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Education and Social Stability in Russia: an essay

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Introduction

The Russian public is currently engaged in a domestic discussion whose outcome may influence many parts of the world. The issue is largely economic even though many ingredients have already been decided—private enterprise, property and trade. Different speeds of economic reform are acceptable to different segments of the public. Different safety nets may be necessary; and different roles for the state may be considered appropriate or affordable according to different macro-economic scenarios. On the other hand, there is also a wide variety of opinion on these same questions within OECD market economies.

Many questions in Russia concern issues wider than economics; among them is the definition of Russian citizenship and appropriate legal authority for various parts of the Russian Federation. What are the legitimate responsibilities for regional authorities? What are the limits to those responsibilities? What are the mechanisms by which differences can be adjudicated? How can these mechanisms be understood and accepted by a population widely traumatized by the 'transition' and preoccupied with decades-old ethnic, religious and social grievances?

A peaceful outcome of this discussion may require agreement on the functions of public institutions and public authority. But unlike in older and more experienced democracies, agreement must be achieved in a way novel to Russia's history: it must be achieved without public intimidation. This achievement may depend on the creative use of modern institutions—mass media, regional parliaments and non-governmental organizations (NGOs)—but also it may be heavily influenced by the creative use of a high quality education system—a very old mechanism for nation-building.

How does an education system contribute to a nation's social consensus? How well prepared is Russia's education system to make this contribution? What is the quality of the current system in Russia? What has happened to Russian education during the recent transition? What challenges must it face to overcome the burdensome legacies of the past without ignoring its traditional strengths? We will briefly discuss each of these questions. In essence, we will argue that in spite of considerable innovation and unprecedented sacrifice on the part of educators themselves, the system is in serious jeopardy and cannot contribute effectively to social stability without structural reform and new investment.

TABLE I. Recurrent expenditures per student in 1991 and 1992 (US\$)

| | 1991 | 1992 | %Decline 1991-1992 |
|----------------------|------|------|-----------------------|
| Preschool | 771 | 505 | 35 |
| Compulsory education | 341 | 239 | 29 |
| PTU (vocational) | 1139 | 943 | 17 |
| Technikums | 554 | 511 | 5 |
| Higher education | 869 | 772 | 9 |

Source: B. Salome, A. Markov & N. Tipenko (1994) *Russia Education Finance Report* (Washington DC, World Bank). Annex 2.

Challenges to Russian Education

Russian education has been known for being effective. It established a close link between training and production, achieved high completion rates and high academic standards, and paid careful attention to gender, social and ethnic equality. Although Russian education has been widely praised for this success in the face of overwhelming challenges of poverty and geography, the outside world is now able to read about a darker side of Russian education which was also part of that tradition: its ideological interpretation of history; its corruption of the social sciences; its politically driven, inhuman pedagogy; and its authoritarian mechanisms of determining occupational choice [1]. There is little doubt that the system was effective, but it achieved this success in a context of central economic planning and central administrative control. Linking training with employment is a comparatively simple task when individuals are assigned to professions; when internal and foreign travel are monitored; when not working (including searching for employment) is treated as a crime; and when writing, public speaking, political association and participation are controlled. Being effective in this context is a comparatively low achievement for an education system.

But circumstances have now changed. Now individuals may search for employment wherever and whenever they wish. There are no restrictions on travel. There is a flowering of opinion in the social sciences, history and the humanities. But which opinions are 'correct' to teach the young? Who is to make this decision? How are the young to prepare for employment when it is no longer certain what that employment will be? Some of these challenges are common to school systems in all democracies, some characterize only countries in transition in Central and Eastern Europe and the former Soviet Union, but others are unique to Russia.

Economic Challenges

Because GDP has declined precipitously during the period of transition, real student spending on education has also declined. As Table I illustrates, these declines have not affected all parts of education equally. The largest decline in expenditure has hit pre-school and compulsory education the hardest, and post-compulsory universities and technikums less.

Less decline still represents significant losses. What is surprising, however, is that the declines in education spending did not begin with the transition in 1991, but can be traced back over the past two decades. Russia devoted about 7% of GDP to education

in 1970. This gradually had declined to 4.4% by 1994. In 1970 the average teacher was paid about 81% of the average industrial wage. But by 1980 it had fallen to 73%, by 1989 to 67% and by 1994 to 66%. An assistant professor in a Russian university was paid 123% of the average industrial wage in 1960, 70% in 1980, 54% in 1991 and 37% in September of 1993. The salary of a full professor dropped from 219% of the industrial wage in 1987 to 62% in July 1993 [2].

