

THE COMPETITIVE EDUCATION INDUSTRY
CONCEPT AND WHY IT DESERVES
MORE SCRUTINY

John Merrifield and David Salisbury

The present U.S. education system is shaped by a political process in which constituents collectively determine how to produce education. Political campaigns, lobbying, and voting establish schooling options, how to pay for them, and determine the rules governing access to each school. Competitive markets, in contrast, use tools like contract enforcement, profit-loss, and choice among competing alternatives to decide what is produced, how it is produced, and how much it will cost. A market process, therefore, would not just revise the rules governing access to existing schools, it would also determine what new schooling options would exist in the future.

In the United States, the K-12 education system contains all of the inefficiency and stagnation symptomatic of collectively run enterprises. Low quality, high costs, a lack of innovation, and misaligned or even perverse incentive structures are the most apparent problems plaguing the U.S. system. All of these problems are the result of the political accountability and collective management process that drives the system.

Thousands of reforms and hundreds of millions of dollars worth of tinkering with the system have failed to yield any significant improvements. Consequently, the bureaucratic and political control of public schools has come to be increasingly recognized as the root of the problem. Indeed, several states (as well as a number of countries) have enacted reforms intended to instill market processes into the education enterprise. Unfortunately, none of these reforms contain all (or even many) of the key elements of a competitive education industry, and are, therefore, too limited in scope and too tightly

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John Merrifield is Professor of Economics at the University of Texas, San Antonio. David Salisbury is Director of the Center for Educational Freedom at the Cato Institute.

regulated to serve as a model of what a true market would be like. These reforms do, certainly, benefit a few children and they can foster some helpful, limited rivalry, but the system still lacks the key elements of a competitive market; the revisions cannot bring about the real competition and market forces that exist in most other sectors of the economy.

Key Elements of a Competitive Education Industry

Limited school choice reforms such as modest tax credits or narrowly targeted vouchers cannot establish a CEI. At most they yield some limited rivalry effects. A true CEI requires at least the following elements: (1) minimal regulation of private schools, (2) unbiased, low formal entry barriers, (3) opportunity to specialize, (4) low informal entry barriers, (5) nondiscrimination in funding, (6) minimal uncertainty about the scope of the market, (7) no price controls, and (8) a minimal number of informed and mobile customers.

Minimal Regulation of Private Schools

To prevent fraud and promote efficient disbursement of any tax revenues that parents can use to defray private schooling costs, governments must establish school eligibility criteria and payment policies. It is imperative, however, that these administrative necessities not lead to regulatory strangulation of market forces. Administrative efforts must prevent fraudulent use of vouchers or tax credits in an accurate, timely manner. Otherwise, only rules that apply generally to businesses and nonprofit producers are appropriate; rules like building codes, zoning, safety, and anti-discrimination laws. Recognition of private accrediting organizations may be sufficient for the government to ensure that only genuine, law-abiding schools receive tax dollars.

It is important that decisionmakers and activists recognize the serious consequences of having the government go beyond the bare minimum of oversight needed to efficiently disburse funds and deter fraud, and separately to manage the government-owned schools. To prescribe in detail what the vast majority of families will generally demand anyway has few benefits and high costs. Such micromanagement would eviscerate key CEI processes. Neglect of socially valued subject matter by some families, and tolerance of some unpopular differences in what is taught, is much less costly (Arons 1997).

Unbiased, Low Formal Entry Barriers

To accelerate the development of a diverse menu of schooling options and maximize the rate of improvement, freedom to enter the

arena (start a school) on equal terms with other school operators is critical. Equal terms in this context means identical treatment by the government. The ability to enter the market is the most critical ingredient of a CEI.

Freedom to enter, the potential financial imperative to exit, and the pressure to innovate and build a reputation is especially relevant to profit-seeking entrepreneurs. Nonprofit school operators have different funding sources and incentives (for example, to serve a particular clientele or promote a certain curriculum). In combination with the price movement discussed in greater detail below, freedom to enter and exit allows profit-seeking school entrepreneurs to serve as all-important barometers of changing costs, schooling preferences, and related competing investment opportunities. Absent debilitating entry-exit barriers, entrepreneurs will innovate to create new market niches, or seize additional market share in existing niches by cutting costs, or by pushing prices downward by intensifying competition. Higher prices are a natural response of profit-seeking entrepreneurs to increased demand. But with freedom to enter, the price increases that prevent shortages also attract additional entrepreneurs. That will gradually, at least partially, reverse the initial price increase. Federal Reserve Chairman Greenspan described this critical general process in recent congressional testimony: “That increase in competitive pressure, *as history has amply demonstrated*, with time, returns markups to more normal levels” (Greenspan 2004; emphasis added). The extent of reversal depends on how market growth changes production costs.

