

The public and the private in education: state subsidies to private schools as an election dilemma for political parties

Rita Nikolai, Bernard Brown

Angaben zur Veröffentlichung / Publication details:

Nikolai, Rita, and Bernard Brown. 2026. "The public and the private in education: state subsidies to private schools as an election dilemma for political parties." In *The global business of education: approaches, issues and critical directions*, edited by Marcelo Parreira do Amaral, Sieglinde Jornitz, and S. Karin Amos, 67–81. Cham: Springer. https://doi.org/10.1007/978-3-032-25564-8_5.

Nutzungsbedingungen / Terms of use:

CC BY-NC-ND 4.0



Marcelo Parreira do Amaral
Sieglinde Jornitz
S. Karin Amos *Editors*

The Global Business of Education

Approaches, Issues and Critical
Directions

OPEN ACCESS

 Springer

Marcelo Parreira do Amaral
Sieglinde Jornitz • S. Karin Amos
Editors

The Global Business of Education

Approaches, Issues and Critical Directions

 Springer

Editors

Marcelo Parreira do Amaral 
Institute of Education
University of Münster
Münster, Germany

Sieglinde Jornitz 
DIPF - Leibniz Institute for Research and
Information in Education
Frankfurt am Main, Hessen, Germany

S. Karin Amos 
Institute of Education
University of Tübingen
Tübingen, Baden-Württemberg, Germany



ISBN 978-3-032-25563-1 ISBN 978-3-032-25564-8 (eBook)
<https://doi.org/10.1007/978-3-032-25564-8>

This work was supported by Universität Münster.

© The Editor(s) (if applicable) and The Author(s) 2026. This book is an open access publication.

Open Access This book is licensed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits any noncommercial use, sharing, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if you modified the licensed material. You do not have permission under this license to share adapted material derived from this book or parts of it.

The images or other third party material in this book are included in the book's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the book's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

This work is subject to copyright. All commercial rights are reserved by the author(s), whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed. Regarding these commercial rights a non-exclusive license has been granted to the publisher.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, expressed or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This Springer imprint is published by the registered company Springer Nature Switzerland AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

If disposing of this product, please recycle the paper.

Chapter 5

The Public and the Private in Education: State Subsidies to Private Schools as an Election Dilemma for Political Parties



Rita Nikolai and Bernard Brown

Abstract The worldwide expansion of private schools is not necessarily an expression of increasing commercialisation. Their expansion is not conceivable without high levels of state subsidies, which have now become an electoral impasse for political parties in democratic governments. The article analyses the development of private schools in Australia and Germany. In both countries, a strong increase in private school enrolment can be observed, albeit at different levels. What both countries have in common is that parents are increasingly avoiding the public school system and turning to private schools. In both countries, private schools have gained broad support from the different political camps and due to generous public subsidies, the number of private schools has expanded. The chapter analyses the politics of subsidies for private schools in Australia and Germany. Based on the analyses of primary and secondary sources, this article adopts a historical-institutionalist perspective for examining the role of political parties as well as their strategies in subsidising private schools. In Australia and Germany, the expansion of private schools is heavily dependent on state subsidies, which represent an electoral impasse for political parties: While they can bind long-term voter groups, they also restrict the scope for reform. Although, these subsidies promote freedom of choice in the education system, they contribute to growing social segregation by making private schools more attractive to the wealthier classes and increasingly to middle-class parents and thus reinforcing social inequalities between public and private schools.

R. Nikolai (✉)

Faculty of Philosophy and Social Sciences, University of Augsburg, Augsburg, Germany

e-mail: rita.nikolai@phil.uni-augsburg.de

B. Brown

Faculty of Education, University of Canberra,

Canberra, Australian Capital Territory (ACT), Australia

© The Author(s) 2026

M. Parreira do Amaral et al. (eds.), *The Global Business of Education*,

https://doi.org/10.1007/978-3-032-25564-8_5

Introduction

The global expansion of private schools (UNESCO, 2024) is often associated with the increasing commercialisation of the education sector. However, this interpretation falls short, as the expansion of private schools in democratic countries would hardly be conceivable without substantial state subsidies. In Australia and Germany, two countries with different political systems and educational traditions (Brown & Nikolai, 2024), a remarkably similar trend can be seen: the increasing attractiveness of private schools and their growing importance within the school systems. This development not only poses a challenge to the public school system but has also become a political electoral dilemma for the parties that promote these subsidies.

In both countries, the number of students attending private schools has risen significantly in recent decades, albeit at different levels. The proportion of students in 2022 in private schools in Australia was 30.9% in primary schools and 47.5% in secondary schools, in Germany the figures were 5.3 and 10% (UNESCO, 2024). What Australia and Germany have in common is that many parents are increasingly turning away from the public school system in favour of private alternatives. These schools range from non-denominational providers, Christian churches and religious communities such as Jewish and Islamic organisations to evangelical providers.

A key driver of this development is the cross-party political support for private schools, which has been made possible by generous state subsidies. While this support makes it easier for private schools to establish themselves and grow, the question arises as to how sustainable this development is and what educational policy consequences it has. These subsidies are caught between the promotion of freedom of choice in the school system and the danger of increasing inequalities between public and private schools. Against this backdrop, the political strategies and decisions of the political parties are becoming increasingly important.