Pay for teachers, as with other civil servants, has not only declined but has become unstable in value and erratic in delivery, at times fluctuating from one month to the next. Salaries in compulsory and higher education ranged from 44% of the industrial wage in the month of August 1993 to 90% of the industrial wage in June 1994. This may help to explain why there have been so many strikes among the normally politically passive teaching profession. In 1991 there were 58,100 teachers on strike at 1177 locations in Russia. This compares to 15,900 industrial workers on strike at 324 locations. In 1992 the number of teachers on strike had increased to 222,100 at 4929 locations. Teachers accounted for 62% of all individuals and 66% of all Russian strike days lost in that year [3].

Student numbers have declined over the past several years. Between 1991 and 1993 the number of students declined by 9% in the technikums, and by 7% in the vocational schools. Since demand from the state owned industrial sector has fallen, student demand has fallen in response, particularly in machine building and electronics minus etc (-28%), automation (-26%), radio technologies and communications (-31%) and food processing (-34%). Extension programs in higher education have been hit the hardest. They declined by 32% between 1980 and 1993, when regular 'day' students declined by only 3.6% during the same period. Enrolment in higher education declined by 14% overall between 1990 and 1992, with applications to higher education down by 11% [4]. However, the most precipitous decline of all has been in pre-school education, where between 1991 and 1993 the number of children fell by over 1.8 million or 21%. Contributing to such a large drop in pre-school attendance is the decreasing birthrate, fewer pre-school facilities [5], an increase in unemployment among women and increases in fees to send children to pre-school. The consequences are noticeable. There are fewer children in the population to attend pre-school and more mothers at home enabling them to take care of their children, but less able to contribute to the family income needed to pay increasing pre-school fees.

Structural Challenges

The Russian school system has inherited a series of structural anomalies unique to countries with central economic planning. However, since Russia was the source of central economic planning, the anomalies may be more problematic in Russia. There are three types of structural problems: over-specialization, lack of clarity in governance and structural threats to the equality of opportunity.

Specialization. In 1989 Russian vocational schools offered more than 800 different specializations. Germany (an economy with a GDP many times that of Russia) offered fewer than half that number. Sixty percent of the students in Russian higher education were studying engineering; in OECD countries the figure is about 20%. Of the adult population in Russia with a degree from a post-secondary institution, 71% are engineers; the figure in Germany is 27%; and in the United States it is 9% [6]. About one-third of the students in higher education are in industry-specific institutions; 10% in institutions

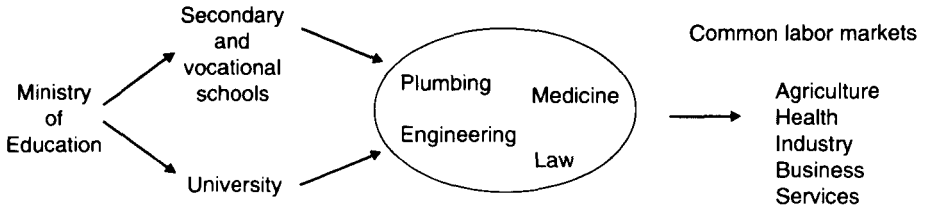


FIG. 1. Structure of professional training in OECD countries: flexible institutions driven by the labor market.

specific to agriculture and 16% in institutions specific to teacher training. Only 16% of the higher education students are studying in a university where faculties may cross traditional sectorial boundaries.

Why are there so many specializations in Russian education? The difference is one of assumptions. When an economy is planned, by definition, there is no mismatch between schooling and employment. It is possible to divide occupations into narrow specializations because the enterprises themselves control the labor force allocation. The difference in education structures between Russia and OECD countries is illustrated in Figs 1 and 2.

In market economies, schools and universities are by and large organized in a horizontal fashion. Because an individual's occupational future is uncertain, institutions must define occupations broadly. The market generally rewards students who do not specialize early. This forces educational institutions to cover a wide range of possible occupational skills. Rewards are supposed to flow to institutions more able to shift training programs in response to changes in labor markets and technologies. To be sure, there are limits in the freedom by which educational institutions in OECD countries may shift emphases: there has always been distance between curriculum relevance and the labor market. But the structure itself is not the problem. The structure is designed to adapt to demand.

