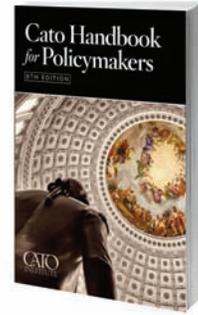




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School Inc.: Can We Scale Up Educational Excellence?

BY ANDREW COULSON

I grew up in Montreal in the '70s and '80s. Midway through high school, my parents brought home an Apple II computer. Remember when Indiana Jones first sets eyes on the "Ark of the Covenant" in *Raiders of the Lost Ark*? Yeah. It was like that.

Not a great surprise, then, that my first job out of college was writing code for Microsoft. Eventually, though, I had to admit that programming for a living was leaving me unfulfilled.

By coincidence, while mulling alternative lines of work in the fall of 1992, I heard that Oregonians were about to vote on something called a "school voucher" initiative. If enacted, it would allow families to take the funding that normally went to their assigned school district and use it at the public or private school of their choice. I didn't pay a lot of attention at first, but, in the back of my mind, I assumed the initiative would pass, because it would give young couples and parents with school children more educational choices. And most grandparents would presumably want expanded educational options for their grandkids. I assumed that that cov-

ered the bulk of the voting population, so I didn't see how it could lose.

It went down by about two to one. I was mystified and fascinated. Then on December 17, 1993, President Bill Clinton hosted an event in the White House's Roosevelt Room. The guest of honor was *TV Guide* mogul and former ambassador to the United Kingdom Walter Annenberg. Concerned that America's public schools were falling short on a host of levels, Annenberg pledged half a billion dollars to discover how they could

be improved on a mass scale. President Clinton captured the task perfectly:

[The] people in this room who have devoted their lives to education are constantly plagued by the fact that nearly every problem has been solved by somebody somewhere, and yet we can't seem to replicate it everywhere else. . . . That is the central challenge of this age in education.

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ANDREW COULSON (1967–2016) was the director of the Cato Institute's Center for Educational Freedom and the author of *Market Education: The Unknown History*. This article is based on his documentary series, *School Inc.*, appearing on public television stations this spring and summer.

In his documentary *School Inc.*, ANDREW COULSON, dressed in 1970s clothes, discusses the last great innovation in public schooling: the blackboard, which was invented in the late 1700s. Little has changed in the classroom since then, and American test scores have remained flat since the 1970s, stuck in the disco era. See page 17.

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It was so true. In every other field, excellence routinely “scales up.” Serve a better cup of coffee, create a better search engine, and the world beats a path to your door. But come up with a better way to teach math, or English, or history and . . . crickets. Here was the core of all our education woes: it’s not that we lack models of excellence, it’s that we lack a reliable way of replicating them.

Searching for a solution to that problem has been the focus of my work for the past 20 years. After scouring the history of education back to classical Greece, I surveyed modern scientific research, conducted a few statistical studies of my own, and finally set off around the world to see firsthand what works, what doesn’t, and why.

My documentary series, *School Inc.*, is the story of what I’ve found.

EDUCATION: STUCK IN THE DISCO ERA

Barely a decade ago, no one had ever heard of Google. Now we do tens of thousands of internet searches per second. Facebook went from zero to half a billion members in five years. And the same thing is true outside the high-tech world in everything from organic grocery stores to disposable diapers. Basically, invent something good, and it gets big. And these days, it gets big *fast*.

But of all the products we make and the services we provide, there’s one that stands out as an exception to that overall pattern; one activity in which excellence doesn’t spawn countless imitators or spread on a massive scale. And that exception is schooling.

American test scores at the end of high school have been flat since we started keeping track of them in the early 1970s, and the same thing is true in most other countries as well. Basically, educational quality has been stuck in the era of disco and leisure suits for 40 years, while the rest of the world has passed it by.

Classrooms and clothes look a little different now than they did back then. But we’ve changed the trappings of education

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without really improving the substance. The best schools haven’t grown and taken over the less successful ones. The best teaching methods haven’t been replicated on a mass scale. And while our top athletes and pop stars reach huge audiences, our greatest teachers seldom reach more than a few dozen kids at a time, despite all our technological advances. Why not? That’s the question at the heart of this series: why doesn’t excellence scale up and spawn imitators in education, the way it does in other fields?

I traveled the globe in search of an answer to that question. I went to Lexington, Massachusetts, site of the “shot heard round the world” that marked the beginning of the American Revolution, where a few decades later a few reformers kicked off a revolution in American education, creating the first state teachers’ college in the country.

State teacher-training was just one part of their plan. The common school reformers also advocated higher state spending, prohibiting the common schools from charging tuition, and gradually centralizing power in the state legislature. They believed that that would allow the best pedagogical practices to scale up, bringing them within reach of every child.

