own calculations based on the data from GeoStat (2013) and World Bank, 2007, World Bank, 2010 and World Bank, 2013b.

Internationally, private school enrolments differ significantly by country income level (Fig. 2). Average private enrolments are the highest in low income countries, where 22% of pupils at the primary and 36% at the secondary level are enrolled in private schools. Private enrolments are consistently lower as we move up the national income ladder, reaching only 11% of pupils at the primary and 16% at the secondary level in high income countries.

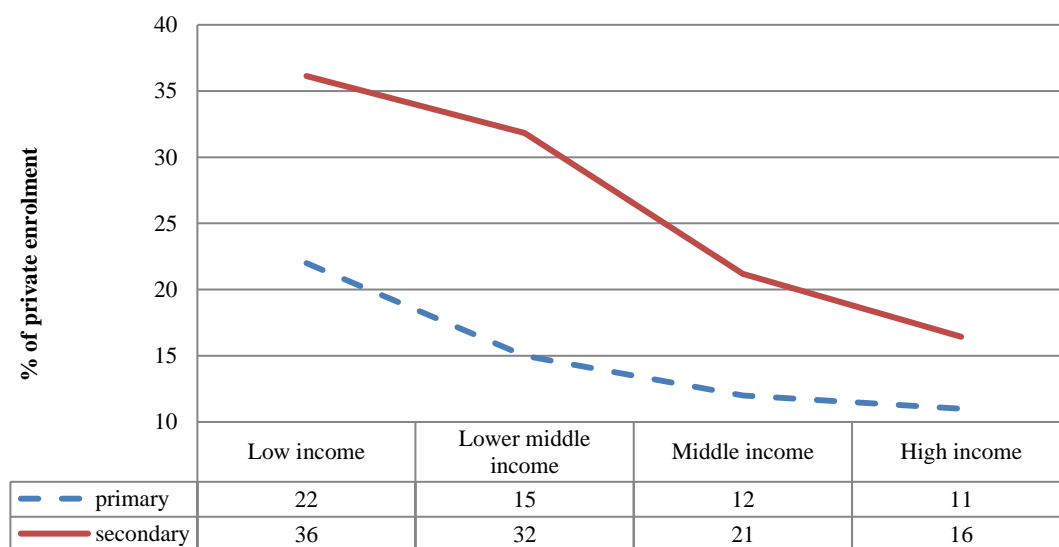


Fig. 2. Private enrolments at primary and secondary levels: world population by income level.

Source: own calculations based on the data from World Bank (2013b).

This negative relationship between national income levels and private school enrolments could be used to question the misconception that private school markets require high income environments to flourish. Non-state schools, it appears, do emerge in poor places where there

is a higher likelihood of government schools failing. Although it has been shown that non-elite, low fee private schools that serve the poor are becoming a universal phenomenon (Heyneman and Stern, 2013), there is no indication of the existence of such schools in the post-Soviet countries. Furthermore, the relationship between national income levels and private enrolments in the former Soviet countries does not follow the worldwide trend. The analysis of the relationship between GDP per capita and private school enrolments in these countries shows that there is no relationship between these two indicators.³ As seen from Fig. 1 and Fig. 2, the post-Soviet country with the highest rate (9.5%) of private primary enrolments – Georgia – is substantially below the world average for lower middle income countries (15%). The post-Soviet country with the highest rate (13.9%) of private secondary enrolments – Azerbaijan – is also markedly below the world average for middle income countries (21%).

These figures, however, do not reflect, what I propose to call, covert privatisation of formal schooling. Although the number of private schools is negligible in the region and there are few low fee private schools, families of pupils who attend public primary and secondary schools face costs of schooling related to additional fees and private tutoring expenses. In several post-Soviet countries, families need to pay additional fees for general education that is supposed to be free at public schools. In Uzbekistan, for example, parents pay for special/additional classes at school, textbooks and school supplies as well as informal fees for schooling. These payments may be quite high and reach per child more than the poverty-level monthly expenses on food. The fees, however, are relatively low when compared to private tutoring costs (Steiner-Khamsi et al., 2008) or the costs of international private schools. The analysis of scarce data sources on the costs of private schools in post-Soviet countries has revealed that Russia may be housing some of the most expensive schools which charge up to \$27,550 per year (U.S. Department of State, 2013).