In Russia the structure itself appears to be a problem. Educational institutions could indeed respond to change, but only within the 'sectors' to which they have been assigned. A technikum owned by the ministry of health was not free to develop a program in agricultural technology. Training in services was segmented to a specific niche: training in food technology may teach the processing for particular vegetables, but not marketing, transport or its agricultural underpinnings. Each sector—agriculture, transport, heavy manufacturing, light manufacturing, construction—was treated as a

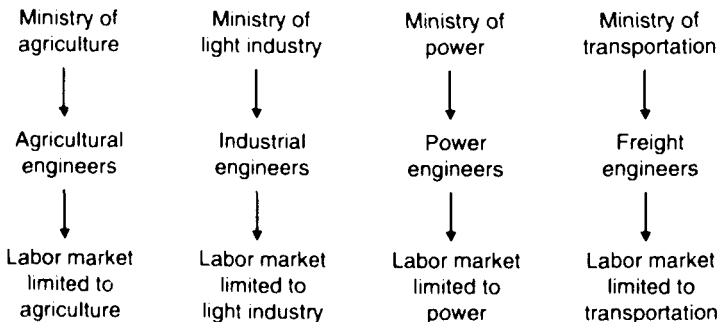


FIG. 2. Structure on professional training in Russia: segmented by sector.

self-contained miniature economy. Each was equipped with sources for housing, food and vacation facilities, its own transport and maintenance facilities, and its own institution for education and training.

Russian higher education is managed by 21 different federal ministries. This poses a dilemma because the functions of the ministries have changed radically, but the pattern of ownership and control prohibits the institutions from adequately responding to these changes. One example is agriculture. The federal ministry of agriculture used to determine where, when and how each crop was to be planted. It also controlled agricultural investments and was therefore able to determine the change in employment and the requisite training programs. The ministry of agriculture determined the location and specialization of the 62 higher education institutions under its control.

Today farmers are no longer required to wait for ministerial instruction to plant. Agricultural services—seeds, transport, fertilizer—can be traded privately. Farmers are free to choose which crop, which fertilizer, which seed. Since the central federal ministry no longer determines agricultural prices or production decisions, agriculture is beginning to respond to local economic interests. This in turn is beginning to affect local demands for education and training. Though economic demand is no longer controlled from Moscow, permission to shift curricula must still be approved by sectoral authorities in Moscow [7]. Since the ministry of agriculture 'owns' the agricultural institutions of higher education, it can maintain the power of veto over the professional programs which those institutions may wish to offer. Similar dilemmas can be found within the ten higher education institutions operated by the ministry of transport; the 47 institutions by the ministry of health; the 42 institutions by the ministry of culture; and so on.

Governance. A school system cannot be effective unless there is agreement on who should govern it. There have been many changes in educational structures in Russia, with the end result that there is no uniform opinion on who legitimately governs education. Sources of authority have included: (a) administrative decrees (both presidential and ministerial); (b) education legislation (both federal and regional); (c) other legislation which may affect education—for instance, governing work and salary structures of the public servants, public property, non-public income etc.; and (d) a new constitution and its amendments. One or more of these sources of authority have legalized private schools, private bank accounts in educational institutions and education contributions at lower tax rates. However, inconsistencies continue. The constitution approved by voters in December 1993 allowed a reduction in mandatory schooling from ten to nine years. A year later this was reversed by presidential decree, but it is unclear which takes precedent. There are inconsistencies between federal and regional legislation: differences between one federal law and another; and inconsistencies within the same piece of legislation [8]. Other inconsistencies occur between the formal structure and the formal practice. Federal law may call on the ministry of education to increase the availability and variety of textbooks, but federal fiscal authorities may assign financing responsibility for textbooks to regional authorities. Federal fiscal authorities may require education to be financed out of regional budgets, but the regulations governing authority to tax may be insufficient to support the newly reassigned education functions [9]. There is also a question over the 'ownership' of educational facilities, equipment and land. On occasion, a claim on the same property may be made by different federal ministries; between federal and regional authorities, state owned enterprises and newly constituted governing boards and councils [10].

In 1992 the federal parliament passed very far reaching legislation which shifted educational policy away from Soviet traditions in three important ways. Private schools were legalized and a mechanism of per-pupil capitation allocation was established to publicly finance them [11]. The practice of forming a single ideal (Soviet) child was reversed. Instead, curriculum was designed to be 'humanitarian' (according to different needs of each child) and 'democratic' (managed by school authorities themselves).