Freedom to enter is especially important in the areas that are too sparsely populated to support a large number of schools. Economists have shown that market share contestability with only a few sellers at any one time, though not as good as many buyers and sellers, still produces reasonably competitive behavior (Morrison and Winston 1987: 53–66, Borenstein 1992: 45–74, Baumol, Panzar, and Willig 1982).

Freedom to enter also ensures against long-term imbalance between demand and space at certain types of schools. Otherwise, such imbalances produce waiting lists and lotteries or “highgrading” (a fisheries term that aptly describes schools’ tendency to address excess demand by keeping only the best “catches” and tossing the rest back). Waiting lists also tempt producers to save money by letting product quality deteriorate. But freedom to compete for market share prompts newcomers to imitate and improve popular schooling practices. The arrival of copycat entrepreneurs eliminates the inefficiency of waiting lists and tuition levels that overstate production costs. In

addition, freedom to enter prevents highgrading and the inequity of permanently higher tuition.

By preventing chronic space shortages and waiting lists, freedom to enter helps deter racial and ethnic discrimination that is already illegal, and should absolutely remain so. When there are waiting lists, exclusions do not reduce enrollments, which means that bigots can practice unprosecuted discrimination for free. True discrimination (bigotry-based denial of enrollment requests) excludes students compatible with a school's mission and specific capabilities. The resulting revenue loss to school operators would help deter bigoted behavior. The law of demand applies to bigotry. Bigots will discriminate less the more that it costs them.

Opportunity to Specialize

The benefits of specialization are key reasons to limit regulation of private schools only to rules needed for accurate, timely disbursement of government payments and for fraud prevention. The opportunity to specialize underpins the exploitation of producer comparative advantage, and the ability to experiment, innovate, and adjust to changing costs. School operators must be free to exploit the many important differences in educators and address student diversity with specialized schooling options.¹ Freedom to enter motivates them to do so. Limits on the formation of new schools and limits on what schools can offer reduce competitive pressures. And when parents pick from a menu of schools with largely uniform policies,² there will be oversubscribed, better schools, and unpopular schools that contain the children excluded from the better schools. Genuine opportunity to specialize allows every school to be the most popular with a subset of families large enough to generate sufficient financial support.

Attempts to reconcile student diversity with school attendance area policies have led to limited specialization within large schools. *The Shopping Mall High School* explains why a policy that offers specialized academic programs in mall-like, comprehensive mega-schools is inferior to specialization by separate, autonomous, smaller schools (Powell, Farrar, and Cohen 1985). The impersonal nature of large schools overwhelms some children and makes it easier for children to succumb to peer pressure and other temptations to opt out of the

¹Differences in what is taught include extracurricular programs; differences in how it is taught include cost, staff qualifications, uses of technology, approach to discipline, and opportunities for parental involvement.

²Plank and Sykes (2003: x) refer to these uniform school policies as "standardized public educational provision." Brown (1992: 287–300) calls them "comprehensive uniformity."

challenging courses. And large, complex schools lack the flexibility to address change, which ultimately limits the extent of specialization and the quality of instructional efforts. Furthermore, large, complex schools struggle to develop cohesive staff united behind a clearly defined, compelling mission. Complexity and its handmaiden, corruption, also result from specialization within large everything-for-everybody institutions rather than smaller, independent specialized institutions. As Lydia Segal points out in her recent book about corruption in public schools, larger institutions are more prone to corruption. She notes, “as new programs were added, districts had to hire more classes of employees, negotiate with a wider variety of vendors, and bargain with more unions” (2004: 49). Eliminating corruption in such large, complex, bureaucratic organizations is enormously difficult.