Based on an analysis of primary and secondary sources, including government websites, this chapter examines the policy of subsidising private schools in Australia and Germany from a historical-institutionalist perspective. It shows how political parties in both countries have developed their education policy strategies and what role they play in subsidising private schools. It becomes clear that state support for private schools is not only ideologically motivated, but is also based on pragmatic considerations, such as attracting new voters and retaining voters. At the same time, the analysis shows that these subsidies can have long-term effects on the transformation of school systems and social structures. They promote the expansion of private school providers but can also lead to inequalities between public and private schools, which have far-reaching educational and social consequences.

Theoretical Perspective: Politics of Parties in Subsidising Private Schools

There can be various reasons why parents decide to send their children to a private school. For example, a special educational or religious profile of a private school can be act as a motive for choosing it. Parents’ belief that private schools offer a better education or a better fit between their own parental milieu and the values taught at a private school can also play a role. Social distinction, i.e. consciously setting oneself apart from certain special groups, can also be a motive for choice. The academic performance levels of private schools in exam results and other measures are generally higher than those of public schools and parents can access this information (this is the case in Australia at least) (Morris, 2024). Finally, there are also pragmatic reasons, such as when the last public school in a rural area has closed and the nearest accessible school in the family’s neighbourhood is a private school (Fig. 5.1).

Whether parents can choose between public or private schools depends on whether private school attendance is affordable. Especially for parents from the middle or lower social classes, the amount of school fees can be an important factor

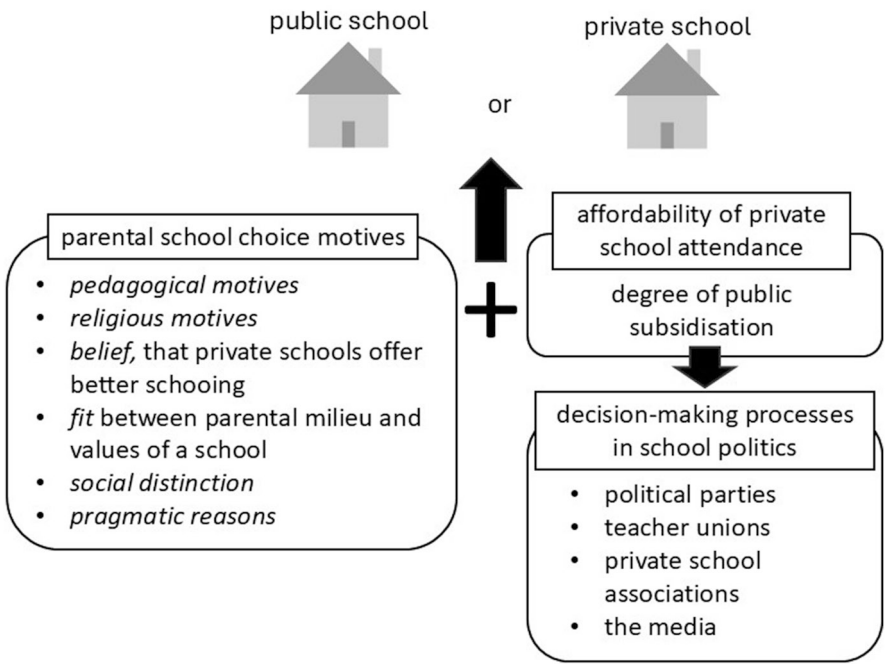


Fig. 5.1 Relevance of state funding for private schools. Source: own presentation

in influencing this decision. The affordability of private school attendance is again influenced by whether private schools receive state subsidies. This is because it is only with these that private schools can keep school fees lower or even charge no school fees at all (Helbig et al., 2017). State subsidies often only allow new private schools to be established if they are maintained by less financially strong providers (e.g. free churches, religious communities, parent initiatives, non-denominational foundations, etc.) (Nikolai et al., 2018). We argue that, apart from parental choice motives and demand, state subsidies can be a decisive factor that makes the expansion of the private school sector possible in the first place.

Subsidisation is in turn influenced by school policy decision-making processes. The amount of state subsidies is determined in school laws, which are passed by parliaments and in whose decisions the political parties elected to the parliaments are involved. In their decision making, parties are in turn influenced in their school policy by the interests and lobbying of teacher unions, parents' associations and—in relation to the private school sector—also by representatives of private schools.

When it comes to parliamentary decisions on the subsidisation of private schools in laws for schools, the political power of parties on both the left and right of the political spectrum is likely to make a difference. Parties on the left (including social democratic parties) are often reluctant to subsidise private schools or even want to abolish them, while parties on the right (including conservative, liberal and Christian democratic parties) are mostly in favour of subsidising them (Zehavi, 2012).