The relationship between private ownership and quality of schooling remains a mystery. International evidence on the quality of private schooling is mixed. There are indications that pupils enrolled in low-fee private schools in developing countries achieve better learning outcomes. This is sometimes explained by low teacher–pupil ratios, as low-fee private schools may be able to hire more teachers on lower salaries (Rangaraju et al., 2012 and Stern and Heyneman, 2013); higher teacher contact time (Kingdon and Banerji, 2009 and Muralidharan and Kremer, 2009); more regular feedback from teachers and lower teacher absenteeism (Singh and Sarkar, 2012). The Programme for International Student Assessment (PISA) data shows that, not accounting for other variables, private school pupils on average outperform public school pupils in reading, maths and sciences in seven post-Soviet countries that participated in PISA 2009. Differences between public and private schools are more pronounced in Kyrgyzstan, Azerbaijan, Georgia and Kazakhstan. The differences are less pronounced, and sometimes go in the opposite direction, in Estonia, Lithuania and Latvia (OECD, 2009). It will be useful to have the estimates available on the differences in learning outcomes of public and private school students across all post-Soviet countries. More importantly, we need to examine school quality more broadly and understand to what extent private schools develop the capabilities to pursue the freedoms that individuals, communities and societies have reason to value in these countries.

³ The correlation coefficient for GDP per capita and private primary enrolments is .026 ($p = .930$), GDP per capita and private secondary enrolments is $-.016$ ($p = .958$).

3. Framework for the analysis of stimuli for private enrolments

Three sources of stimuli may explain the varying degrees of private school enrolments in post-Soviet countries: those originating from the demand side – families – or from the supply side – private businesses or religious and philanthropic groups. The governance context is taken as an indicator of sovereign countries' political agendas and serves as an overarching factor that determines the operation of each of the three stimuli (Fig. 3).

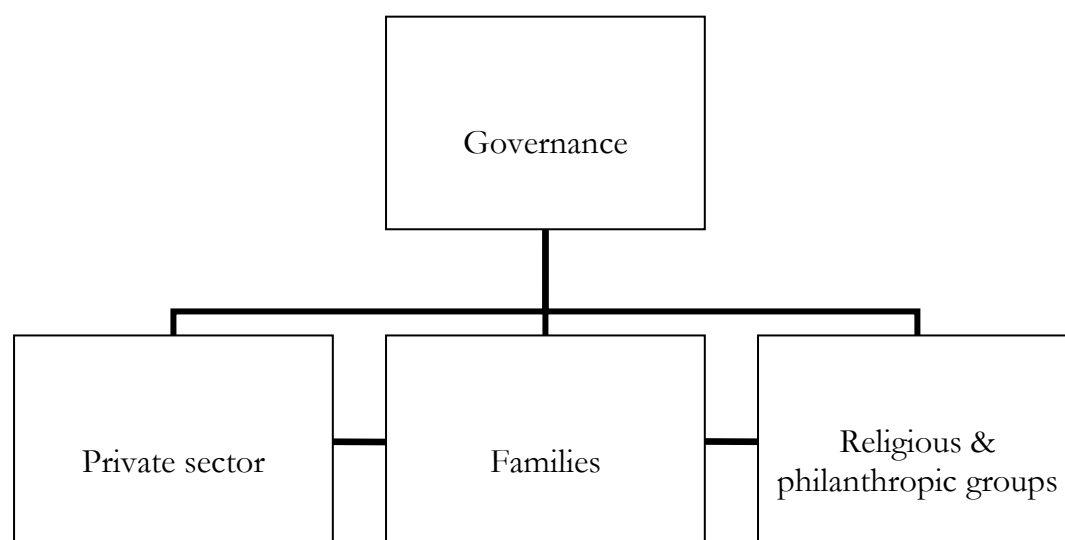


Fig. 3. Three sources of stimuli.

