

PUBLIC PROBLEMS, PRIVATE SOLUTIONS: SCHOOL CHOICE AND ITS CONSEQUENCES

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What is the best way to organize education and achieve the greatest social benefits? Specific matters as to how schools are run—such as class size, teacher certification, teacher salaries, student testing, homework levels, and the curriculum—are important, but the primary issue is whether these matters are resolved through the choices of parents in a market setting or through government decisions in the political process.

I argue that a market approach whereby schools compete and are directly accountable to parents works better than accountability through the political process. In fact, markets would fix many of the problems that afflict public education because most of these problems are inherent in government provision.

When decisions are made through a political rather than an economic process, issues are resolved on the basis of political clout and producer interests dominate. Competition from private schools is curbed because government schools receive much larger subsidies and the public sector can impose regulatory burdens on its competitors. Public education becomes overcentralized, there are few market incentives, and it is not responsive to parental demands. The results are inefficient and inequitable. Delivered through the political process, public education makes it difficult to encourage good teaching, harms the poor, and stunts innovation.

A market system in which suppliers are directly accountable to consumers would be the best means of encouraging good teaching, fostering innovation, and meeting the needs of disadvantaged students. Some benefits can be derived by instituting partial reforms that increase competition facing public schools, but the largest benefits would come from a full market system, with choice for consumers and open entry for suppliers.

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The Problems with Public Provision

The poor performance of government schools is directly related to the poor incentives and lack of information inherent in government ownership. As a consequence, public provision leads to a lack of innovation, does not encourage good teaching, and disproportionately harms the poor.

Political Rather Than Market Incentives

The fundamental problem with public provision is that those who control government-owned schools (politicians and bureaucrats) do not have strong incentives or the information necessary to make efficient decisions. Instead, they pursue political, ideological, and personal objectives. As a result, the government may provide services to consumers that are valued at less than their cost of production and fail to produce more highly valued services. The needs of some groups, such as the disadvantaged, are easily neglected.

Under public provision there are no price signals to elicit and confirm consumer preferences and provide the incentive to meet them. Further, there are no direct feedback mechanisms to show whether decisions are correct or to improve performance. Often the government never finds out whether it provided the right types and amount of education.

Only a market test provides credible information on how parents value different aspects of educational quality and the relative importance they place on different educational objectives. A market test allows consumers to choose from a range of alternatives. Without a market test it is difficult to judge whether changes in public provision policies do more good than harm, and whether the changes go far enough.

Although test score statistics may give information on school academic performance, some parents may highly value factors not measured by test scores: Is my child safe? Is there a suitable music program? What if my child has a personality clash with a particular teacher? Only parents can weigh the value of these different factors. Experts may all agree, for example, that single-sex schools are better for academic achievement than coeducational schools, but some parents may prefer coeducational schools because they believe they provide better socialization. Further, the best option may depend on the particular child and family circumstances.

In the current system, decisions about public provision of education are made through the political process. This does not automatically result in policies that are in the best interest of children. For

example, those in power may wish to extend their political power or redistribute income toward their supporters. Political control of schools may be used to benefit politically powerful special-interest groups rather than please consumers, promote the public interest, or help the disadvantaged.

In the United States, the main political factor favoring in-house provision is the clout of public employee unions (Lopez-de-Silanes, Shleifer, and Vishny 1997). When politicians use government-owned firms to distribute patronage, the firms tend to become loss making, cost inefficient, overcapitalized, and have high staffing levels and inefficient work practices. Political pressures to use government-owned firms to distribute political patronage make public provision more likely and less desirable. As Hart, Shleifer, and Vishny (1997: 1146) contend, “Avoiding excessive public spending on politically powerful interest groups is indeed one of the principal goals of privatization throughout the world.”

Over the past few decades, special interests in education (which include teacher trade unions and education bureaucrats) have become better organized, have more political power, and have become more adept at using the political process. Public-sector teacher unions have a strong incentive to be politically active and influence the behavior of their employer, the government. In effect, they help elect their board of directors and management and play a role in determining the agenda for those facing them at the bargaining table (Freeman 1986: 42). The outcome of teachers’ strikes depends on the mobilization of public and political opinion, not on economic pressure (Lieberman 1997: 110). For example, the government does not lose revenue during a strike, as would a private-sector employer.