Problems have arisen [12]. The structures were not in place to make these reforms effective and the reforms themselves had implications which were not anticipated. Local authorities had no precedent for financing and approving reading materials, licensing teachers, establishing salary norms, public reporting of statistical progress and conducting research or setting standards. Federal subjects (math, science and Russian language) continued to be managed from Moscow because they were considered 'federal', but local authorities were expected to manage all other curricula.

This has quickly raised problems associated with differences in view among different ethnic, religious and social groups [13]. Even prior to the revolution of 1917, minorities in Russia were relocated for political reasons. German-speakers were forcibly moved to Siberia; Koreans to Central Asia; Jews, Cossacks, Buriats, Poles, Georgians, Tartars and many others were relocated against their will to distant and unfamiliar regions. For decades these groups have had no genuine political voice or authority over curriculum matters.

Today they have gained both voice and authority. Among their first desires is to use the curriculum to teach their children about the oppression to which they were subjected previously [14]. Some may even direct blame for this oppression at specific individuals such as Stalin or at particular groups—Russians, Kazaks, Chinese, etc. This development holds great potential for exacerbating tensions.

The Russian Federation is composed of 89 regions (including Chechnya). These are made up of: 55 oblasts and kraies; two metropolitan areas (St Petersburg and Moscow); 21 ethnic republics and 11 autonomous regions. Over 40 of the regions have sizeable enough minorities to kindle controversies over what language should be used in instruction and what curriculum should constitute the norm in the humanities and social sciences. Between 1991 and 1994, the number of languages taught in Russian schools had doubled. In 1987 students could be educated through the end of compulsory education in four languages other than Russian (Georgian, Bashkir, Armenian and Tartar); five years later the number was nine and included Buriat, Urdmont, Chuvash and Yakut. An additional 87 languages now constitute a part of the curriculum in one way or another. In some instances non-Russian languages are used in schools where Russian-speakers themselves are in the minority; this adds a different perspective on the question of protecting 'minority' rights.

Simultaneous curriculum decentralization, ethnic and religious freedom, and long-repressed social resentment have combined to breed a unique dilemma for Russia education. Traditionally public education is used in Russia, as elsewhere, to engender feelings of loyalty and common civic responsibility. In this case the public system may serve opposite ends. Rather than ensuring that citizens respect one another by teaching a common set of principles, the public education system may reinforce the tendency for social groups to isolate themselves from one another. That tendency leads to the possibility that the public education system may implicitly give sanction to civic disrespect and in the more extreme cases may lay the intellectual foundation of civil unrest, if not civil war.

Equality of Opportunity

There has been a steady increase in educational opportunity in Russia, beginning well before the 1917 revolution. Literacy was 21% in 1897 and 40% by 1913. In 1900, 3.4% of the total population was in school; in 1914, 5.4%; and in 1950, 18.4%. Progress was pronounced. Fifty years ago a student was fortunate to remain in school at all. In 1928, for instance, the type of student able to remain in school was very different from the type of student who could not. At that time, the proportion of students from professional backgrounds (*sluzhashchie*) constituted 5% of the grade one students but 48% of the grade nine students [15]. Nevertheless, by the 1960s this problem of 'selection by dropout' had largely been solved, and all students were able to remain in school.

The problem of achieving proportional representation in higher education, however, has not been solved. Reliable data are hard to locate, but from what evidence there is, it seems as if the population attending universities in Russia has not changed significantly since the 1930s. University students from professional backgrounds were 2.4 times over-represented in 1939, and 2.1 times over-represented in 1970 [16]. The policy of deliberately putting students with proletarian backgrounds at an advantage did indeed have an effect, but that policy appeared to lessen over time. In 1939, university students with manual labor backgrounds were over-represented by 10% compared with their proportion of the population. But by 1964, they were under-represented by 35% [17].

However difficult it may have been to provide equality of educational opportunity in the past, it will be more difficult in the future. This is true for several reasons. First, in the past equality had been created by managerial fiat—by standardizing educational materials, curriculum, teacher salaries, qualifications and pedagogy. For example, a single textbook represented most of what students should know in fourth grade algebra. This indeed constituted equality, but pedagogically it was stifling. The Education Act of 1992 now demands that educational decisions be school- and parent-based and gives individuals and local communities the right to establish new types of public as well as publicly supported private schools. As a consequence, there will be a wide variety of materials available, differently targeted to different students at different age levels. There will be a much wider variety of schools available—religious, business-oriented, art, dance, Montessori, Schiller, Dewey, foreign language and others.