Partisan Theory and Education Funding

Studies of education policy support the core claims of partisan theory. The size of the public education system and the subsidisation of private schools depend on the political power of the left vs the right. Left and right-wing parties represent different electoral constituencies (Busemeyer, 2015). Left-wing parties (social democratic or socialist parties), representing the interests of lower-income classes and less affluent social groups, tend to prefer an extensive welfare state and high levels of government expenditure. In the literature it is argued that, therefore, left-wing parties will oppose privatising the delivery of services and will not advocate for generous public aid to private schools (Zehavi, 2012). However, Zehavi refers mainly to the strategies of left-wing parties in Anglo-Saxon countries and countries with comprehensive school systems, but we argue that in countries with stratified secondary school systems, the strategies of left-wing parties may differ. In countries such as Germany, social democrats were unable to push through the introduction of a comprehensive school system against conservative forces after the Second World War (Wiborg, 2009). Our argument is that left-wing parties in stratified school systems as in Germany accepted subsidising private schools in the 1960s and 1970s, since the debate about private schools has been overshadowed by the discussion about comprehensive schools as well as some private schools reformed their pedagogical approaches (e.g. with Montessori and Waldorf/Steiner concepts and represented an

alternative to public schools in the stratified system (Idel & Ullrich, 2017). The Australian case—as we will show—does not fit into Zehavi's explanatory theme either, because the more progressive party, the Labor party, is only centre left and tries to appeal to the centre ground and especially middle class and even upper middle-class voters as well.

Right-wing parties (secular conservative, Christian democratic and liberal parties) represent middle - and upper-income classes, which are interested in minimising their tax contribution. Right-wing parties are more sceptical towards state redistribution policies, which would require higher taxes for their electoral base. Therefore, right-wing parties tend to promote strong private social policy with a parsimonious welfare state and are more market than state-oriented in their school policy (Busemeyer 2015; Gingrich, 2011). Among right-wing parties, Christian democratic parties may be more open to subsidising private schools, especially for private schools owned by churches (Ansell & Lindvall, 2021). Regarding the room to manoeuvre for political parties, it also depends on whether this is restricted by a strong constitutional jurisdiction. In countries with a strong constitutional judiciary, the interest groups of minorities can enforce a higher subsidy for their private schools (Nikolai & Brown, 2025).

Whether parties in parliament campaign for the preservation of regulations (here: high state subsidies for denominational public schools) depends on the positions of power they have in parliament and the voter loyalty they expect from campaigning for subsidies for private schools. Conservative parties often benefit from religious and wealthy voter groups who benefit from subsidies for private schools. However, as the example of Australia shows, parties on the left of the spectrum may not be averse to pushing for public subsidies for private schools if they hope to gain votes and maintain the status quo. The two main parties in Australia claim they support both private and public education, the Labor party though advocates and campaigns more on supporting public schools.

We argue that generous subsidies to private schools pose an electoral dilemma for parties because they can bind voter groups in the short term but can limit the parties' room to manoeuvre in the long term. By the term manoeuvre we don't refer to a deliberative political strategy, but rather to the structural constraints that arise once subsidies become entrenched, making it politically difficult for parties to reduce or withdraw them without facing electoral backlash. Parties that generously subsidise private schools can win the support of parents who prefer these schools, as subsidies reduce school fees and make private schools accessible to middle-income groups. Especially in Australia and Germany, where parents are increasingly shunning public schools (for Germany see Nikolai & Brown, 2025, for Australia see Morris, 2024), such subsidies can serve as a tool to secure voter loyalty. Once subsidies are established, withdrawing them becomes politically sensitive. Parents and schools who benefit from these subsidies develop an expectation and may turn against parties that propose cuts. This limits the autonomy of parties in policy-making, particularly when financial or educational reforms become necessary. The promotion of private schools is often in conflict with the need to better equip public schools. Parties that maintain or increase subsidies for private schools

run the risk of being blamed for keeping public schools underfunded, which could alienate voters from lower income groups. Overall, the electoral dilemma is because parties want to win over voters who benefit from subsidies on the one hand, but risk losing other groups of voters or blocking their future reform options on the other. In this regard withdrawing subsidies for private schooling can be political suicide for parties. This makes subsidies a politically sensitive and potentially costly issue in the long term. The debate is about the level of funding and how this is decided on.

Private Schooling in Australia

In contrast to Germany, private schools in Australia receive subsidies from the federal government which are administered by the six state and two territory governments. The distribution of students in 2023 across the three school types is as follows: public schools (64%), Catholic schools (20%), and independent schools (16%) (ABS, 2024). The Australian school system is a comprehensive school system with primary schools (grades 1–6) and secondary schools (grades 7–12). Catholic and independent schools belong to the private school sector (non-government sector) and are funded through a mix of government subsidies and parental contributions. In 2024, Catholic schools received 79% of their total funding from government sources (federal and state), while 20% came from private sources. In comparison, independent schools relied more heavily on private contributions, with 51% of their total funding coming from government sources and 49% from private sources, including parental contributions for high school (ABS, 2024). Despite the different levels of government subsidies for Catholic and independent schools, the federal government is the main funder of government subsidies. While the federal government contributes 78%, the states and territories only contribute 22% of public-school subsidies. Many independent schools are Protestant schools, but there are also Jewish and Islamic private schools as well as schools with a special educational focus (e.g. Waldorf/Steiner, Montessori) (ISA, 2024).