This three-stimulus framework allows applying three lenses to the study of privatisation of formal schooling – the political, the socio-economic and the educational. In an article on ‘The need for a multidisciplinary framework for analysing educational reform in developing countries’, Riddell (1999) suggested that the above-mentioned three lenses need to be applied to the educational reform analysis in order to gain a holistic understanding and establish better interpretive framework for the policy analysis. The educational agenda is about the analysis of the effectiveness of schooling, whereas the economic angle focuses on the aspects of supply and demand. The political lens is used to examine the role of the state in the educational reform. In what follows, I use the socio-economic, educational and political lenses interchangeably to address the second and third research questions: how, if at all, does the demand from families and the supply from non-profit and for-profit providers stimulate private enrolments? How do the political agendas of individual states shape the stimuli for private schooling?

3.1. Family demand

In different contexts, private schooling may be complementing or substituting public schooling. Substitution occurs when there is an unmet demand for schooling and private providers meet that demand. Private schools complement public ones in those circumstances where there is quantitatively sufficient provision in the public sector, however, some population groups demand a different type of education. In those countries where private schooling predominantly substitutes public schooling, private provision may be more widespread than countries where private schooling is generally complementary to public schooling.

At the time of the collapse of the Soviet Union, school enrolments were very high, as public education was free and accessible to all. In 1991 gross enrolment rates at the primary level ranged from 91% in Tajikistan to 117% in Kazakhstan; at the secondary level, gross enrolment ratios ranged from 88% in Azerbaijan to 102% in Tajikistan (World Bank, 2013b). Due to the Soviet legacy of almost universal schooling, there has been almost no unmet demand for schooling in the region. Following the dissolution of the USSR, school network optimisation took place in a number of post-Soviet countries, which resulted in the shutting down or consolidation of a number of schools. There is no evidence on the impact of the school network optimisation on the availability of schooling. In other words, we cannot assume that private schools emerged in locations where public schools were closed down. Instead, the emergence of private schools could have been related to the demand for a different type of schooling. This leads to the hypothesis that private schooling may be complementing rather than substituting public schooling in the post-Soviet context.

Families who choose private schools in the post-Soviet context could be driven by one or more of the characteristics of private schools, such as: a higher likelihood for a pupil to achieve better academic outcomes, better school environment and services (e.g., transportation, meals, swimming pool), diversity in subjects taught (e.g., foreign languages, IT, arts), better paid and more motivated teachers, higher security, student-centred methods of teaching, exclusive social climate, better accommodation for special needs pupils, uninterrupted education cycle from pre-school to higher education (Bertola and Checchi, 2013, Johnson, 2004, Kersh, 1998 and Kitaev, 2004; private communication with Kazakh educationalists, 2013).

PISA results quoted earlier show that there is no conclusive evidence on the differences in learning outcomes between public and private schools in the selected post-Soviet countries. There is some evidence in the literature that public schools have been failing students and their families in Central Asian countries like Uzbekistan, Kyrgyzstan, Tajikistan, Azerbaijan and Kazakhstan where private schools, secular or religious, together with study abroad seem to be the only remaining options for relatively well-off, urban families (Aliyev, 2012, Johnson, 2004 and Neupokoeva, 2008). Similar to the countries that are members of the Organisation for Economic Co-operation and Development (OECD, 2012), in post-Soviet states private education may represent an ‘exit option’ from the public system for relatively privileged families.

Another ‘exit option’, however, lies within the public sector. Elite public schools, such as specialised state schools, gymnasiums, and lyceums, are fully controlled and funded by governments and usually have competitive admissions systems. The term ‘elite public school’ itself is oxymoronic (Lisovskaya and Karpov, 2001); such schools often accommodate the demand from privileged families who seek higher quality schooling and exclusive environments. Elite state schools generally compete with private schools. In some countries, like Lithuania, there may not be formal selection procedures established to enter elite public schools but there are informal selection mechanisms in place to consider the family background of applicants (Zelvys, 2004). Gymnasium teachers have higher salaries than teachers employed at regular public schools. In order to acquire a gymnasium status, a public school needs to undergo a three-year process of preparation and show significant improvements in pupil achievement in Lithuania (Herczyński, 2011). With the availability of elite state schooling opportunities, which are fully funded from tax-payers’ monies, it may not be surprising that there has not been a soaring demand for private schooling in the region.