Second, local control of administration and local educational financing has created new differences in educational resources across and within regions. Some communities, cities and towns near vibrant business and industry will be more successful at bringing resources to bear; others will be more successful at raising the popular will to tax themselves or raising the interests of prominent and wealthy individuals. Differences in educational expenditures are becoming evident. Sixteen of the 89 regions now spend more than one-third more per student in compulsory education than the lowest 18 regions. Four regions—Yakutia, Kamchatskaia, Murmanskaia and Sakhalinskaia—spend more than 30 times more per student than the midpoint for Russia as a whole [18]. Among the lowest are: Altai (Republic), Novosibirskaia, Tiumenskaia, Dagestan, Krasnodarskii Krai, Kaluzskaia and Tverskaia.

The third challenge to equality of education opportunity has to do with the mechanism of selecting students into higher education. In the past 50 years, the technology of administering examinations has changed radically, but in Russia the same mechanisms have remained largely in place since 1932. There are two stages: examinations for a certificate of graduation (*attestat*) are administered by local authorities on the basis of

federal guidelines. About 80% pass. Next, a higher education examination is designed and administered differently by each faculty in each higher education institution. Since there are, on average, about nine different faculties in each higher education institution, there are in effect about 5000 different examinations for admission to higher education. Students are required to appear in person. Exams are given orally in chemistry, physics, biology, geography, history, literature and foreign languages. Written examinations are offered in mathematics and Russian. The federal ministry publishes a reference book of all examination requirements. In general, exams are administered at about the same time, thus preventing candidates from making applications to more than one program without having to wait a year for the next opportunity.

The current mechanisms of the examination system raise questions of fairness, efficiency and quality [19]. Since exams have to be taken on location, *fairness* may be a problem because those who cannot travel to the site of the test are penalized [20]. Moreover, there is no guarantee that tests will be of equivalent difficulty with other tests in the same field. *Efficiency* may be a problem because students must take a new examination for each institution to which they wish to apply, and since they cannot do this at a single sitting, they must wait for a next test-taking occasion. This may delay their progress by a year or more. Furthermore, *quality* can be a problem because questions may be designed by faculty in departments isolated from the new demands of the modern labor market [21]. There is an additional problem, perhaps as serious as the others. Entrance examinations administered in-person, in widely scattered locations with no standardization, can invite *dishonesty*. As budgets for higher education decline, the number of reports of special favors as part of the admissions process has increased.

Response to the Challenges of Transition

In 1993 the Government issued a Federal Program for Education Development in Russia covering compulsory and post-compulsory education [22]. The reform program responds to the new context of decentralized finance and decision making authority; diversity in types of institutions, both public and private curricula, pedagogical materials and methods; and the growing autonomy in regional capacity to finance and manage the system. Specifically it focuses on the following.

- (1) Developing regional capacity to finance and manage the education system through the creation of national—regional education stabilization and development funds and enhancing the autonomy of education institutions to make decisions about their development strategies and goals, their content and methods of operation.
- (2) Adapting curricular content and pedagogy to respond to emerging local labor markets. This would emphasize orienting engineering and technical skills away from defense and heavy industry toward civilian and commercial sectors, and upgrading and expanding the quality of content in the humanities and social sciences.
- (3) Developing mechanisms to monitor quality and enforce educational standards. This would involve setting national standards for educational inputs and performance; assessing students/graduates learning achievement and skills; licensing and certification of teachers; and accreditation of institutions and programs.
- (4) Diversifying the types of educational institutions and sources of finance. Types of institutions would range from schools for the gifted to schools for the learning disabled. Sources of finance would include user charges (in higher education), private sector participation and international assistance.

Current Dilemmas

In spite of education's traditional strengths in Russia and the considerable efforts to adjust to the new economic and political environment, in reality the system is very fragile and at a critical stage. Regaining its traditional level of effectiveness will depend on many factors, of which the following four seem of most importance: fiscal stability, coherent governance, managerial improvement and new mechanisms to insure the equality of opportunity. A brief description of each follows.

Fiscal Stability

There are three important sources of revenue in the education sector: (a) tax-based revenue administered through federal, regional and raion authorities; (b) state-owned enterprises; and (c) non-taxed revenue (fees, tuition, educational products and services, in-kind contributions in terms of food, equipment, land, services from local enterprises and farms). There are exceptions, but in general, the second source (state-owned enterprises) has virtually collapsed, either because the enterprises have been privatized and have divested their 'social assets' (kindergartens, clinics, housing, vocational schools and the like), or because production has fallen, and hence their ability to finance social services has fallen.