It should be noted that Australia is a very urbanised country. The interior of Australia has some regional towns but is sparsely populated and there are huge parts of the country which are uninhabited. Many private schools are in Australia's larger cities, where around 75% of the population live (ABS, 2024). Many students at private schools come from middle class and upper middle-class backgrounds. The downside of generously subsidising private schools is the underfunding of the public school system which has 65% of students and many students with disabilities, migrants, refugees, Aboriginals and students from disadvantaged socio-economic backgrounds (Sinclair & Savage, 2024). This ultimately leads to social inequality between public and private schools.

Private school attendance has increased significantly since 1970. Back then, around 22% of students attended a private school (4% at independent schools and 18% at Catholic schools). By 2023, this proportion had risen to 36% (ABS, 2024).

The high level of state subsidisation of private schools compared to other countries often allowed them to charge moderate to low school fees. As a result, private school attendance remains financially accessible for many Australian parents. The 1960s and 1970s saw a decisive shift in the funding of private schools in Australia. In 1964, the federal government intervened in the subsidisation of private schools. For the first time, private schools received state subsidies from the federal government under the then-ruling coalition of the Liberal Party (LP) and the Country Party. The Country Party later changed its name to the National Party of Australia in 1975. This coalition was in office from 1964 to 1972 (Wilkinson et al., 2006; Zehavi, 2012). The LP, which had opposed state subsidies for decades, hoped to win votes from the Catholic electorate, which until then had mostly supported the Australian Labour Party (ALP), by granting subsidies (Zehavi, 2012). The competition for votes and the competition between conservative parties and the ALP made it possible for the federal government to subsidise private schools.

In the 1960s, Catholic parents mainly sent their children to Catholic schools, but these experienced massive financial problems in the 1960s and the private Catholic school system was on the brink of financial collapse. However, the start of subsidisation ensured their continued existence. Although federal subsidies were initially very small and only paid for science programmes, Forsey et al. (2017) believe that this set in motion a development that stabilised the private school system in Australia and allowed it to expand. As a result, numerous states and territories introduced subsidisation of private schools (Zehavi, 2012). In 1972, the Australian Labor Party (ALP), which gained at federal level for the first time in 23 years, increased state subsidies and hoped—like the Liberal Party (LP)—to win favour with the Catholic electorate. In our view, this period should be seen as a critical juncture (for the concept see Capoccia & Kelemen, 2007), as the decision to subsidise Catholic schools opened a path of subsidising private schools, which was to be consolidated with the expansion of subsidies to independent schools.

Both the LP and the ALP also came under pressure from a broad front of interest groups in the 1960s and 1970s. Both the Federal Catholic Schools Committee and the Australian Parents Council (founded in 1960), which represented the interests of the Catholic Church, ran numerous campaigns at federal, state and territory level in favour of subsidising private schools. Supporters of the public school system were unable to assert themselves against the private school lobby's campaigning and mobilisation skills. For example, both the lobby association of the Australian Council for the Defence of Government Schools (founded in 1966) and the teachers' representatives were not very successful in involving parents, teachers and school politicians in their fight against the subsidisation of private schools (Sherington & Hughes, 2015; Spaul, 2001).

The representation of teacher interests in public schools also suffered from the fact that they were still divided into many organisations (including the ACT Teachers' Federation, the Northern Territory Teachers Federation, the South Australian Institute of Teachers and the Australian Teachers' Federation) (Spaul, 2001). It was not until 1984 that these organisations merged to form the Australian Teachers Union (since 1993 the Australian Education Union (AEU)) which is not

directly affiliated to the ALP unlike some unions. Due to their fragmentation and resulting lack of assertiveness, the Australian teachers' associations were unable to prevent the subsidisation of private schools in the 1970s and 1980s. The ALP, which significantly increased private school subsidisation in the 1970s, was unable to assert its position (Forsey, et al. 2017; Sherington & Hughes, 2015; Spaul, 2001).

Unlike in New Zealand, where the Labor Party, also in power in the 1970s, incorporated Catholic private schools into the mainstream education system (Nikolai, 2020), Australia's ALP pursued a different approach by expanding public subsidies for private schools. In contrast to the LP, which wanted to strengthen parental school choice by increasing subsidies, the ALP hoped that the subsidies would strengthen the state's power to act and thus make it easier for the federal government to reduce socio-economic inequalities in the private school system (Sherington & Hughes, 2015). Before the 1960s, the ALP was significantly shaped by Catholic members within the party and parliament, as well as by Catholic-dominated trade unions. However, from the 1970s onward, this influence gradually diminished. Therefore, the ALP did not oppose subsidies to private schools but advocated a fair distribution of federal subsidies to public and private schools (cf. debate in the House of Representatives [HoR], 1964).