But there was more to it than that. Horace Mann, in particular, believed that the public schools could transform society for the better. Horace Mann believed in the perfectibility of humanity, and that a well-funded state school system would achieve that perfection. Through his tireless campaigning and inspiring words, he eventually won the hearts of the American people. In the 150 years since, we have expanded and funded the public schools

beyond his wildest expectations. Has it worked?

I visited Garfield High School in East Los Angeles. In the 1980s it was a typical inner-city school, with low test scores and low-income Latino students who weren’t offered the most challenging courses. But one teacher, Jaime Escalante, thought these students could learn calculus. And he was right. By 1988 more students were passing the advanced placement calculus test at Garfield than at Beverly Hills High, 17 miles and a world away. One out of every four Mexican Americans who passed AP calculus, nationwide, attended Garfield.

The results were beyond belief—literally. His students performed so far above expectations on the AP calculus test that the Educational Testing Service suspected cheating and threw out their scores. Undaunted, they retook it and came through with flying colors a second time. Hollywood noticed, dramatizing the story in the movie *Stand and Deliver*.

Jaime Escalante wasn’t a Lone Ranger. He partnered with several of Garfield’s math teachers to create a program that covered everything from basic fractions to advanced calculus. And it was with this team that Escalante created a program bigger than himself, able to produce so many high achievers—even ones who never set foot in his classroom.

The movie *Stand and Deliver* ends on a high note with Escalante’s students proving the skeptics wrong. But the story of his mathematics program at Garfield does not have a Hollywood ending. In any other field, we might expect this combination of success, scalability, and publicity to have catapulted Escalante to the top of his profession and spread his teaching model across the country. Instead, the teachers’ union voted to oust Escalante as chairman of the math department because his success and fame had started to arouse jealousy. In 1991, demoted and resented by many of his colleagues, Escalante left Garfield High.

KOREA'S MILLION-DOLLAR TEACHERS

Nearly two centuries ago, Horace Mann thought public schools would bring the greatest teachers and schools within reach of every child. But, as Jaime Escalante's experience illustrates, we still haven't achieved that goal. That's the bad news.

The good news is that there are places where educational excellence is scaling up—like Korea, where top teachers earn even more than the country's highest paid professional baseball players—as much as \$100 million.

Korea has traditionally placed a great deal of importance on education, and in order to get into college students must compete in mandatory and high-stakes entrance exams. With their children's futures riding so heavily on a single college entrance exam, Korean parents are keen to provide the best preparation they can. And since they lack confidence in the public school system, a few decades ago families started looking for alternatives. But the private schools were so heavily regulated that they didn't really look much different from the public schools.

So, parents decided to opt outside the regular school sector entirely, hiring private tutoring services called "hagwons."

These hagwons were popular with parents, but they weren't popular with everyone; government officials in charge of public schooling worried that they would lead to inequality in the education system. And so, in the 1980s, they outlawed most private tutoring.

This prohibition on after-school tutoring was every bit as effective as America's prohibition on alcohol. Instead of driving hagwons out of business, the ban drove them underground. They became illegal educational speakeasies, like the illicit drinking establishments of the Roaring Twenties. The Korean government offered cash rewards to anyone ratting out teachers engaged in extra-curricular . . . curricula.

Despite all this, the private tutoring industry boomed. By the time the ban was struck down 20 years later, the number of

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hagwons had risen from 5,000 to more than 67,000. With the outright ban on hagwons overturned, the government resorted to a cap on fees. But this, too, was ruled unconstitutional. Not to be dissuaded, the government set a 10 p.m. curfew on hagwon lessons that remains in place to this day.

Nevertheless, 95 percent of students have taken hagwon lessons by the time they leave high school. It's typical to attend after school, several days a week—sometimes well past midnight. And, according to one study, three-quarters of students prefer those hagwon lessons to their regular school classes.

The best teachers record their lectures, and students can watch them online. That's how Korean teachers can make millions of dollars. They have tremendous autonomy, and they're constantly trying to improve their services to stay ahead of the competition. And the more students they serve, the more money they bring in.

HOW CHARTER SCHOOLS REWARD SUCCESS

But most of that is also true of private schools back here in the United States. So, if that's the recipe for replicating excellence, we'd expect to see the same kind of growth among U.S. private schools.

I visited Michigan's esteemed Cranbrook School. It's beautiful and does a great job, but it's not trying to expand. America's prestigious prep schools simply don't have a motive to scale up. They're striving to perpetuate beloved traditions, not to start national franchises. Which raises an interesting question: What would happen if someone did deliberately set out to replicate educational excellence?

That's not a hypothetical question. In fact, it's fairly easy to answer because there already is a large and growing category of schools that philanthropists are trying to scale up: charter schools.

Charters are public schools that are freed from some of the rules and red tape that apply to their regular, district-run counterparts. They have more control over what they teach, what methods they use, and how they measure student achievement. Charter schools also tend not to be unionized, which means that principals can hire whomever they want.