The education system has attempted to make up for the resource shortfall through creative self-financing. Though the constitution guarantees 'free education', this has been interpreted to mean free general tuition, not necessarily free stipends or services. There are exceptions even to the free tuition rules for foreign students, students in private institutions or specially designated programs. About 9% of the students admitted to higher education institutions in 1994 were paying tuition fees, which represented 42% of the non-tax-based higher education revenue in that year. Extra budgetary income represented 7% of total higher education revenue in 1992, 13% in 1993 and 15% in 1994 [23]. Local primary and secondary schools also have demonstrated creative abilities to informally raise resources privately by opening up weekend foreign language classes to a fee-paying public, through sales of student crafts, tickets to sporting contests and cultural programs, rental of education facilities, agricultural sales and marketing of new education materials to other schools in Russian history, economics and the like.

The real problem seems to lie in the instability of tax-based revenues. Tax collection is at best imperfect. But this is true of many countries. In Russia the problem is compounded by the unpredictability of revenue assignment: whether they are regional or federal; by their instability from one month-to-the-next; and by their inconsistency from one region-to-the-next. In general, education has been assigned to the regions to finance, but about two-thirds of vocational education is still supposed to be financed from the federal government (depending upon the region), and salaries and norms are still set by the federal authorities irrespective of regional fiscal ability to adhere to them. Neither the federal nor the regional education authorities actually transfer resources; they may only request their transfer. Transfer authority itself lies in the hands of the ministry of finance or in the office of the regional governors. Delays in fiscal transfers are common, often with devastating inflationary effect (to the recipient not the distributor). Also common in many regions is the use of education resources by local governments for other priorities, such as the paying of salaries in local, often moribund, public enterprises.

The impact of fiscal instability is as problematic as the decline in resources. Neither

regional nor federal authorities can negotiate with confidence that reform agreements, however well intended, can be implemented. Fiscal insecurity has lowered the level of public confidence in general; it has raised new and deeply disturbing conflicts over school ownership and responsibility; and it has significantly sapped the long-standing Russian tradition of educational diligence and self-sacrifice.

Coherent Governance

With such massive social change, it is inevitable that government functions have not yet adjusted, or have been adjusted but without coherence. The federal government still attempts to set program standards in some subjects but not others. Schools may choose educational materials and manage their own resources, but materials and equipment are still financed through state monopolies. Curriculum content may be decided by local authorities, but there are no local structures to make these decisions by public consensus. Regional educational directors are appointed by local governors and are not elected. Regional parliaments may pass new legislation but enforcing authority is unclear. There is little precedent in Russia for the public reporting on educational problems and progress.

In some instances public education authorities may need to expand their responsibilities to fill new functions and roles which they have not filled in the past. In other instances they might have to relinquish traditional functions. The federal government could develop new means to license teachers, accredit federally funded higher education institutions, issue public reports on educational progress, disseminate regional innovations, conduct focused research on priority problems (particularly in education finance) and construct a means of compensatory financing. Regional authorities could create new structures (school boards or councils) so that public differences over education policy can be adjudicated. They might also develop mechanisms parallel to those at the federal level in research, innovation diffusion, compensatory education finance, teacher certification and the like. There may be new and important roles to be played by NGOs—developing associations of teachers, school principals and regional education directors—and by private publishers, software developers and equipment manufacturers.

Educational Management

Like all institutions, schools in the USSR were not managed; they were administered. There were centralized norms for space, time, equipment, salaries, qualifications, pedagogy and reading materials. By definition, professional schools were effective because they trained only in controlled fields. Local authorities may now decide these issues on their own, but will managers of educational institutions be judged on whether they have lived up to their new responsibilities successfully?

Programs in vocational and higher education could now be judged on their ability to place graduates. Authorities may need to diversify sources of finance even more; rationalize the use of libraries, laboratories, dormitories and health facilities; and reduce some costs by means of dropping functions which can no longer be afforded, such as supporting recreation camps.