Teachers unions “try to eliminate wage competition, restrict entry to the occupation, increase demands for services provided by union members and weaken their rival service providers” (Lieberman 1997: 29). For example, unions try to prevent government subsidies to, and impose regulatory burdens on, private-sector rivals. They attempt to monopolize labor markets, and so form an obstacle to the introduction of competition and choice. It is in their interest to maintain the monopoly position of government schools and a politicized process for determining education policy.

The evidence from the United States is that the growth in unionization and the centralization of school finance toward the state, rather than the local level, were responsible for the sharp decline in student academic performance in the 1970s and 1980s—mainly through the effects on government policies (Peltzman 1993, 1996). Teachers unions increase school inputs but reduce productivity so

that their net effect is to decrease student performance. Unionization raises teacher salaries and lowers student/teacher ratios, but reduces student outcomes. The adverse effects of unions are magnified where schools are protected from competition (Hoxby 1996; Nechyba 1998; Easton 1988: 56–57).

Lack of Innovation

A second problem with public provision is the weak incentive for innovation and improved quality. Weak incentives to innovate are inherent in government ownership. As a result, spending on new technology and on research and development is low. When useful research is produced, those at the school level seldom use it. As Lieberman summarizes, “The fundamental problems with educational research are that there are no compelling incentives to conduct useful research, even to know what it would be, and no compelling incentives for educational personnel to utilize what little research of value may have materialized.”¹

Political incentives affect the type of research and development that is funded and the innovations that are adopted. For example, the power of unions often prevents the introduction of labor-saving technology. Indeed, even R&D expenditure on labor-saving technology is blocked despite its potential importance in such a labor-intensive sector.

A number of writers have commented on the lack of innovation in schooling, despite the substantial innovation in communications and information transmission and storage elsewhere in the economy.² One asks us to imagine time travelers from the 1890s visiting schools and hospitals of the 1990s and observing the difference in the use of technology. Surgeons would not recognize the modern operating theater but teachers would be immediately familiar with their surroundings (Papert 1993, cited in Caldwell and Hayward 1998: 6, 136). Education scholar Charles Murray (1997: 90) puzzles over why schools struggle to teach literacy in what should be a golden age of improvement. The lack of innovation in the public sector is often blamed on rules and bureaucratic limitations. They certainly make change difficult, but often arise because of the need to control risks imposed by decisionmakers who do not bear the costs of bad decisions.

¹Lieberman (2000). See also Lieberman (1993: 249–72; 2005) for an analysis of the problems with education research and development in a public monopoly system.

²See, for example, Lieberman (2005).

Private ownership is a better way to deal with the incentive and information problems that plague the public sector. An owner has strong incentives to make investments that improve the ways, or reduce the costs, of using his assets because the owner reaps the rewards. Without ownership, the incentives to invest and innovate are lower because the inventor must get the permission of the owner to implement the innovation and share the benefits (Shleifer 1998: 137).

Public Provision Does Not Encourage Good Teaching

Another problem plaguing public provision of schooling is that it does not encourage good teaching. Under public provision, teacher conditions are dependent on the vagaries of the political process. Winning a pay raise depends on the success of political and industrial campaigns rather than successfully satisfying customers—and often means battling against an unsympathetic government and against competing public-sector priorities, damaging teacher morale. Also, when the government bears the financial consequences of a decision, it restricts decisionmaking. The autonomy of government-owned institutions, therefore, will always be incomplete, making it difficult for schools to reward good teachers, and teaching performance is difficult to measure from outside the school.

Variables used by central bureaucracies to determine teacher pay are not related to good teaching. There is no significant correlation between formal credentials, teacher experience (after the first few years), and student learning (Hanushek 1986: 1162–65; Hanushek 1996: 17, Table 2; Harrison 2004: 196–97). In the United States, skilled teachers (as measured by student performance) are not paid more than unskilled teachers (Hanushek 2001). Those with talent are the most likely to prefer occupations for which pay is more closely related to productivity. Talented people who join the teaching profession are likely to leave when they realize superior performance brings no reward.