Because of the inevitable correlation between income and the ability to pursue the best available schooling, uniformity plus choice yields the socioeconomic sorting or “stratification” of student peer groups decried by many analysts of school choice programs.³ Indeed, stratification is a predictable result of parental choice among highly regulated, relatively uniform school choices. Housing prices will reflect the proximity of the premium versions of the relatively uniform choices. If all schools have the same schedule, program, and staffing, choice means that remaining differences like student body composition will dominate school choices. The wealthiest families will cluster around the premium versions of the relatively uniform choices and middle-income families around the medium versions. The result is stratification. A menu of specialized school choices would decrease stratification by increasing the number of dimensions in which schools differ. They would no longer have the same schedules, programs, and staffing. Program preferences would dominate most school choices, and families of different income levels would quite frequently choose similar programs. Eventually some families would shun the specialized approach of a particular school for one child, but prefer it for another.

Low Informal Entry Barriers

In addition to the formal entry barriers discussed earlier, informal barriers to entry can deter school operators from expanding existing schools or opening new ones. School policies that indirectly limit the formation of new private schools are typically at least as devastating as

³See, for example, Epple and Romano (2003) and Figlio and Page (2003).

formal barriers to new schools and explicit limits on what schools can do. For example, existing parental choice programs typically undermine competitive pressures by funding children who attend public schools much more generously than those attending private schools. Discrimination against private school users diminishes the incentive to start a private school, and makes it more difficult to attract students to new private schools. More generous funding of public school users means that private schools can only survive if they can produce a competitive service with a smaller per student budget. Rules that discourage private spending on schooling limit the kinds of private schools that can be formed.

Nondiscrimination: Per Child Funding for All Schools on the Same Basis

Nondiscrimination means that the same amount of taxpayer money should support a particular child, regardless of family income, at the public, private nonprofit, or private for-profit school selected by the child's parent.⁴ That occurs only if parental choices allocate 100 percent of the taxes collected to support primary and secondary schooling.⁵ Parental control of subsidy allocation establishes the freedom to enter as well as the financial basis for exit. Schools that fail to attract enough students will have to change management, or close.

Narrow targeting of vouchers or tax credits, and preferential government funding for children enrolled in government-owned schools severely undermines market forces. While undermining competition hurts everyone, it hurts the poor the most. Therefore, the poor have the most to gain from market-based reform. Mark Harrison, Andrew Coulson, and others directly make the case that "the best way of helping the poor is to allow all families to participate" (Coulson 2004).⁶ And as noted in *The School Choice Wars*, "Varying benefits by income makes the policy an income redistribution program, not an education program, and it raises a compelling practical issue. The political process typically ensures that 'programs for the poor (when low-income families contribute relatively little and receive relatively more per capita) become poor programs'" (Merrifield 2000: 50–51).⁷

⁴Note that this definition of "formally equal" does not preclude more taxpayer funding for some children. Additional tax dollars for older children and special needs children are especially appropriate and likely.

⁵Some taxpayer funds will have to pay for enrollment monitoring, disbursement of funds to schools, and prevention and detection of fraud.

⁶Also see Harrison (2004), Friedman quoted in West (1996: 7), and Merrifield (2001).

⁷The insightful phrase in single quotes surfaces frequently. Milton Friedman said he heard

Minimal Uncertainty about the Scope of the Market

Entrepreneurs demand a high degree of certainty about the scope of the market as a whole. Uncertainty about key sources of financial support, the political support for key legislation, or key programs' ability to withstand legal challenges is a major psychological barrier to entry. Such uncertainty severely shortens the investment payback period that financial supporters will tolerate, perhaps to the point where potentially attractive long-term investments become too risky, leading to no entry, or fundamentally altered entry. For example, entrepreneurs may forgo what is possible with new school buildings in favor of more limited possibilities in existing rental space.

No Price Controls

Price control is a key shortcoming of the present K-12 system. By law, the public schools used by nearly 90 percent of schoolchildren cannot charge tuition. Since there is no charge to enroll a child in a public school beyond taxes that are due irrespective of school attendance, the zero tuition policy is a price control with the per-student enrollment price to families set at zero. Moreover, since market forces do not directly influence the per child payment to school operators, the public school per child funding level determined by the political process also amounts to a price control.

Price controls are part of most parental choice programs because most programs require schools to accept the government funds as full payment. Only Florida's McKay program for special needs children and the Cleveland program allow privately funded add-on tuition or fee payments, and Cleveland caps the allowed add-on at a very small amount.⁸ Add-on bans directly narrow the school choice menu to programs that cost less than the per child allotment of government funds. In a truly competitive setting, management can adjust prices as necessary to respond to market forces.