Equality of Opportunity

One of Russia's many strengths has been the ability to overcome geographical handicaps

and to assure citizens of equal access to education. It would be wise not to lose sight of this principle. Therefore the federal government should continue to have some role in education finance. But establishing a compensatory financing mechanism is no simple task, particularly when education budgets are so volatile, dispersed and poorly documented. No longer can the equality of opportunity be based on simple inputs; rather it requires evidence of unit expenditures actually reaching the classroom. This is an empirical challenge for Russia of no small magnitude [24].

Education and Social Stability

Though phrasing and phasing may be debated, the basic ingredients of the economic transition are not. Economic stabilization requires that the rouble be characterized by low inflation and open conversion, and that debt service as a percentage of GDP is affordable. The basic ingredients of economic growth are similarly clear. They include fair rules for the privatization of state owned enterprises, liberalization of the economy, a labor market relatively free of distortions, a rational plan for social insurance, an affordable program of social assistance and an effective, professional civil service including in particular the courts, health and education. Moreover, in the case of education, it should reflect the principles of an open society.

But economic growth requires development capital. Where is it to come from? Most agree that public investment, including official development assistance from the West, is insufficient, and that long-term growth must be fueled by private capital, domestic or international. But private capital moves according to its own instincts. No political leader can determine international financial markets. What provides this 'instinct'? What determines whether domestic capital held outside of Russia returns? What determines whether international investors, who have many parts of the world to choose from, hold Russia in sufficient confidence to make their investments there? And what kind of investments would they be willing to risk: stocks, bonds and commodity futures which can quickly be sold and profits repatriated? Bids on local infrastructure projects such as roads and power facilities in which investments can be withdrawn at the termination of the project cycle? Or will they be willing to invest in long-term projects with local partnerships in construction, hotels, product manufacturing and service delivery in which withdrawal is not anticipated at all. The answer depends upon whether, in the eyes of an investor, Russia is characterized by social stability. But what does this term mean, and what does education have to do with it?

There is more agreement on the effects of social stability than there is on its definition. Its effect encourages confidence from the business community, improves the trust among neighbors along a country's borders and raises the chance that a country will be seen to be a leader on the basis of moral or professional authority rather than military or economic pre-eminence. Nevertheless, the general ingredients are known to come in two categories: (a) the adherence to human rights such as those specified in the Helsinki accords; and (b) the adherence to the principles of social development. These latter include an equality of citizenship, an adherence to the constitution, a good neighbor foreign policy, the rule of law and a consensus on what to teach the young.

The nature of this first type has been achieved with some success: freedom of the press, and the right to vote, own property, travel and form associations on the basis of common interests (labor, professional, hobby). Today Russian society can be said to illustrate all of these ingredients. But the nature of the second type is different. While the first is characterized by freedom and opportunity, the second is characterized by civic

obligation and responsibility. These include the obligation to abide by compromise and the responsibility to teach civic compromise to the young. It includes a consensus that equal citizenship is applicable to all who now live in one's country regardless of past political affiliation, religion, race, language, ethnicity, or when or how they came to be there.

A high quality education system, effectively delivered, contributes to the confidence that a society is socially stable in three ways. It is a tangible means to distribute opportunity equally. It has an impact on the understanding of civic responsibility and for the formation of civic attitudes. But its most important contribution is the last: democratic control of education symbolizes the ability of a society to compromise on what to teach the young. If local communities abuse newly decentralized freedoms, they may contribute to the sense that a society will be unstable. On the other hand, if local communities create new and democratic councils to manage education process in a manner of mutual compromise and respect, this would suggest significant social progress and social stability. While it cannot be said that high quality education, effectively delivered, is a guarantee of social stability, at the same time, it is true that it would be very unlikely for Russia to achieve social stability without a strong education system, delivered on the basis of consensus.

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NOTES AND REFERENCES

The views in this article are those of the author alone and do not necessarily represent the World Bank or any of its affiliated institutions.