The empirical evidence is that autonomy in personnel matters is key to a school's success (Chubb and Moe 1990, Woessman 2001). What makes a good school is a good principal who has the power and incentive to run the school properly. Because the most important requirement for effective education is good teaching, autonomy in choosing and setting incentives for staff is vital. That is exactly what unions want to prevent. They push for centralized control over schools' personnel, how much they can pay them, and whether they can dismiss staff. For example, unions promote restrictions on disciplinary action that make it extremely difficult to dismiss incompetent

teachers, with adverse effects on the incentives and morale of the remaining teachers.

Union activity compresses salary differentials, so wages received depend mainly on formal credentials and time served and do not vary enough with performance. As a result, government schools pay teachers in high demand too little, and those in low demand too much. There are few rewards for good performance and a lack of sanctions for poor performance. Teachers who excel at their jobs or teach hard-to-teach children or hard-to-staff subjects and tasks are paid the same as if they were mediocre or could be easily replaced, which reduces their morale.

There is more to job satisfaction than money, and a number of factors can reduce the attractiveness of teaching. These factors include poor training, a lack of support and training at the school level, and an unsatisfactory work environment, including especially the bureaucratic micromanagement that denies the autonomy normally granted to professionals. Bureaucratic mandates are especially offensive to the most talented teachers.

Public Provision Harms the Poor

Finally, public provision has the unintended consequence of harming the poor. Its supporters believe that public provision promotes equality and helps low-income families. But the results in this area have been disappointing. Even the defenders of public provision often draw attention to the inequities of public schools in calls for more funding. For example, they point to

- vast inequalities within the education system;
- a large number of students who are disadvantaged attending the worst government schools; and
- many students leaving the schooling system poorly educated, lacking skills, and unprepared for future life.

In theory, government intervention helps the poor overcome their background and ensures that everyone receives an appropriate, high-quality education. But there is no reason to believe that the political process will favor the interests of poor people or reduce inequality because disadvantaged groups typically have little political power. In practice, the government fails to achieve these objectives, and then blames the failure to do so on the social background of the students. The current education system is not good at fixing or closing bad schools, and they endure, despite decades of efforts to improve them. It stifles competition, which protects poorly performing schools and

reduces the pressure to change them. The system tolerates failure, harming those in failing schools—usually the disadvantaged.

The unsatisfactory performance of the government school system affects those from impoverished backgrounds the most. A student who does not learn academic skills in the home environment is more reliant on learning them in school. There is evidence that disadvantaged students enjoy strong positive effects in good schools, but suffer strong negative effects in bad schools (Hirsch 1996: 45).

Those with parents rich enough to live where they want have some choice, and the rich can also afford to pay for private schools, which increases the competitive pressure on government schools in areas where families are well off. The poor have the fewest alternatives and the greatest need for more choice. They gain the most from switching from public to private schools (Neal 1997, 1998). Rather than expecting at-risk students to thrive in schools designed for typical students, or for all schools to reorganize to cater to small minorities, what is needed is more choice and specialization.

How a Competitive Market Will Fix the Problems with Public Provision

The key to improving the education system is to move away from public provision to a decentralized competitive market—where families can choose between competing, specialized, autonomous suppliers (see Merrifield 2005). A market system would overcome many of the problems with public provision. Giving parents the freedom to choose will benefit both parents and the education system. It would boost educational innovation, lift up the poor, encourage better teaching, and promote parental involvement.

The Case for Market Reform

A market system moves decisionmaking from government agencies to the family and to the school level—where the incentives and information are superior. Schools are directly accountable to parents, rather than indirectly through the political process. Power shifts from producers to consumers. Choice is about abolishing restraints on families and increasing their options—options that families will only take up if they become better off.

