

## LETTERS TO THE EDITOR

### AN "INVISIBLE HAND" UP

**T**HANK YOU FOR HIGHLIGHTING THE huge potential of the primary education reform agenda for the global poor developed by James Tooley and backed by the Orient Global Education Fund. Tooley is a profoundly insightful research leader and strategist and has demonstrated exemplary courage to go against the stream of common wisdom, both within his academic discipline and within the global benevolence establishment.

Great ideas can have very great consequences for human flourishing in principle. Tooley's research has demonstrated that rather convincingly. However, in practice, when such ideas threaten to overturn the logic of powerful established interests and ways of thinking, it can take tremendous energy and dedication to transform reality in the best interests of needy people at the expense of the status quo.

This is where the \$100-million Orient Global Education Fund offers hope for the future. Orient Global's founder, Richard Chandler, is an entrepreneurial genius and philanthropic visionary whose hugely successful worldwide business experience involves some of the most astonishingly tough challenges in developing countries. Chandler will be the first of many capitalizing entrepreneurs who will transform primary education for the global poor from a largely failed experiment in well-intended but naïve political benevolence into a new and vibrant competitive "bottom of the pyramid" (BOP) commercial arena. To clarify, the private schools Tooley's research has focused on are not "the solution." While they generally outperform the public sector schools at a small fraction of their real cost, their business model is that of a simple single proprietor business without any innovation capital or scale rationalization (such as, for example, a school franchise model would have). C. K. Prahalad has shown how BOP business drives innovation

and creates win-win wealth for the poor as well as for business employees and investors. Low cost BOP edu-entrepreneurism is a new vision. However, making such a transition at a cost level of about \$50 per student per year will not be easy. Top-of-the-pyramid, elite-level private education in India runs at a cost about 200 times this level. Therefore the challenge of BOP business innovation in the education sector is a very substantial one and will require many changes in laws, regulatory regimes and examination systems to succeed.

Tooley has demonstrated a contrarian economic insight made over 50 years ago by Milton Friedman—that fees-based private education outperforms "free" public education for the simple reason that the absence of competition and performance accountability generates huge inefficiencies and irrationalities with respect to the central purpose of educating students well. One might imagine that such logic might not apply to families subsisting on the one- or two-dollars-a-day pittance of income that the global mass poor get by with. Tooley has shown this is not the case.

While most of the developing-world private schools Tooley has studied are by no means exemplary, what is astonishing is his finding that a large fraction of desperately poor parents choose to pay for the education of their children. I recall a conversation with a taxi driver in Bangalore who had two young daughters approaching school age. I asked him what his plans were for their education. He said he had two choices. He could send them to the public school, but there they would not learn English well enough to get a job in the private sector. That would cost him later, he said, for to get them jobs in the public sector would require unaffordable bribes. His second choice was to pay for private education for his daughters. He said there were many choices and that he and his wife wanted to pay as much as they could to allow their

daughters to go to the best school possible. Jobs for well-educated people in Bangalore are booming, and he wanted to work hard as a taxi driver so that his children could advance.

Until recently, it has been almost universally accepted that primary education should be provided as a free public good by vast and largely performance-unaccountable state edu-bureaucracies. (Universal free public education is one of the "Millennium Development Goals" set by the United Nations for 2015.) Tooley has changed all that. He has demonstrated that well-intentioned aid often does not work and commonly extends rather than transcends poverty. One can gain the wisdom in such matters by considering economic logic encapsulated in the ironic maxim: "If poverty is your business, more poverty means more business."

Entrepreneurial solutions to poverty offer real hope for a time when high-quality primary education becomes widely affordable for the children of the global poor. They also offer possibilities for states and international aid organizations to practice effective collective benevolence through voucher schemes that equalize opportunity for the poor without destroying the creative innovations and driving vigor of competition exercised through the choices of parents to use resources in the best interests of their children.

—Charles Harper

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