3.2. Interest from religious/philanthropic groups

Faith schools, both formal and informal, operate in the region, which embraced atheism and dialectical materialism for 70 years. Some of them, for instance, Gulen-inspired schools are often referred to as philanthropic initiatives (Gülen, 2013). This group also brings together the so-called ethnic schools across the former Soviet countries. Armenian, Baltic or Georgian schools in Russia, for example, mainly serve the needs of ethnic diasporas (Lisovskaya and Karpov, 2001).

Denominational schools are mostly Christian, Islamic or Jewish. As reported by Abramson (2010), there are around 18–20 madrasas in Tajikistan, 10 in Uzbekistan and one in Kyrgyzstan. Some alternative faith schools are operated by NGOs in Kyrgyzstan and mosques in Tajikistan. These schools, however, are considered to be informal learning institutions (Abramson, 2010).

Reportedly, some of these schools may be considered secular: Gulen-inspired schools in Caucasus and Central Asia, Aga Khan Schools in Kyrgyzstan and Tajikistan, Imam Abu Hanifa school in Tajikistan, just to name a few. The largest provider of secular schooling seems to be the network of Gulen-inspired schools. The first Gulen-inspired schools opened in Turkey in the early 1980s, under the neo-liberal policies of then Prime Minister Ozal (Gulen Movement, 2013). Although Gulen-inspired schools operate in other Central Asian countries as well, Azerbaijan was allegedly the first country where such schools opened outside Turkey. Gulen-inspired Azerbaijan-Turkish secondary schools may be one of the contributing factors for such high private enrolments in Azerbaijan (Fig. 1). Turkey started developing cooperation with Turkic countries of former Soviet Union right after the collapse of the USSR. This has been an important foreign policy instrument for Turkey in terms of facilitating the development of young elites in these countries who have good knowledge in Turkish culture and language, thus developing bridges between Turkey and the Turkic countries of Central Asia and Caucasus (Akçalı and Engin-Demir, 2012). The cooperation has also involved exchanges of university students to pursue education in Turkey on scholarships funded by the Turkish government and establishment of primary and secondary educational institutions by the Turkish Ministry of Education and private Turkish foundations, especially those connected to the Nurcu community of Fetullah Gulen (Akçalı and Engin-Demir, 2012 and Yanik, 2004). Turkish schools seem to be attractive because of the relationships between teachers, students and parents; their physical infrastructure; management style; approach to teaching and learning processes (Topuz, 2011).

Religious education is hyper-politicized in Central Asia (Abramson, 2010). Azerbaijan's support to the Gulen movement is in sharp contrast to the decisions made in Russia and Uzbekistan to close down all Gulen-inspired schools. One explanation for this is that these countries saw subversive threats in Gulen schools (Aliyev, 2012). Another explanation rejects the idea that these schools were closed because of concerns related to the fostering of Islamic extremism; instead, Abramson (2010) argues, Uzbekistan was unhappy with Turkey's decision to harbour a critic of the Karimov regime Mohammed Solih, and that is why the Turkish schools were closed down in the country.

Future research on denominational and philanthropic initiatives in formal schooling will need to focus on so-called philanthrocapitalism. Have philanthropic organisations been using market strategies? And if so, how does the philanthropic schooling differ from the schooling provided by for-profit firms?

3.3. Supply from for-profit firms

The education sector has been exploited for profit making in various contexts across the world. Private enterprises have been involved in establishing new private providers as well as taking over existing public schools. Business interests in educational investments may differ by country and level of education provision. The majority of post-Soviet countries do not seem to attract local or international investors in sufficient scale to build a private market for schooling. The status quo may be changing in some post-Soviet countries that seem to be modifying their rhetoric and policies on the private education sector. Russia is a good example in this respect. Following a new federal law of 2012 which introduced 'a reform of monetisation of public education,' the government's discourse seems to be rather supportive of non-state actors' involvement in education provision. At a recent meeting with entrepreneurs, the governor of St. Petersburg declared that the city government is expanding the network of schools and aims to have 25% of the city's schools built with the participation of the private sector (RiaNovosti, 2013). The newspaper also cites official statistics that in the first quarter of 2013 private investments in education increased by 240% when compared to similar figures from 2012 (RiaNovosti, 2013).