The market-based approach relies on choice and competition to increase incentives to perform, improve, and change (Finn and Kanstoroom 2000: 53). The market harnesses self-interest and coordinates widespread knowledge to deliver better services at a lower cost than

government provision. Decentralized decisionmaking makes sense because individuals have the strongest incentive and best information to further their own interests.

Market accountability means that parents would determine the menu of education options, but control over individual schools would be in the hands of producers. Schools would have both the autonomy and incentive to dramatically improve schooling. In a market system, schools are free to experiment. Schools can spend more, rely on outside experts, or adopt standards if they think that will improve performance and attract students.

Competing schools of choice must attract students to survive, and their viability would depend on seeking out and satisfying market demands. Specialized offerings would meet parents' preferences. Schools running themselves and being directly accountable to parents would, in general, lead to the best results for children. Those at the school level are in the best position to judge their own circumstances and needs. Parents know their child best, care the most, and bear the cost of bad decisions. They have much information that the central authorities do not. Many important aspects of schools (such as the general school atmosphere, the nature of its discipline, and the quality of its teaching) can only be judged at the school level. And such judgments will also vary for individual students. What works well for some children will work badly for others. Parents can continually monitor and receive feedback on the effect of a particular school or type of schooling on their child.

Mayer and Peterson (1999) examine the evidence on the effects of a number of standard reform proposals, such as more rigorous math and science courses, class size reduction, additional years of schooling, vouchers for poor students to attend private schools, and rigorous external examinations. The particular proposals they examine have similar benefits, but their costs vary widely. For example, class size reductions are very expensive, whereas a voucher program saves money, since the subsidy for the students to attend a private school is less than the cost of educating them in government schools.

One of Mayer and Peterson's main points is that each reform may have a substantial effect, but alone will not transform the education system. A combination of reforms needs to be adopted. Movement to a market system may do exactly that. A market system will produce the reforms with the highest returns: more poor students attending private schools and, in response to parental preferences, a reversal of the movement away from rigorous curricula and external examinations. In contrast, the political process often favors high-cost reforms with more modest returns (e.g., lower class size and more years of schooling).

The Market Process: Incentives for Efficiency and Diversity

A market arrangement uses competition, choice, the price mechanism, and the profit motive to provide incentives and coordinate behavior so as to use available resources for their most valuable purposes, as judged by consumer willingness to pay. Freedom to choose checks the power of the state, allows for diversity, and encourages suppliers to develop and adopt innovations that consumers value.

A universal voucher of a substantial amount would give all families the choice of private schooling and would encourage the development of the private sector. A large private sector would provide increased competition for public schools and a source of diversity in educational opportunities. In the absence of outside competition, the government system has little incentive to adopt desirable reforms and is subject to political pressures not to. Even the limited competition sometimes permitted between government schools and between a fringe private sector and a dominant state system improves public school performance (Harrison 2004: 293–6). Studies of schools subject to some market incentives (private schools, the for-profit sector, and charter schools) in the United States demonstrate how the market satisfies diverse preferences, stimulates innovation, and has a strong customer focus—often addressing needs neglected by the public system (Harrison 2004: 297–309).

Market Accountability Fosters Innovation

Competition in education, as in all markets, enables small-scale experiments. It rewards successful ones and discards unsuccessful ones. Moreover, competition gives rise to pressure for continual improvement, to reduce costs and provide better products—or lose market share to competitors who do these things. Successful practices are quickly copied. Firms have the incentive to experiment with and adapt new approaches and to replace ineffective approaches with better alternatives. Firms that do so will earn higher profits (through more students, higher fees, or lower costs). Firms that do not will earn lower profits, and ultimately their survival will be threatened. Even a private firm with a monopoly faces capital market pressure to improve, or risk takeover by someone who can run it better. Competition can force schools to adopt changes that benefit consumers, even if they make producers as a whole worse off.

In a market system, innovations must meet the market test. Innovations will only survive if they are better than the alternatives for at least some consumers. The market gives feedback on, and the incentive to respond to, how consumers value changes. The market

involves continual testing against alternatives. It reacts to changing circumstances and permits incremental changes and tradeoffs.