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- [3] HEYNEMAN, S.P. et al. (1995) *Russia: education in the transition* (Washington DC, ECA Country Department III).
- [4] DORN, D. (1994) Teachers' associations in Russia (Washington DC, World Bank, mimeo).
- [5] Other countries in Central and Eastern Europe with similarly out-dated structures experienced similar student declines in higher education. Between 1975 and 1985 the number of post-secondary students declined in Bulgaria at a rate of 0.2% per year; in Hungary by 0.8% per year; in Romania by 0.3% per year; in Poland by 2.2% per year. The ratio of higher education students to the general population declined in Russia by 6% between 1970 and 1988. By contrast, during the same period that ratio increased in France by 36%, in Norway by 43%, in the USA by 49% and in Germany by 133%.
- [6] Eighty per cent of Russian pre-schools were owned and operated through the enterprises. With their privatization or with the decline in their incomes, many of these 'social assets' have been divested to the local municipalities or closed. There were 88,000 pre-school facilities in Russia in 1991 but only 78,000 in 1993.
- [7] In addition to the number of engineering specializations, there are also broad differences between market and planned economies in the objectives of engineering education. In planned economies emphasis tends to be on scientific principles—heat transfer, energy, durability. The major concern is, 'Will it work?' In market economies training tends to include principles of 'concurrent engineering'. This requires students to raise questions which may have been unnecessary in Russia. Can it be produced efficiently? Can it be

- marketed easily? What are the terms of its copyright? Is it environmentally sound? Would it be profitable as an investment?
- [7] Higher education institutions may experiment with new curricula without central permission, but after an experimental period, the new curriculum must be certified by federal authorities. While the tradition of central curricular control is widely known in Western Europe, the size, economic diversity, sectoral segmentation and heterogeneity of finance raise new questions about its viability in the Russian Federation.
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- [10] In a 1994 sample of Russian school directors, only a third knew which governmental body was currently in charge of financing the school which they were managing. See MANN, D. & BRILLER, V. (1994) *Russian School Directors: problems and proposals* (Washington DC, World Bank, mimeo).
- [11] HEYNEMAN, S.P. (1997) Educational choice in Eastern Europe and the former Soviet Union: a review essay, *Education Economics*, forthcoming.
- [12] The most important clients for an education system seem to express the most dissatisfaction. On the question of whether the curriculum provided knowledge which was 'useful', 22% of the students, 23% of the parents and 31% of the teachers respond 'yes'. This compares to 54, 71 and 77% for similar groups who are asked the identical question in The Netherlands. When asked whether schooling should prepare a student for higher education, 59% of the Russian pupils answer 'yes'; but 28% of the parents and 15% of the teachers respond similarly. In sum, there is a significant of view—associated more with age than with profession—as to the purposes of schooling. See MANN & BRILLER, op. cit., n. 10.
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- [15] ANDERSON, C.A. (1983) *Social Selection and Economic Development*, Table 6.1 (Washington DC, World Bank).
- [16] Trends prevalent in 1970 persisted until recent times. This is linked to the artificially high non-salary rewards of industrial workers compared to higher education graduates.
- [17] It is not easy to find comparable information, and therefore not a simple matter to make comparisons across time and from one country to another. However, in the United States, university students from professional backgrounds were 3.1 times over-represented in 1927 and 2.5 times in 1957; in France, over-representation was 2.8 times in 1950 and 2.4 times in 1965; in the United Kingdom, 2.6 times in 1961 and 2.4 times in 1979; in Japan, 2.4 times in 1953 and 1.8 times in 1968; in Hungary, 3.1 times in 1931 and 3.2 times in 1963. See Anderson, op. cit., n. 15.
- [18] Much of the variation in education expenditures can be attributed to differences in wages by region. See HEYNEMAN, S.P. & TEODORESCU, D. (1993) *Russia in the Transition: determinants of educational finance by oblast, 1991–1992* (Washington DC, World Bank, draft).
- [19] POMP, T. et al. (1994) *Admission to Higher Education in Russia* (Washington DC, World Bank, mimeo).
- [20] Travel was a serious handicap even when the system was highly subsidized. Today, however, travel grants to candidates have largely been eliminated, and costs of internal travel are rapidly approaching international levels. Today, the airfare from Vladivostok to Moscow is greater than that from Moscow to London. Even the highest quality institutions, such as Moscow State University, are in danger of becoming institutions serving largely local populations.

- [21] Labor market demands have not shifted equally in all fields. Radical changes are characteristic of the social sciences and humanities, some of the engineering sciences and those areas where there was little or no precedent for current course requirements: economics, business administration, advertising. In these latter cases, the entrance examinations can be significantly different from the requirements for labor market success in those fields.
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- [24] The Russian federal ministry of education employs about 510 professional level staff, of whom eight are assigned to the statistical unit. Despite the fact that the system contains 30 million students, five million faculty and 158,000 institutions, the statistical unit is not computerized. By comparison, the US Department of Education has approximately 3000 professional staff, of whom approximately 235 are assigned to the Office of Educational Research and Improvement, and 110 to the National Center for Education Statistics.