Interest from private firms may be related to the existence of a supportive governance context as well as family demand for the development of private schooling. Another reason the private sector's reluctance to invest in education may be their assumption that families place a low value on choice and possess little information/exercise no trust in the association between school quality and school ownership. Whereas family demand for private schooling has been covered in the sub-section 3.1, the relevance of the governance context is analysed in some detail in the sub-section 3.4 below.

3.4. Governance context

The supply of schooling by non-profit or for-profit firms as well as the demand from families is linked to the governance context that encourages or discourages marketisation of schooling. Although the education systems in these countries have different configurations, one of the principles that explains the various degrees of marketisation of formal schooling may be the sovereign state's interest in achieving its political agenda. Three areas of education governance are selected to illustrate this point: the regulatory environment for private schools, public investment in schooling and, last but not least, public financing of private schools. Before passing on to the analysis of each of these areas, I explain in broader terms how political agendas may be driving the privatisation of education systems in post-Soviet settings.

Access to quality schooling is an issue of high political importance, as schooling opportunities are considered to be critical for the life chances of individuals. Education marketisation, therefore, has been a politically volatile concept across the globe, stimulating debates which rarely finish with consensus. In the post-Soviet context, people may be particularly sensitive about education privatisation because of the decade-long Soviet tradition of public schooling and the existence of authoritarian regimes in the majority of the countries.

The political agenda of supporting market forces in the education sector could be a key driver of educational reforms in countries like Georgia, Estonia and Azerbaijan. These three countries have the highest rates of private enrolments (Fig. 1) and the analysis of the rhetoric

of their education ministers confirms that they view private schools as encouraging competition which promotes effective learning and efficient provision of schooling:

I wish we had private high schools in Azerbaijan to compete with the public high schools. If Azerbaijan wants to move ahead with its market economy and integrate itself into the world economy, it needs more private schools. When the government sees that talented students choose to attend private schools, it will increase the quality of its public schools. (Topuz, 2011, p. 12)

Private school is our priority. You cannot name any post-Soviet country where the number of private schoolchildren exceeds ten percent of all schoolchildren. This is a great achievement and indicates that people are ready to invest in education. (Minister of Education of Georgia, 2011)

The Minister of Education of Azerbaijan uses economic development and school quality arguments to justify his support for privatisation, whereas the Minister of Education of Georgia focuses on the demand from families to invest in privately provided education. They both seem to be very much in favour of the expansion of non-state education in their countries which is reflected in the statistics for private enrolments (Fig. 1). There seem to be two rationales for supporting education privatisation: system improvement efforts and serving the interests of elites, i.e. those who 'are ready to invest in education'. McGinn and Pereira (1992) wrote that 'even when the state's stated reason for changes in governance is that these will lead to improvement of the technical efficiency of the education system, the state also is concerned with enhancing its own position in society' (p. 168).

The introduction of market models in education systems in the selected countries did not happen in isolation from the rest of the public sector. Public assets were privatised on an unprecedented scale in some states. Looking at the EBRD and the World Bank statistics on public sector privatisation shows that post-Soviet countries with higher proportions of privatised public assets also have higher proportions of students enrolled in private schools. For example, Georgia and Estonia, together with Lithuania, are in the group of the three former Soviet states that have the highest rates of large-scale privatisation. In these countries, more than 50% of state-owned enterprises/assets are in private ownership. On the other hand, Belarus, Tajikistan and Uzbekistan are among the countries where large-scale privatisation has been rather slow (EBRD, 2013), and so has been the marketisation of formal schooling (Fig. 1). Thus, there is some evidence to argue that education marketisation may be a part of a larger political agenda of encouraging or restricting privatisation.

Let us examine further the factors that could explain the political agenda to resist the privatisation of formal schooling in the majority of the post-Soviet countries. This paper will look at two such factors: the well-sustained Soviet tradition of publicly provided education and the authoritarian political structures of ensuring the hegemony of these states. There is a strong tradition of publicly provided and financed schooling in the region, as education was free at all levels in the USSR. The people of the former Soviet republics tend to be generally sceptical about the benefits of privatisation (Clarke and Pitelis, 2005). A survey conducted in Russia, reportedly, showed that 32% of urban and 88% of rural respondents were completely against private schools. The main reason behind this negative attitude was that only well-off families could afford private education (Neupokoeva, 2008). In the context of taking public schooling for granted, wide-spread privatisation of education could cause serious public discontent. To avoid social instability, governments in the majority of the post-Soviet

countries may be rather cautious in introducing policies and legislation that allows or incentivizes the emergence and development of a private schooling sector.