The Market Encourages Good Teaching

A competitive market is likely to change the structure of pay and the type of person attracted to the teaching profession. Hoxby (2001: 57) points out that economic theory

predicts that schools that faced stronger competition would favor teachers who raised the schools' ability to attract students. These schools presumably would strive to attract and retain teachers who were especially talented or hard-working or who possessed rare skills. In turn, you would expect their tolerance for less effective teachers to wane. You would expect, in fact, that teaching would be transformed into a true profession, where workers are rewarded not only on the basis of seniority but also on the basis of their skills and performance.

In a market system, wages are likely to be more closely related to performance. The prerequisites are in place—performance of teachers varies widely and good performance can be measured at the school level (for example, by the principal). The result is likely to be increased salary ranges and rewards for good teaching—which in turn will encourage better teaching.

Performance-related pay would encourage talented individuals to join and stay in the profession. The effectiveness of different compensation arrangements, teacher hiring practices, training methods, and institutional structures would be decided by open competition.

One objection to performance pay is that teaching performance is difficult to measure objectively. Another is that it is difficult to disentangle the effects of previous education, other teachers, and non-school factors. Most workers in the economy are evaluated subjectively, and rewards for good performance are used in many firms where measurement of individual performance is difficult. In many firms, output reflects the contribution of many individuals and interactions with colleagues are important. In these cases of team production, individual contributions to output cannot be easily identified. In many industries, such as the health industry, outcomes are difficult to measure. Nevertheless, most workers in these areas receive merit rewards, raises, and promotions based on their bosses' subjective evaluation of performance. There is nothing wrong with subjective decisions, so long as the decisionmakers face the correct incentives.

The unions argue that performance pay saps morale by pitting teachers against one another, but it could be argued that it is more demoralizing for a hard-working and accomplished teacher to see a

lazy and incompetent colleague getting the same pay—as is often the case under current arrangements.

In a competitive environment, both management and employees at a school have an incentive to adopt changes that improve productivity in order to survive against competitors or to share in the gains. They must take account of the possibility that competitors will provide a better service at a lower price. Staff members must be concerned about the overall effectiveness of the school and the contribution of colleagues. For example, if performance pay improves the quality of the school's staff, the school improves its reputation, and the demand for its services increases—to the benefit of all staff members.

Under public provision, neither teachers nor management would benefit from an improvement in productivity. Instead, the main concern is about distributional rather than efficiency issues—the amount of spending and the share going to teachers. At the school level, poor performance may lead to additional resources. In public education, once the teaching budget is determined, more for one teacher means less for others. It pits teachers against each other.

A number of U.S. studies find competition has beneficial effects in teacher markets. Hoxby (2001) uses a random survey of schoolteachers and data on traditional forms of choice (variations in the availability of public and private school choice) and a new survey of charter school teachers and finds that school choice changes the teaching profession in significant ways. She finds:

Schools that face stronger choice-based incentives have greater demand for teachers who attended well-regarded colleges, who majored in subject areas (as opposed to education), who have math and science skills, and who put in more effort and show more independence. These schools are more likely to hire such teachers, to pay them higher wages than they would earn in schools that face less competition, and to retain them. In general, they also have less demand for certification and master's degrees. They pay teachers who hold such credentials less than similarly educated teachers earn in schools that are less choice-driven [Hoxby 2001: 59].

Hanushek and Rivkin (2001) find that more competition between public schools tends to increase teacher quality, particularly for schools serving predominantly lower-income students. And the evidence shows that private schools in the United States have better teachers than public schools despite paying less and not being unionized (Ballou and Podgursky 1997: 129–33).

Studies of U.S. private schools reveal the effects of managerial autonomy and market accountability in a competitive environment. Private schools have different hiring and compensation policies than

public schools. They have better teachers than public schools because they have policies and an environment that attract good teachers and encourage good teaching. They draw on a larger talent pool by hiring teachers with high ability and strong subject knowledge but without formal teaching credentials. Continued employment depends on classroom performance—private schools dismiss bad teachers. Teachers care greatly about working conditions. Teachers in private schools are more likely to express greater job satisfaction and strong, positive attitudes about their schools.