Price changes signal which education services are most sought af-

it in a 1972 debate on Social Security from Wilbur Cohen, Secretary of Health, Education, and Welfare during the Johnson administration. It still appears frequently—for example, in Romer (2002: 65).

⁸Terms like “private copayments,” “private topping off,” and “topping up” are synonymous with add-ons. Each term refers to parents making up the difference between a student's taxpayer-funded support and the higher cost of tuition at the school preferred by his or her parents. For example, suppose the government funds \$5,000 per child vouchers. A family that prefers a school that charges tuition of \$7,000 per child pays the tuition with the voucher and \$2,000 of its own money.

ter, and they provide the wherewithal and incentive to produce more of those services. Some services cost more than others, and some cost a lot to develop and launch. Without freedom to determine price, many potentially effective forms of specialization either become infeasible or unattractive to educators. Once an innovation has taken hold, experience and competition bring costs down. But without freedom to charge a relatively high price in the early stages of an innovation, many new ideas would never get onto the drawing board, much less into a classroom. The ability to charge an above-average price for schooling innovations accelerates the imitation, refinement, and diffusion of popular innovations. There are at least nine major reasons to allow add-ons (Merrifield 2004).

1. Equity. Everyone pays school taxes, so everyone should enjoy the benefits even if they want to buy more private schooling than their share of the tax dollars will let them.
2. The freedom to add-on expands the choices available, and harms no one. Some children learn more without other children learning less, and society benefits when anyone learns more.
3. When public schools receive more government funds per child than private schools, the opportunity to add-on expands what private schools can offer, and thus creates a more level playing field between public and private schools. Even in an ideal non-discrimination situation, the opportunity to add-on offsets some of public schools' incumbency advantages.
4. Add-ons increase K-12 funding without higher taxes.
5. Parental involvement. Parents choose more carefully when there is an out-of-pocket cost (Coulson 1999).
6. Efficiency. Price movement is a primary market mechanism. Without add-ons, price (tuition) changes can only reflect political forces. When parents cannot add-on, prices cannot move to reflect market forces. Price movement is how markets signal relative scarcity, motivate producers and consumers, and allocate resources. A price control—the effect of banning add-ons—is an extremely debilitating, anti-competitive factor.
7. Innovative practices are often quite expensive at first. Unless educators can charge an add-on, many innovative practices will never get off the drawing board.
8. Product quality suffers when price controls create chronic shortages. Quality reduction is an indirect price increase.
9. Price controls have a long history of costly failure—indeed, they nearly aborted the American Revolution.⁹

⁹According to Shuettinger and Butler (1979: 41), “After the disastrous winter at Valley

A Minimum Number of Informed and Mobile Customers

Relatively few customers can make the difference between profit and loss. Though a CEI can exist even if there are relatively few parents with a solid awareness of the education options and the mobility to patronize a strongly preferred option, it may take a mixture of private and government-provided information sources to reach the minimum threshold of customer awareness and access. Certainly, the government's role as an information provider will become an issue in the process of establishing a CEI.

Why the CEI Concept Deserves More Scrutiny

There is growing dissatisfaction with the results of the political processes that dominate the schooling production decisions and access issues throughout most of the world. Because efforts to wring much-improved results from existing governance and funding practices have generally been short on tangible academic improvements and long on cost and frustration,¹⁰ there has been growing interest in alternatives. A genuine market accountability process is the real alternative; it's the only way to avoid the pitfalls of the present system. Market accountability has a strong general track record, including in primary and secondary education during the historical periods when some countries had market-based school systems. But inertia and fear of change demand a higher level of understanding of the market accountability alternative.

Discussions of market accountability also make it harder to dodge or cloud the core education policy issue, which is that we have an abysmally low performing system. But policymakers have yet to collectively recognize that. Instead, they have tinkered with existing

Forge when Washington's Army nearly starved to death (thanks largely to these well-intentioned, but misdirected laws), the ill-fated experiment with price controls was finally ended." The Continental Congress on June 4, 1778, adopted the following resolution: "Whereas . . . it hath been found by experience that limitations upon the prices of commodities are not only ineffectual for the purposes proposed, but likewise productive of very evil consequences to the detriment of the public service and grievous oppression of individuals . . . resolved, that it be recommended to the several states to repeal or suspend all laws or resolutions within the said states respectively, limiting, regulating, or restraining the Price of any Article, Manufacture, or Commodity."