There is another factor that might have held back some of the governments from diversifying the provision of compulsory schooling in their countries – a determination to fully control both what is taught and how things are taught at schools. Seven out of the fifteen post-Soviet country governments are recognised as authoritarian; these are Uzbekistan, Turkmenistan, Belarus, Azerbaijan, Russia, Kazakhstan and Tajikistan (Economist Intelligence Unit, 2012). Limited political freedom in dictatorial states often results in a ‘prohibition of critical thinking and suspicion towards international degrees and standards’ (Takala and Piattoeva, 2012, p. 5). As seen in Fig. 1, most of the authoritarian countries are on the left hand side of the graph with generally low private enrolments. Uzbekistan, the country with the most authoritarian government in the region, together with Turkmenistan (Economist Intelligence Unit, 2012), is at the extreme left hand-side with no private enrolments. Here the government does not allow for private providers of education, including religious schools, since Uzbekistan legislation separates education from religion (Education Encyclopedia, 2013). It may be in support of national political projects that these authoritarian governments choose to be in full control of schooling, which is a critical institution for influencing young people's reasoning and attitudes.

3.4.1. Regulatory constraints

Regulations are sets of rules ‘over activities that are generally regarded as desirable to society’ (Majone, 1996, p. 9). Governments are responsible for such rule-setting. However, what is regarded as ‘desirable to society’ when it comes to private schooling may be controversial.

Non-state actors’ involvement in the provision of schooling may be regulated in a number of areas, such as market entry, taxation and tuition limits. In the post-Soviet context, incentives for market entry may be related to land ownership/leasing requirements, multiple agencies that may authorise new providers, and transparency of the process of market entry. Private businesses seem to encounter difficulties in the process of establishing schools in countries with more centralised policies and a higher number of economic constraints, for example, Belarus, Uzbekistan, Moldova (Kitaev, 2004). Russia and Kyrgyzstan are also considered to be somewhat challenging places to open a school. A head of the department that oversees basic education at the Kyrgyz Ministry of Education explained: ‘the private sector is choked by endless inspections, taxes, and so forth. Therefore, for the most part private education is underground’ (UNICEF, 2012, p. 61). Russia used to have tax benefits for private schools (Lisovskaya and Karpov, 2001) but abolished them together with land leasing benefits a few years ago. Reportedly, this resulted in a 25% decrease in the number of private schools between 2008–2010 (Nosova, 2010).

Good contrasts to these countries are Georgia and Estonia where the state provides tax benefits to private schools (Estonian Ministry of Education, 2009 and Minister of Education of Georgia, 2011). These benefits may be viewed as exemplars of the broader privatisation-friendly political agendas in these countries. Some other countries, like Ukraine, may be moving in the same direction. There are ongoing debates in Ukraine regarding changes of regulations in support of private schools; MPs are requesting amendments to the legislation, so that public and private schools have the same conditions on leasing state-owned land, i.e. getting it for free from the state (Novyi Region, 2013).

3.4.2. Public investment in schooling

Governments may encourage the growth the private sector by low public investment in education. In those countries where smaller proportions of GDP are channelled into the education sector, selected groups of families may be more likely to seek options of private investment in their children's education. Such demand may in its turn contribute to the emergence of private providers of schooling.

Among the former Soviet countries, there is a large variation in terms of the value they place on investing in education which is reflected on the public expenditure on education as a proportion of GDP. The mean public expenditure on education as a proportion of GDP is 5% across the fourteen countries. The variation in public investment is high and ranges from 2.7% in Georgia to 8.9% in Uzbekistan. Correlation analysis showed that there is no relationship between public expenditure on education as a proportion of GDP and GDP per capita in the group of former Soviet countries ($r = -.143$, $p = .506$). In other words, richer countries in the region do not invest higher proportions of their GDP in education.