Market Accountability Helps the Poor

Even the defenders of public education admit that many disadvantaged students are trapped in failed schools. Unsuccessful schools are unlikely to survive in a market. It is not profitable to run schools that no one wants to attend. Poor students present a market opportunity for many for-profit firms precisely because they are neglected by the public system. The market will cater to any group of students if it is profitable to do so, something the government can guarantee with financial support for school choices. It would extend to all the kinds of choices the rich take for granted, which will benefit the poor. Resources will be more useful to poor parents if schools are directly accountable to them.

One criticism of markets is that they are inequitable because they result in stratification by ability, and low-income students without high ability will be isolated and concentrated, their problems exacerbated by adverse peer effects: the worst off become even worse off (Glennerster 1991, Epple and Romano 1998). There is little evidence that competition would result in greater segregation than under the current system. Zoning reproduces and reinforces segregation in housing and allows the rich to buy their way into good government schools by choice of residence. The evidence is that extending school choice to the poor would likely promote social integration and reduce social polarization. In the early 1990s, dezoning (choice among government schools) in New Zealand, England, and Wales reduced student segregation by socioeconomic status (Gorard and Fitz 1998; Gorard 2001; Tooley 1999; and Harrison 2004: 226–29).

The U.S. evidence is that private and charter schools are less segregated than government schools. A survey of public and private schools conducted by Greene (2000) showed that

- The racial composition of individual private schools is closer to the racial composition of the broader community in which they

are located (broader than school districts, which may be quite segregated).

- In U.S. voucher programs, students were less likely to be attending segregated schools than students remaining in public schools. The level of integration appears to be independent of whether the voucher program is explicitly regulated to promote integration. Such regulations do not appear to be necessary.

Further, private school students in the United States are in less segregated classrooms. They are

- twice as likely to be in classrooms whose racial composition is similar to the average racial composition of the nation,³ and
- less likely to be in racially homogeneous classes.

More actual mixing occurs in private than public schools and race relations are better. Private school students are

- twice as likely to sit in racially mixed groups at lunch,
- more likely to have interracial friendships (as reported by students), and
- half as likely to be in schools where racial conflict and fighting were problems (as reported by administrators, teachers, and students) (Peterson 1999; Greene 1998, 2000).

Far from increasing segregation, expanding access to private schools is likely to reduce it. Greene points out that there will be less resistance to integration in a market system because parents may have greater confidence that integration will be well managed in private schools. Surveys report much higher confidence in the safety and discipline offered by private schools and fewer racial conflicts.

Simulations in the United States find that a voucher program would promote housing desegregation by changing residential choices. A voucher program would remove the need for high-income households to leave poor neighborhoods in order to receive better schooling and reduce the difference in real estate prices between areas with better schools and lesser performing alternatives.⁴ A voucher severs the link between the choice of where to live and where to send your child to

³Evidence on the racial composition of the schools' broader community was not available for the classroom data.

⁴See Nechyba (1998, 2000), Heise and Nechyba (1999). Nechyba (1998: 18) estimates that in the United States, school district considerations are responsible for half of real estate price premiums.

school and so removes the segregating effects of “selection by mortgage.”

A market system provides more diversity so that less emphasis is placed on socioeconomic status and race. In fact, it helps bring together new communities. Parents will choose schools where other parents have similar tastes. To the extent they choose on the basis of shared values, special needs, educational philosophy, discipline, religious denominational instruction, single-sex schooling, sports, music, and so on, there will be more sorting according to these tastes and less segregation by income and ability. Specialized private schools will draw people from different backgrounds and neighborhoods. Further, if parents care about social mixing and diversity, they will deliberately choose schools that offer a diverse student body and the opportunity for their children to mix with different types of students.

Even if competition from private schools did increase segregation, and peer effects were important, Ferris and West (2000) point to the evidence that private schools substantially reduce drop-out rates and argue that a reduction in drop-out rates from greater school choice will improve both equity and efficiency—and is likely to more than offset any adverse effects of a peer group on equity. Further, students will gain access to a wider variety of schooling opportunities that allows a better match between educational interests, need, and educator strengths.