The ALP lost the 1975 federal election, and the federal Liberal-Conservative coalition government ensured that private schools received higher federal subsidies than public schools (Forsey et al., 2017; Zehavi, 2012). This disparity in funding between the federal and state governments still exists today: while public schools received only 16% from the federal government and 81% from the states and territories for their funding in 2024, Catholic schools received more than half of their budget as subsidies from the federal government (ISA, 2024, own calculations). After returning to the federal government, the ALP (1983–1996) attempted to slow down the creation of new private schools in the 1980s by stagnating subsidies, but the Liberal-Conservative coalition government (1996–2007) increased subsidies again (Forsey et al., 2017). The main argument put forward by the governing coalition was that the subsidies would enable parents to choose their own school. By further increasing subsidies, the coalition government accelerated the expansion of the private school sector (ibid.). This is because the state subsidies enabled Catholic and some independent private schools to keep their school fees low, making them more attractive and accessible to parents from low and middle social classes (Zehavi, 2012). The expansion of subsidies also meant that the independent private school sector expanded, resulting in a considerable diversity of providers. Various Aboriginal communities also utilised the subsidy opportunities to establish their own schools (so-called indigenous schools). The substantial growth in private schools has given the Catholic and independent private school lobby groups a powerful position, so that the LP and ALP have made little attempt to reduce subsidies to private schools since the 1980s (Zehavi, 2012). The representatives of Catholic private schools at the federal, state and territory levels are still powerful and assertive actors (Forsey et al., 2017).

The funding of schools in Australia is still the subject of ongoing debate today (Sinclair & Savage, 2024) and, according to Forsey et al., can be characterised as a

‘poisonous debate’ (Forsey et al., 2017, p. 49). In the 2011 Gonski Report, the evaluation of school funding initiated by a federal ALP government argued in favour of increasing education spending and funding schools according to need (linked to the so-called Schooling Resource Standard) (Australian Government, 2011). According to Gonski, inequalities in funding should be reduced, and school funding should be linked to NAPLAN test results. NAPLAN (National Assessment Program—Literacy and Numeracy) is a standardized testing system in Australia that evaluates students’ proficiency in reading, writing, and mathematics at multiple stages of schooling. After the LP won the 2013 election the Turnbull Plan was announced in 2017, which manifested in the unequal funding of public and private schools (Sinclair & Savage, 2024). It stipulated that in future, only 20% of private schools and 80% of public schools would be funded by the federal government. As the conservative coalition government won another federal election in 2019, the unequal subsidisation of public and private schools by the federal government in Australia continued.

Australia has continued the trend toward greater enrolment in private schools over the last decade with more students in private secondary schools than private primary schools. There is a trend for families to move their children into private schools for secondary education after primary schooling. Since 2022, Australia has been governed by a Labor Party government; however, this has not altered the fundamental funding arrangements for public and private schooling. The issue of funding has to some extent gone off the political agenda and is not debated much in parliament or in wider circles, though the Greens party have advocated for a major reduction in private school funding especially for elite independent schools and greater funding for public schools. During the Covid-19 pandemic the need for greater funding for public schools was raised as many public schools struggled to provide online learning during the pandemic.

Private Schooling in Germany

Unlike in Australia, the German federal government is not involved in the subsidisation of private schools; this is the sole responsibility of states as part of their ‘cultural sovereignty’. However, the subsidisation of private schools is being forced through regulations at federal level: the Weimar Constitution (1919) and the Basic Law (since 1949). The share of public subsidies to private schools covers around two-thirds or even more of the costs compared to the per-pupil-costs at public schools (Nikolai & Koinzer, 2017). The number of pupils attending private schools has increased, particularly in cities and in sparsely populated regions in eastern Germany. An expansion can be observed above all in the primary school sector (Nikolai & Brown, 2025). Germany is following the global trend of increasing private school attendance in the primary school sector (Nikolai & Koinzer, 2017), however, the level of private school attendance is at a low level in an international comparison. But there are considerable variations between the federal

states within Germany. While the increases for example in the southern German state of Baden-Württemberg or Bavaria are moderate and on a par with Germany, the city state of Berlin and the eastern German state of Mecklenburg-Western Pomerania have seen considerable growth. For example, private school attendance in the primary school sector in Berlin expanded from 4.4% (2000) to 10.3% (2023) and in Mecklenburg-Western Pomerania from 2.4% (2000) to 11.9% (2023) (StBa, various years a and b).

The social segregation in private primary school attendance is particularly evident in Berlin. In Berlin, for example, private primary schools can be found in neighbourhoods with an affluent population, while they are less represented in socially disadvantaged neighbourhoods (Nikolai et al., 2025). Private primary schools are not only expanding in regions with low populations (e.g. in eastern Germany), but private primary schools are also on the increase in western Germany, especially in larger cities and university towns. During the expansion of private schools, a debate has broken out in the school policy making of the federal states about how private schools are financed and regulated and how they can comply with the prohibition of segregation in the Basic Law (Art. 7) (Brosius-Gersdorf, 2018; Wrase & Helbig, 2016). Private schools should not promote the segregation of pupils according to their parents' income. This is intended to prevent segregation between public and private schools.