¹⁰Prominent education analyst Eric Hanushek (1997: 23) noted: "We have been in the midst of reform for decades." Seymour Sarason (1997: xii) found that "whatever remedial measures were taken, . . . the system seemed intractable to change." "Parents are tired of waiting for glacial reform in public schools." The *Cincinnati Enquirer* on September 1, 1998, noted: "Popular school reform cannot be stopped." Milwaukee describes its reform efforts with terms like "decades of frustration" (White 1999: 34).

processes, occasionally implementing narrowly targeted parental choice aimed at shuffling children among existing options. Such tinkering implies that the education system has isolated problems, but serves most families well. Since their policy proposals cannot significantly change the status quo, they implicitly sanctify the present dysfunctional system. Discussions of a system without significant entry barriers would force policymakers to consider how market forces would transform the school choices.

The parental choice that is the key element of market accountability would also eliminate much social conflict over the content of instruction. Current centralized education policymaking creates strong incentives to invest in lobbying and political action to prevail in the battle over whose views determine what millions of children should be taught. The effect of such battles is to create politically correct, dysfunctional curricula and textbooks, and to force what many families regard as offensive indoctrination on children from families that lack the financial means to opt out of the public school system. Stephen Arons's 1997 book, *Short Route to Chaos*, documented the devastating consequences that political control of instruction policies has had on our public schools. When education is governed by politics, polarization and divisiveness become the norm.

Finally, a key argument for greater scrutiny of CEI issues is potential slander and distortion of the CEI concept by imagined or misleading evidence. Careless references to *competition* and *market forces* are a major source of confusion. For example, extremely constrained rivalry in Milwaukee (and elsewhere in the United States), New Zealand, and Chile, and between entrenched traditional public schools and a few chartered public schools, are often cited as trustworthy evidence of what competition would produce.¹¹ Disappointment with the highly constrained programs could taint the good name of choice and reduce the political feasibility of proposals that would actually establish CEI conditions.¹²

Some CEI Issues to be Addressed

Getting professional researchers to shift resources to CEI research issues may be difficult. Examining competitive education industries is

¹¹See, for example, Howell and Peterson (2002), Fiske and Ladd (2000), Reich (2000), Lasley and Bainbridge (2001:38, 42), Hochschild (2000), *Education Matters* (2001), Godwin and Kemerer (2002), Hsieh and Urquiola (2003), Carnoy (2000: 15–20), and Ladd (2002: 3–24).

¹²For example, many states have delayed or shelved electricity deregulation because California's mistakes have given *deregulation* a bad image.

somewhat like leaving the comfort and safety of the interstate highway system to explore an unmarked four-wheel drive (4WD) route. On the interstate, the pavement is smooth and the entry and exit points are well marked. Except for peak periods in high traffic zones, travel is swift and destinations are attained with a high degree of certainty. It doesn't take a special vehicle. Like the interstate, existing programs and systems generate data to plug into well-known models to generate findings with a high probability of publication in a respected journal. Naturally, that's very attractive to career-minded researchers.

The 4WD route takes a special vehicle, extra time, and there are a lot of risks. Likewise, it is not easy to study something that does not exist. There are historical examples of CEIs, but data are scarce, and their contemporary relevance will be questioned. Indirect evidence (for example, from some of the many industries that are competitive) is less compelling than direct evidence from contemporary education systems. Theoretical models are too abstract for some people to grasp, and less compelling when there are no contemporary data to test them. The resulting "studies" are not as readily published, especially some that, by necessity, aim to identify issues and clarify problems inherent in studies limited to misleading existing data. Those difficulties notwithstanding, we have to get some of the special vehicles off the interstate. Perhaps by smoothing over some of the worst bumps, and advertising the scenery, solitude, and potential for adventure, some special scholars will spend more of their time using theoretical models, indirect evidence, and historical examples to explore what a CEI would mean, and in the process put it on the map.

Specifically, explorations of parental choice need to go beyond what can be learned from the existing, limited programs. One recommended avenue is theoretical models that describe the likely effects of large, unrestricted programs, and by adding restrictions to the model, facilitate comparison of the effects of large, unrestricted programs to programs now in place. High-speed computers can combine millions of simulations into useful policy assessments.