Market Accountability Boosts Parental Involvement

A further benefit from choice is increased parental involvement and a strengthened role for families. Education is a partnership between family and school. Like any partnership, it works better if the parties choose each other. Parents of children in school choice programs are more involved with their children’s academic programs, participate more in school activities, volunteer more in their children’s schools, communicate more with teachers, and help more with homework (Vassallo 2000). Greater choice also makes parents more interested in their child’s school (Hoxby 1999: 299–300).

When parents choose to send their children to a school, it implies a level of commitment. Seeking out a suitable school engages parents. Further, paying fees encourages parents to monitor schools more closely. People pay for what they value and value what they pay for.

Greater involvement in schooling by parents makes their children perform better. The benefits to children from having their parents more involved are just as large from parents of low education and income as from parents with more education and income (Morse 2002: 161–64; Hoxby 1998; Nechyba 1998; Smelt 1998: 49).

Parental involvement does not necessarily mean parents should be active participants in school activities—such as shaping policy, running the school, or engaging in classroom activities. Involvement can mean exchanging information with teachers and monitoring their performance along with that of administrators. It can also mean letting their children know that they are expected to learn and to behave themselves.

Many parents may not want “participation” or involvement in the governance and management of schools—they do not want to devote time and energy to the process of voting and school boards. Many parents want their institutions to work so that participation is unnecessary (Lieberman 1989: 150). Further, many parents may not have the skills to perform these roles successfully—they are better consumers than managers.

Increased parental choice would be one way to strengthen the role of families in the learning process and to take advantage of parents’ valuable knowledge about their children’s needs and abilities. The case for choice is about more than improving test scores and efficiency—in addition, choice has fundamental implications for the role of the family. Choice shifts authority from the government to parents and reinforces the sanctity of the family. It permits parents to raise their children according to their own values and enhances their dignity. It gives parents the opportunity to do their best. Denying parents choice tells them they are not to be trusted (Coons 1993).

School choice increases parents’ responsibility, self-sufficiency, independence, and initiative rather than usurping their role. It enables people to set about solving their own problems and help themselves. Giving aid directly to parents makes them more independent and self-sufficient and gives them real power, real freedom, and real responsibilities over decisions that affect them deeply (Doyle 1982). Choice involves family choice rather than parental choice. The family is the decisionmaking unit, and children’s objections and feedback matter. Giving choice to the family encourages communication within the family, and children are encouraged to become involved in their own education. The child gets a say—usually increasing with age and experience (Coons and Sugarman 1978).

Conclusion

Public provision has failed. The government does a poor job in providing education, even on criteria such as promoting equity. The problems are inherent in public provision. Those in charge simply do

not have the information or incentive to satisfy consumers, control costs, innovate, or encourage good teaching.

Government control of schools is used to achieve political objectives other than the public interest, such as benefiting politically powerful teachers unions and other producer interest groups. The result is to further reduce efficiency and harm the poor.

Choice and competition provide the best setting to unleash human efforts to resolve problems and encourage the ultimate determinants of student performance. Allowing consumers to choose and suppliers to compete would improve education—but the largest benefits would come from a full market system, with free entry and exit to maximize competition and choice.

Not only would a market system be more efficient—with higher productivity and consumer satisfaction—it would also fix many of the problems with current arrangements by encouraging good teaching, boosting innovation, involving parents, and benefiting the poor. Pressure from competitors and the need to attract students give providers the incentive to adopt improvements and reforms with the highest returns. Involvement by parents should be harnessed to improve their children's education. The evidence is that choice makes more involved by parents in their children's schooling, and greater involvement by parents in schooling improves their children's performance.

When the government runs schools, issues that are properly internal management issues are, instead, decided through the political process. Educational issues become political issues. In contrast, in a market system, autonomous school management will make these decisions itself. Success is judged by consumers on the basis of results, rather than through the political process. Competition drives schools to satisfy consumers and improve, something that no amount of tinkering with a public system will provide.

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