The regulation of the private school system in Germany can be characterised as path-dependent, as the school regulations of the federal states are based on Article 7 of the Basic Law, the wording of which has not been changed since it came into force in 1949. And in Article 7, the Basic Law has in turn adopted the constitutional requirements of the Weimar Constitution (WRV) of 1919 almost word for word. From the perspective of historical institutionalism with its concept of path dependency (Mahoney, 2000; Pierson, 2000), the WRV can be characterised as a "critical juncture" (Nikolai & Koinzer, 2017) for the private school system in Germany. The regulations on private schools in the WRV and later their retention in the Basic Law meant that the parties had no choice but to subsidise private schools. The WRV regulated the priority of public schools, but private schools were permitted as alternative schools under certain conditions. Private schools with a specific denominational and/or pedagogical orientation could remain in existence or be newly established under the WRV if the education administration "recognizes a special pedagogical interest" or parents did not have access to "a public elementary school of their denomination or ideology in the municipality" (WRV Art. 147, para. 4, Basic Law Art. 7). Art. 147 also stipulated the so-called prohibition of segregation, according to which "segregation of pupils according to the property status of their parents should not be promoted" (Art. 147, para. 1 WRV). For Germany, the following can be summarised: private school funding is a path-dependent development, and in this sense it is a critical juncture (Capoccia & Kelemen, 2007), the WRV of 1919 and the Basic Law of 1949 created the conditions for denominational private schools to receive high subsidies in the Federal Republic of Germany (FRG). In contrast, the German Democratic Republic (GDR) pursued a different educational policy, where private (including denominational schools) were

abolished as part of the socialist education system. However, following German reunification in 1990 and the accession of the former GDR to the FRG, the Basic Law, including its provisions on private school funding (Article 7), was extended to the eastern federal states. In the FRG, constitutional rulings in the 1980s resulted in the extension of high subsidies to non-denominational private schools. This principle remained unchanged after reunification and has since been applied uniformly across all federal states, including those in the former GDR. Following German reunification, cross-party support for high public subsidies for private schools has persisted at both the federal and state levels, as these schools are considered to complement and enrich the education system. However, this was not always the case, as developments immediately after the Second World War show (Nikolai & Brown, 2025).

In many federal states, the CDU (Christian Democratic Union) admitted the introduction of church-run private schools, which had been banned during the National Socialist era (1933–1945) and supported them financially with high subsidies (Ansell & Lindvall, 2021). The CDU justified this with reference to parental choice and the importance of religious education in denominational private schools. As the CDU is a party which is open for all Christian denominations, they supported all church-run private schools no matter what denomination. Some federal states governed by the CDU also reintroduced public primary schools for different denominations. These were gradually replaced in the 1950s and 1960s by public primary schools without denominations. There is a certain path dependency here, except that the former public denominational schools have shifted to the private sector (Nikolai & Helbig, 2019).

The SPD (Social Democracy Party), however, initially rejected subsidies (Sass, 2024), but later accepted them as conflicts over comprehensive schools overshadowed debates on subsidies for private schools. The SPD in Germany accepted subsidising private schools—for two reasons: On the one hand the SPD argued that subsidies prevent private schools from becoming socially selective. On the other hand, the SPD accepted subsidies, since among the private schools were also many private schools with a reform pedagogical profile and the SPD saw them as an alternative to the stratified public school system. In addition, the SPD was engaged for decades in many federal states advocating an extension of the primary school period and establishing a comprehensive school system (Nikolai & Brown, 2025).

The regulations in the Basic Law for private schools were therefore never changed by the parties, and for decades the Basic Law, together with several court rulings, prepared the ground for high subsidies to private schools (Nikolai et al., 2018). This support for subsidies is evident for both denominational and non-denominational private schools. Private primary schools have expanded significantly, particularly in the eastern German states. One reason for this is the delayed establishment of private schools in these states, as the creation of private schools was not permitted under the GDR school system. Additionally, there has been a strong expansion of private primary schools, especially in state capitals (e.g., Schwerin in the federal state of Mecklenburg-Western Pomerania) and

university cities, where the share of private primary schools exceeded 25% in some areas by the mid-2010s. In several cities, a “parallel system of public and private primary schools” (own translation based on Nikolai & Helbig, 2019, p. 300) has emerged. Private primary schools—focusing here on urban areas—are therefore no longer a marginal phenomenon within the German school system. In Germany, public subsidies for private schools remain unquestioned across the political spectrum—in contrast to Australia, even among those in the Green party or socialist parties.

Discussion and Conclusion: Comparative Discussion of the German and Australian Contexts

In both Australia and Germany, government subsidies are central to the existence and growth of private schools. In Australia, state support for private schools began in the 1960s, initially limited to certain programmes, but developed into comprehensive financial support from federal governments administered through state and territory governments. These subsidies also made it possible for families from lower - and middle-income groups to choose private schools. In Germany, the subsidisation of private schools is historically anchored in the WRV (1919) and the Basic Law (1949). Here, private schools receive up to two thirds of their costs as public subsidies, whereby funding is exclusively a matter for the federal states. Unlike in Australia, the proportion of pupils attending private schools in Germany is significantly lower. However, there are regional differences, particularly between eastern and western Germany, and the proportion of private schools is also high in larger cities. In Australia in some smaller towns there are no private schools, so students do not have the option to attend. In some German communities, a private primary school is often the only option left for parents after the closure of the last public school. The attractiveness of private schools in Australia is also fuelled by the fact that the media often promotes the perception that private schools have better results for students and thus undermine confidence and support for public schools.