There is a negative relationship between private school enrolments and national investment in education, with higher private enrolments in those countries that invest less in education sector. Public expenditure on education is negatively correlated with private enrolments at primary ($r = -.323$, $p = .260$) and secondary ($r = -.486$, $p = .078$) levels. This moderate, although not statistically significant, trend indicates that countries that spend lower proportions of GDP on education may have higher proportions of children enrolled at private schools. Following the argument developed by McGinn and Pereira (1992), states' political agendas of easing their budgets from the financial burden of qualitative improvement or quantitative expansion of education could explain this relationship. Surrendering to the pressure of development banks, some governments in the region have been decreasing their public spending on education in the 1990s, at the same time as trying to facilitate an increase in private investments in the education sector. One of the exceptions seems to have been Uzbekistan, that in 1997 considerably increased its spending on education (Steiner-Khamsi et al., 2008). It is important to note, that Uzbekistan is also the only country among the 14 with no private schools. Some authors maintain that this fact may be explained by the Uzbek government's strong commitment to education as the sole responsibility of the state (Heyneman and Stern, 2013).

3.4.3. Public financing of private schools

Voucher financing of schooling is recognised as 'the most prominent market reform in education' (Levin and Belfield, 2003, p. 185). Voucher financing is based on Milton Freedman's idea that markets can ensure freedom which arises from choice and that 'governments could require a minimum level of schooling financed by giving parents vouchers redeemable for a specified maximum sum per child per year if spent on "approved" educational services' (Friedman, 1962). Voucher financing allows for using public resources in support of private provision, allegedly promoting competition and efficiency. There are, however, a number of limitations associated with voucher financing: attempts by the providers to decrease the costs of schooling, e.g., teaching costs; difficulties of informed choice-making by parents, especially those from disadvantaged backgrounds.

Estonia, Georgia and Lithuania provide per pupil vouchers to private schools (Forgy, 2009). Estonia also funds teacher training and textbooks for private schools from the state budget

and allows municipalities to finance the other operating costs of private schools (Estonian Ministry of Education, 2009 and Levačić, 2011). In Estonia and Georgia, a universal voucher system that provides across the board funding for all pupils has encouraged the establishment of private providers (Levačić, 2011, OECD, 2012 and World Bank, 2013b). Only 2.7% of Georgian pupils were enrolled at private schools before the introduction of voucher financing in 2004. Following the new policy of public financing of private schools, private enrolments reached 6.4% in 2007 (World Bank, 2013b). The causality may go in the opposite direction in cases when a government stops financing private schools. Allegedly, when Ukrainian government discontinued financing private schools, the schools started to close down (Novyi Region, 2013 and Shubina, 2011).

Voucher financing does not seem to produce the same outcomes in terms of private enrolments across the board; it all depends on the specific mechanisms that different countries choose to put in place. The Lithuanian government's initiative to finance private schools does not seem to have resulted in private enrolments as high as in Georgia or Estonia. What makes Lithuania different is that the Lithuanian government finances the teaching process (Student Basket) in public as well as in private schools. The teaching environment in private schools is financed from private fees incurred by families. By providing funding for the teaching process to private schools, the state tried to encourage the development of the private schooling market. However, this did not happen as fast and as expansively as the government hoped for (Herczyński, 2011). The relative underdevelopment of the private school sector may be explained by the mechanism of education financing in the country, 'which is aimed at priority funding of state educational institutions, thus forcing non-public schools to rely mainly on student fees' (Zelvys, 2004, p. 568).

