

Ask: NUS Economists

Why banning tuition will only make things worse

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Q Should tuition be banned?

A Some people feel that private tuition should be banned because it induces over-competition between children and leads to greater inequality in society.

By allowing tuition, the argument goes, parents would have an incentive to enrol their children for it, even if their children were doing really well in school. Each parent reasons that if other parents are sending their children for extra coaching, it would be best to do the same so that the child will not lose out. If other parents do not send their children for extra coaching, it would still be best to have the child enrolled so that he can emerge ahead of the others. In other words, the best strategy for each parent is to sign up for tuition, no matter what other parents might do. Indeed, such behaviour

has been cited as a major reason for the high prevalence of tuition in Singapore.

By disallowing tuition, such competitive behaviour can be prevented. Parents would not send their children for tuition just for the sake of it. Children will then be able to devote their time to other meaningful non-academic activities that they enjoy.

It is also argued that tuition might worsen inequalities between the haves and the have-nots. After all, the rich have greater access to higher-quality, perhaps more effective, tutors. Students from less well-to-do homes might be able to afford only tutors who are less qualified, since these typically charge lower fees.

The quality of a tutor matters because while effective tutors can indeed enhance student learning, ineffective ones could end up hurting the child's learning instead.

It is not uncommon to hear school teachers complain about tutors who feed their students with erroneous information and unorthodox methods. So while

richer children could be receiving help from tutors who help them effectively, poorer children might be receiving coaching from tutors who are, in fact, impeding their progress. This widens the disparity in academic achievement between the rich and the poor, and translates eventually into greater social immobility.

People who oppose a ban argue that tuition can bring about several benefits. It can potentially help students who are falling behind in their school work catch up. Without this source of recourse, it is argued, weaker students would always be lagging behind.

In any case, trade in the tuition market makes people better off. How do we know this? Since all transactions are voluntary, a student (or his parents) would purchase tuition only if it makes him better off. Otherwise he would not purchase it. Similarly, a tutor would offer his service only if the compensation received makes him better off. By allowing trade on tuition services to take place, gains to buyers and sellers can be realised. By imposing a ban,

from an economic point of view, we would be wasting opportunities to make people better off. And that would not be desirable.

So who is wrong and who is right? Each viewpoint is valid.

Instead of debating if tuition should be banned, it might be more instructive to instead consider what would happen if the Government were to impose a ban on tuition. In this regard, much can be learnt from the South Korean experience. Like Singapore, tuition rates have traditionally been high in South Korea. In 2012, for instance, approximately 68 per cent of secondary school students in South Korea reported receiving some form of private tuition – defined as receiving out-of-school extra lessons, whether paid for or otherwise. To fight this preoccupation with tuition, the South Korean government decided to ban it in 1980.

What happened? Interestingly, tuition activities did not cease as intended after the ban, but simply went “underground”. Before long, a black market for tuition services had developed. Parents, eager as

before to see their children's grades improve, continued to seek coaching in this market. Private tutors, seeing the potential profits to be reaped by providing their services, continued to offer their services.

Interestingly, tuition fees actually rose after the ban. Private tutors could negotiate higher fees since they now faced the risk of legal punishment if caught. Because tuition provision was illegal, that also meant that tutors no longer reported incomes from these activities when making tax declarations. In effect, not only did private tuition activities continue after the ban, the government lost valuable tax revenue it could otherwise have earned.

The ban was deemed to be so unconstitutional and ineffective that, in 2000, it was lifted. Today, with some restrictions, tuition is legal in South Korea.

The South Korean experience demonstrates that an outright prohibition of tuition is ineffective, and could in fact be counterproductive.

A better way of discouraging the

intense competition between children is to tweak the education system so that parents and their children see less of a need to engage in it. Placing less emphasis on academic achievement, giving more weight instead to skills and qualities possessed in other non-academic domains when determining school admissions is one way to go. Providing several pathways in the education system so that students have multiple opportunities to qualify for a tertiary education is another. And this is precisely the model that Singapore has chosen to adopt.

The strong demand for tuition and intense rivalry between students will not disappear overnight. But with these initiatives, they will likely be reduced in time.

A blanket ban on tuition, far from helping, will only make things worse.

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