The generous subsidisation of private schools has led to a political election dilemma in both countries. By subsidising private schools, political parties try to win the long-term loyalty of certain groups of voters. A generous subsidisation does not really help them win votes, but if they don't fund and support private school funding, they will lose votes, so they do it to maintain the status quo. In Australia, both the conservative LP and the ALP have used subsidies to attract voters from the Catholic community. However, once introduced, subsidies are difficult to withdraw as this action attracts strong opposition from parents, private school providers and lobby groups. A similar dynamic can be seen in Germany. Parties such as the CDU support subsidies for ideological reasons, to promote denominational schools, while the SPD defends them as an instrument against social selectivity. At the same time, the constitutional requirements make it difficult to turn

away from existing subsidisation practices and therefore this is an example of path dependency.

In both countries, the expansion of private schools is leading to increasing social segregation. In Australia, students from higher income groups attend private schools disproportionately. In Germany, too, there is a concentration of private schools in more socially and economically advantaged neighbourhoods and less availability in disadvantaged regions. These developments undermine the goal of educational equity and reinforce social inequalities.

While the subsidies were originally intended to minimise social differences, in practice they contribute to widening the gap between public and private schools. In Australia, this is exacerbated by the unequal distribution of federal funds in favour of private schools. However, it should be noted that subsidies are also allocated to elite independent schools which charge high school fees. The less affluent Catholic schools in lower socio-economic areas have more justification for their funding level given many of their students are from disadvantage and culturally diverse backgrounds. In Germany, the discussion repeatedly centres on the fact that compliance with the ban on special treatment enshrined in the Basic Law is not always adequately monitored.

The analysis of private school subsidies in Australia and Germany underscores how historical institutionalism and the concept of path dependency can illuminate the development of school policies in both contexts. Subsidisation policies, shaped by critical junctures, have established enduring frameworks that constrain future policy options and reflect deeply ingrained institutional structures and political dynamics. Both cases reveal how decisions at critical junctures have locked political actors into subsidy frameworks that are challenging to reform and adjust. In Australia, federal funding for private schools has become a politically sensitive issue, as both major parties face resistance from well-organised private school lobbies and parents benefiting from subsidies. These groups argue that freedom of school choice should be an uncontested right for families, however, this choice is largely dependent on a family's capacity to pay the fees that the private school charges and other related expenses such as school uniforms. In Australia institutional arrangement and funding policy models are difficult to challenge and redesign. Similarly, in Germany, attempts to reform private school funding are constrained by constitutional requirements and the deeply entrenched role of private schools within the educational landscape.

The comparison between Australia and Germany shows how state subsidies strengthen the private school sector, but also create complex political and social problems. Freedom of choice in the school system is being expanded, but at the same time social inequalities are increasing and institutional and political inertia is preventing reforms in the funding system. The challenge for political actors remains to design subsidisation policies in such a way that educational equity and social cohesion are promoted without restricting parents' freedom of choice.

Acknowledgement We would like to thank Katrin Schwab for her support in checking and formatting the chapter.

Sources: Statistics and Political Documents

- ABS, Australian Bureau of Statistics. (2024). *Schools. Data on government and non-government students, staff and schools*. <https://www.abs.gov.au/statistics/people/education/schools/latest-release> [13.12.2024].
- Australian Government. (2011). *Review of funding for schooling: Final report (The Gonski report)*. Department of Education, Employment and Workplace Relations.
- HoR, House of Representatives. (1964). *Parliamentary debates* no. 20, 14.5.1964, 25. Wahlperiode. Commonwealth of Australia.
- ISA, Independent Schools Australia. (2024). *Snapshot 2024*. https://isa.edu.au/wp-content/uploads/2024/05/ISA260324_SNAPSHOT_2024_DD02_FINAL_WEB.pdf [13.12.2024]
- StBa, Statistisches Bundesamt. (various years a). *Statistischer Bericht. Allgemeinbildende Schulen*. StBa.
- StBa, Statistisches Bundesamt. (various years b). *Bildung und Kultur. Private Schulen*. Fachserie 11, Reihe 1.1. StBa.
- UNESCO, United Nations Educational, Scientific and Cultural Organization. (2024). *Percentage of enrolment in private institutions by level of education. Distribution of enrolment by type of institution*. <http://data.uis.unesco.org/> [13.12.2024].