And funding is where things get interesting. Charter schools and traditional public schools use their private funding very differently. If your local public school principal does a great job and gets a huge donation, she cannot use that money to open new public schools in other districts.

Charter school leaders can. They can create whole networks of schools that share their mission and methods. And philanthropists know that. So, when they make donations to charters, it's very often with that replication in mind . . . and it is working! There are now 130 charter school networks enrolling a quarter of a million students, and they've been growing in both size and number for over a decade.

THE PROFIT MOTIVE

To find a place where the schools being replicated are outperforming the rest, I went to the Casablanca Valley in Chile, which introduced competition into education in the late 1970s. A crucial discovery researchers have made about Chile is that chains of private schools have a large advantage over independent, mom-and-pop schools. On top of that, the larger school networks perform even better than the smaller ones. In Chile, the better they are, the bigger they grow.

Could that model be replicated in other countries? I went to Sweden to find out. Ten years after Chile reformed its education system, Sweden followed suit. All private

schools are now fully tax-funded, and parents can easily choose between these so-called “free schools” and the local public schools. Student achievement is falling in the public schools and more parents are switching to private schools, including several chains with more than two dozen schools each.

But here again, not every good school grows. Why do some great schools add new locations in response to rising demand, while others don’t?

I discovered that there is a single feature that separates independent schools that scale up from those that don’t: the profit motive.

Unfortunately, lots of people don’t like the idea of for-profit education. They assume that it would encourage schools to take advantage of families. If that were true, we’d be most likely to see it in a place where private schools are serving a relatively disadvantaged population. So I went to India, where James Tooley showed me private schools serving the poor that are out-performing government schools that spend three or four times as much per pupil.

At fee-charging Indian private schools, parents expect more because they’re paying more, so they hold school leaders accountable. And school leaders, in turn, hold their teachers accountable because they’ll go out of business if they don’t. By contrast, Indian public

“Is it an accident that when we reward education entrepreneurs for their success, their success grows?”

schools almost never fire teachers for poor performance or absenteeism. Tooley asked these poor parents why they would spend their money on private schools, when public schools are free. “In the government schools,” one said, “our children are abandoned.”

Nevertheless, back in the United States, running a business that earns money educating kids is still widely despised today.

Consider the case of Reed Hastings, the founder and CEO of Netflix. After college, Hastings joined the Peace Corps and went to Swaziland to teach high school students. In the 1990s, while he was hatching the idea for Netflix, Hastings also took graduate courses in education, because he wanted to understand why schools were lagging while other fields were leaping ahead . . . sound familiar?

Since then, Hastings has given millions of dollars to educational charities, but has decided not to start an education business. He told a reporter he didn’t want people to think he was doing it for the money.

So education can have some of Hastings’s charity, but it can’t have his entrepreneurial leadership.

Fortunately, outside of education that anti-profit attitude started to change around the year 1600. People started to appreciate commerce and entrepreneurship, and the result was an Industrial Revolution and an unprecedented rise in everyone’s standard of living.

Could it be that the tutoring sector operates within the same free-enterprise system that has resulted in the massive scale-up of excellence in every other field? Is it an accident that when we reward education entrepreneurs for their success, as in Korea, their success grows? Could it be that philanthropists have failed to consistently fund the best charter schools because they do not expect a return on their investment, as hard-nosed venture capitalists do? What if we allowed education entrepreneurs to put their own money on the line in an effort to better serve us?

These questions have obvious, if inflammatory, answers. Until we let education participate in the same free-enterprise system that drives the scale-up of everything from iPhones to Facebook, excellent schools and teachers will remain floating candles—beautifully illuminating their immediate vicinity, but doomed never to touch off a wider blaze. ■

New Cato Journal



In the Winter edition of *Cato Journal*, Charles W. Calomiris of Columbia Business School outlines the perils of the Federal Reserve’s risky and untested monetary policy experiments, urging the Fed to instead adopt a systemic policy approach. Other articles investigate Japan’s unsuccessful experience with quantitative easing; the triumph of the ongoing privatization revolution launched by Margaret Thatcher; and the positive impact that introducing religious liberty has historically had on economic growth. This issue also features reviews of books by Peter Bernholz, Peter Conti-Brown, Richard Wagner, and others.

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Winter 2016/2017 Regulation

The Winter edition of *Regulation* critiques the Federal Communications Commission’s vast and unchecked powers over all the primary producers and distributors of mass media and publications. This immense power gives the agency the ability to chill unwanted speech and promote speech favored by its political allies. Other articles discuss regulatory reform in the Trump administration, the FDA’s harmful history of dragging its feet when reviewing badly needed drugs, and the morbid truth about state laws that protect funeral directors’ jobs at the expense of consumers—who now tend to favor cremation and nontraditional funerals.

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