School reform discussions employ the term *competition* to describe a wide range of different kinds of rivalry. The differences are quite important, and need much more scrutiny and discussion. For example, theoretical and empirical analyses of rivalry between political jurisdictions like school districts need to shed much more light on what can reasonably be expected from that type of competition. Studies of rivalry between political jurisdictions date back to at least the seminal article of Charles Tiebout (1956). A more recent article by Caroline Hoxby (2000) demonstrated that such rivalry yields note-

worthy benefits. The K-12 “Tiebout effects” of deliberate policies like district consolidation and natural factors like residential choice need to be more closely examined and more widely discussed. Differences between possible and likely effects of Tiebout competition and market competition need to be ferreted out from the existing literature and then applied to the K-12 reform debates. So-called competition between traditional public schools and chartered public schools needs to be subjected to much more systematic study, if only to clarify the differences between the likely effects of chartered schools and varying degrees of market competition between private schools. Likely behavior of government-owned establishments like public schools under pressure from new private schools if the financial playing field between them were level is a huge issue subjected to little systematic study.

One of the articles in this volume addresses the issue of specialization by schools, but it just scratches the surface of what scholars need to address. A previous article by Byron Brown (1992) argues that parents want one-size-fits-all schools because “school choices are lumpy (lots of all-or-nothing choices) and fraught with uncertainty.” According to Brown, parents demand “comprehensive uniformity” to eliminate the time costs and potential for error inherent in a diverse school menu. Thus it remains a bone of contention just how much and what kinds of specialization will result from the consumer sovereignty effects of parental choice.

Brown also alleges that parents prefer specialization within comprehensively uniform, large schools to specialization by small, autonomous schools. Certainly, the differences in those approaches to student diversity and the differences in educators’ comparative advantages deserve much more scholarly scrutiny than the excellent 1985 discussion of *The Shopping Mall High School* (Powell, Farrar, and Cohen 1985). It will be quite a modeling challenge to formally introduce specialization into economic models.

The discussion of historical examples of CEIs in Andrew Coulson’s *Market Education* (1999) illustrates the availability of several potentially rich sources of CEI-relevant information. There is a significant need for greater scrutiny of the market-based education systems embedded in thousands of years of world history.

There are also a number of political economy issues that lean toward the political dimension. For example, what are the key political feasibility barriers? In other words, what are the needed legislative packaging, coalition-building, and voter education efforts? Research could also develop ways to prevent transition costs and uncertainties from undermining critical support for CEI-based reform. For ex-

ample, what kinds of assurances might reduce teacher opposition enough to permit passage of CEI legislation? How much would they cost? What about some form of insurance against the property value loss that might result when a home in a particular neighborhood no longer guarantees enrollment in a preferred school? That could greatly reduce suburban resistance to school choice.

Perhaps the most critical political issue of all is where to start the “wildfire” (Milton Friedman’s term for the eventual political result of achieving CEI conditions anywhere).¹³ States and metropolitan areas differ widely in the factors that would support the ignition of the wildfire. Certainly, we can learn a lot from failures to ignite the wildfire. What were the key factors underlying the various failures? Where do the best conditions exist now?

The issue of whether limited programs pave or block the way for CEI-type programs deserves much more attention. Actually, since there are already limited programs, and more to come, the critical research issue is how pursuit, evaluation, and discussion of limited programs can be made as compatible as possible with the CEI objective. What sorts of policy features and advocate behaviors avoid incompatibility, and create positive feedback to support incremental progress? Indeed, a key part of the compatibility argument is confidence in incremental progress. To what extent is such confidence justified? What is the track record of incremental removal of restrictions generally and in K-12 education specifically? Likewise, to what extent are other reform strategies—for example, the standards-based approach represented most prominently by the No Child Left Behind Act—compatible or incompatible with the CEI objective, and what can be done to maximize compatibility?

A CEI would entail some degree of decentralization of decision making. How would it affect key markets that underlie K-12 education? For example, would employment of teachers by individual schools rather than school cartels called districts make teacher labor markets much more competitive? A CEI would lack the monopsony conditions that depress the salaries and working conditions of many teachers (Merrifield 1999).

Conclusion

There is much to be learned from studying a CEI, and much to be gained by learning it. But uncertainties about a CEI do not justify

¹³“I sense that we are on the verge of a breakthrough in one state or another, which will then sweep like wildfire through the rest of the country” (Friedman 1995).

delay. You only gamble when you have something to lose and given the performance of the current system, there is very little to lose. After all, what actual outcome of the current system would anyone outside the education establishment miss? Continuation of the status quo (a gold-plated disaster) guarantees outcomes that are much more costly than any potential downside of competition, tried and true.

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