References

- Ansell, B. W., & Lindvall, J. (2021). *Inward conquest*. Cambridge University Press. <https://doi.org/10.1017/9781108178440>
- Brosius-Gersdorf, F. (2018). *Das missverständene Sonderungsverbot für private Ersatzschulen* (Art. 7 Abs. 4 Satz 3 Halbsatz 2 GG). Duncker & Humblot.
- Brown, B., & Nikolai, R. (2024). The contestation of policies for schools during the Covid-19 crisis: a comparison of teacher unions' positions in Germany and Australia. *Compare: A Journal of Comparative and International Education*, 54(4), 679–697. <https://doi.org/10.1080/03057925.2022.2124846>
- Busemeyer, M. R. (2015). *Bildungspolitik im internationalen Vergleich*. UVK. <https://doi.org/10.36198/9783838544090>
- Capoccia, G., & Kelemen, R. D. (2007). The study of critical junctures. *World Politics*, 59(3), 341–369. <https://doi.org/10.1017/S0043887100020852>
- Forsey, M., Proctor, H., & Stacey, M. (2017). A most poisonous debate. In T. Koinzer, R. Nikolai, & F. Waldow (Eds.), *Private schools and school choice in compulsory education* (pp. 49–66). Springer. https://doi.org/10.1007/978-3-658-17104-9_4
- Gingrich, J. (2011). *Making markets in the welfare state*. Cambridge University Press. <https://doi.org/10.1017/CBO9780511791529>
- Helbig, M., Nikolai, R., & Wrase, M. (2017). Privatschulen und die soziale Frage. *Leviathan*, 45(3), 357–380. <https://doi.org/10.5771/0340-0425-2017-3-357>
- Idel, T.-S., & Ullrich, H. (2017). *Handbuch Reformpädagogik*. Beltz.
- Mahoney, J. (2000). Path dependence in historical sociology. *Theory and Society*, 29(4), 507–548. <https://www.jstor.org/stable/3108585>
- Morris, A. (2024). Inequality and education in Australia. *The Economic and Labour Relations Review*, 35(2), 221–242. <https://doi.org/10.1017/eler.2024.18>
- Nikolai, R. (2020). Vertragsschulpolitiken in England und Neuseeland. *Zeitschrift für Pädagogik*, 66(2), 251–269. <https://doi.org/10.25656/01:25794>
- Nikolai, R., & Brown, B. (2025). Regulating and financing of private schools in Germany, Austria, and Switzerland. In A. Zancajo, C. Fontdevila, H. Jabbar, & A. Verger (Eds.), *Research handbook on education privatization and marketization*. Edward Elgar.

- Nikolai, R., Gawert, M., & Saur, L. (2025). Schulpolitik in Berlin. In B. Höhne & S. Bröckler (Eds.), *Politik und Regieren in Berlin* (pp. 351–370). Springer VS. https://doi.org/10.1007/978-3-658-47137-8_15
- Nikolai, R., & Helbig, M. (2019). Der (alte) Streit um die Grundschulzeit. *Zeitschrift für Grundschulforschung*, 12(2), 289–303. <https://doi.org/10.1007/s42278-019-00054-7>
- Nikolai, R., & Koinzer, T. (2017). Long tradition, moderate distribution and growing importance. In T. Koinzer, R. Nikolai, & F. Waldow (Eds.), *Private schools and school choice in compulsory education* (pp. 81–97). Springer. https://doi.org/10.1007/978-3-658-17104-9_6
- Nikolai, R., Wrase, M., Kann, C., & Criblez, L. (2018). Wirkungen von Bildungsregulierung im Vergleich. *Zeitschrift für Rechtssoziologie*, 38(2), 272–303. <https://doi.org/10.1515/zfrs-2018-0019>
- Pierson, P. (2000). Increasing returns, path dependence, and the study of politics. *American Political Science Review*, 94(2), 251–267. <https://doi.org/10.2307/2586011>
- Sass, K. (2024). *Die Politik der Gesamtschulreform*. Beltz Juventa. <https://doi.org/10.3262/978-3-7799-7798-8>
- Sherington, G., & Hughes, J. P. (2015). Money made us. In H. Proctor, P. Brownlee, & P. Freebody (Eds.), *Controversies in education* (pp. 157–173). Springer. https://doi.org/10.1007/978-3-319-08759-7_14
- Sinclair, M. P., & Savage, G. C. (2024). A new funding policy settlement for Australian schooling. In K. Beasy, M. Maguire, K. te Riele, & E. Towers (Eds.), *Innovative school reforms* (pp. 15–35). Springer. https://doi.org/10.1007/978-3-031-64900-4_2
- Spaull, A. D. (2001). The Australian teachers' federation (1921–1991). *Critical Studies in Education*, 42(1), 93–109. <https://doi.org/10.1080/17508480109556378>
- Wiborg, S. (2009). *Education and social integration*. Palgrave Macmillan. <https://doi.org/10.1057/9780230622937>
- Wilkinson, I. R., Caldwell, B. J., Selleck, R. J. W., Harris, J., & Dettman, P. (2006). *A history of state aid to non-government schools in Australia*. Department of Education, Science and Training.
- Wrase, M., & Helbig, M. (2016). Das missachtete Verfassungsgebot—Wie das Sonderungsverbot nach Art. 7 II 3 GG unterlaufen wird. *Neue Zeitschrift für Verwaltungsrecht*, 35(22), 1591–1598. <https://hdl.handle.net/10419/176892>
- Zehavi, A. (2012). Veto players, path dependency, and reform of public aid policy toward private schools. *Comparative Politics*, 44(3), 311–330. <https://www.jstor.org/stable/23212799>

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits any noncommercial use, sharing, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if you modified the licensed material. You do not have permission under this license to share adapted material derived from this chapter or parts of it.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