Estonia and Georgia introduced per capita funding when they had governments of strong neoliberal orientation – the mid-1990s in Estonia and almost a decade later in Georgia. Levačić (2011) explains that Estonian politicians liked the idea of per pupil funding for two main reasons. First, such funding would promote competition between all schools – public and private; schools would compete for students and thus have an incentive to deliver better services. Second, as student numbers were decreasing dramatically, per student funding allowed the government to advance internal efficiency by leaving no option for survival to some schools. The reasons were not dissimilar in Georgia. However, there are limitations related to incentives for providers to cut down the costs and difficulties for families in making informed choices of schools. Moreover, in contexts where private schools are allowed to charge top-up fees, as is the case with Georgia, those groups who cannot afford the top-up may be entirely excluded from accessing selected private schools. Recently recognising the fact that 'a private school, apart from being an educational institution, is a business that is oriented on profit and charges parents,' the Georgian government has slightly decreased the per pupil voucher amount for private schools (Minister of Education of Georgia, 2011). The Estonian government may go even further than this by introducing new policies which will entirely terminate the practice of funding private schools with taxpayer's monies. The Minister of Education of Estonia has noted that private schools need to become 'truly private' and receive no more funding from the state. This would change the current status-quo of unfair competition where private schools can hire better teachers by offering higher salaries to them (Minister of Education of Estonia, 2013).

Russia is one of those countries where private schools have been entitled to some public support the 1990s. The distribution of public funding, however, has not followed any clearly established, transparent criteria (Lisovskaya and Karpov, 2001 and Nosova, 2010). As

mentioned earlier, the new federal law that introduced ‘a reform of monetisation of public education’ was adopted in 2012 in Russia. It allows for the marketisation of existing public schools, including but not limited to: the authorisation to raise funds, introduction of new, fee-based subjects, and the provision of private tutoring services. Importantly, the law also allows public financing of private schools. Considering the strong tradition of publicly funded and publicly provided education in the country, the reform caused some controversy in Russian society. Some perceive it as ‘the end of free education.’ The alleged response from the government is that education will remain free. Some argue, that this statement may be true with regards to the provision of a basic curriculum only (Kudasova, 2013).

4. Discussion and implications

The former Soviet countries are not yet ‘travelling on Friedman's road map’, as Dorling (2014) would phrase it. Primary and secondary education is largely financed through taxation and operated by public authorities, as the provision and financing of formal schooling seems to be still considered one of the main responsibilities of a state. Normatively, keeping states as the main providers and funders of schooling may be the right way as a progressive tax structure can be the only sustainable source for education financing, insofar as financing of education from taxpayers’ monies allows the government to ‘spread the costs of these services more widely among the community’ (Colclough, 1997: 25) and deliver the right to education. Empirically, however, we do not have sufficient evidence on how such systems of limited private provision coexisting with elite public schools may be ensuring equal provision of quality schooling.

When thinking in terms of the three obvious stimuli of the development of private education sector – family demand, religious/philanthropic groups and for-profit firms – we should not understate the importance of governance contexts. The latter are determined by individual states’ political agendas of supporting or impeding the development of private schooling. Three areas of the education governance were selected to illustrate this point: regulatory environment for private schools, public investment in schooling and, last but not least, public financing of private schools. These three areas interact with each other and the three stimuli in unique ways which could give rise to research questions for further investigation. On the one hand, there are unanswered questions related to the factors explaining different degrees of formal schooling privatisation in individual countries: Why, for example, does Lithuania, which has a rather favourable governance context for non-state education provision, not have a more developed private school sector? Why is it that Azerbaijan, despite its authoritarian government and slow-paced privatisation of public assets, has the highest proportion of secondary school pupils enrolled at private institutions? On the other hand, there seem to be even larger puzzles: Why do not for-profit firms, national or international, find education to be a profitable business in an environment where education is very highly valued, especially, in the context of high- and middle-income economies like Latvia, Lithuania, Russia, Kazakhstan or Belarus? If education marketisation is largely determined by political agendas of sovereign states, why are these agendas so different between Georgia and Estonia on the one hand and the rest of the post-Soviet countries on the other hand?

In the years to come, states are likely to remain the main funder and provider of schooling in the post-Soviet countries. There are indications that private schooling may expand, if larger proportions of populations seek the option of non-state provided education, and if this is accompanied by changes in policies and regulations. Considering the cases of Estonia and Georgia, allocation of per pupil financing to private schools would represent the best

incentive for the development the non-state sector in education. In these two countries, the privatisation of education has been driven by the government policy of financing private schooling. Flexibility of regulatory environments related to market entry, taxation and tuition limits could be additional important facilitators of the marketisation process. However, the presence of a political agenda to increase the role the private sector and to break the monopoly of the public sector in the provision of formal schooling is likely to remain the main overarching motivator of future changes in policies and regulations.

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