

# Introduction

This book considers the potential of market-based policies to address the problems facing Canadian education. It offers the results of systematic research into the effects that other market-based education reforms have had in Canada and around the world where they have been tried and tested, in some cases for years, in others for generations. The collected papers shed a timely light on the Ontario government's proposed refundable tax credit for independent schooling, a policy that is bound to encourage an education market in Ontario and set an example for the rest of Canada. Will such a market, in which parents choose schools and schools compete for students, be good for education? This book attempts to answer that question.

*Can the Market Save Our Schools?* is, in part, the product of a Fraser Institute conference, **School Choice: Dispelling the Myths and Examining the Evidence**, held in April 2000, at which international scholars reported an array of evidence on educational choice and its impact on children, schools, and school systems around the world. This volume contains seven papers from that conference and includes three more papers to elaborate some of the themes.

The purpose of this book is to study the potential of market-based solutions to address the problems facing Canadian education. It is divided into three sections. In the first section, **Can the Market Save Our Schools?** the authors consider the educational status quo in Canada and the United States, and then suggest why developing an educational market, where schools are allowed to compete more freely for students, will produce better educational results for more students. They suggest that the public's goals for its education system would be more attainable if we encouraged schools to respond to the demands of parents rather than to those of the bureaucracy. In the second section, **Case Studies in Market Education**, five respected academics contribute the results of their research on a range of market mechanisms, from traditional forms of school choice, to charter schools, vouchers, and choice for the poor in developing countries. And in the final section, **Grassroots Perspectives on Choice**, a parent and a student who have both used a voucher program comment on the differences between the

non-market and market systems. Their anecdotal experience casts a very different light on the real effects of policy decisions made by those in comfortable offices, with multiple diplomas and adequate disposable income to choose the schools their own children attend.

### **Can the Market Save Our Schools?**

In the first chapter, **Publicly Funded Education in Ontario: Breaking the Deadlock**, William Robson pinpoints the problems with education in this province: too little academic achievement and too much centralized power. Robson explains the problem of low academic achievement in a province that has eschewed objective assessment for a generation. As he shows, the trouble lies not so much in poor performance across the socio-economic strata but more strikingly in the difference in achievement and literacy between poorer and wealthier students in this province.

If, as most people would agree, the *raison d'être* for public involvement with education is to provide equal opportunity for all children, then Ontario public schools are failing in their most important mission. Robson's findings underscore the gulf that separates the performance between low- and high- SES students in this province, and must come as a wake-up call to anyone who remains to be convinced about the need for an overhaul of the system.

Robson summarizes the problems of over-centralization, saying,

Publicly funded education in Ontario has become more centralized over the years, and bottom-up pressure to improve is weak because parents, teachers, principals, and school communities have little power to improve achievement at their schools. This lack of local power creates a vicious circle... Because opportunities to make a difference at their schools are few and feeble, many parents, teachers, principals, and community members who would like to see better results turn off... Their disengagement reinforces central control and further exposes schools to the influences of weak curriculum, poor assessment, and the indifference towards academic objectives from many in positions of influence in the education system.

Ontario's proposed education tax credit has the potential to turn this vicious circle into a virtuous one by empowering disenfranchised parents to vote with their feet. This will, in turn, encourage public schools to try to reengage parents or risk losing them to other schools.

According to Chester E. Finn Jr., certain market mechanisms used in the United States are having an impact on both sides of this equation of engagement. **Reinventing Public Education Via the Marketplace** is a transcription of Finn's keynote address to the conference, and in it he outlines the promise charter schools hold for the satisfaction of parents and the reorienting and energizing of school boards.

Charter schools are publicly funded schools that have been granted a charter to educate students outside the bounds of a public school district, for so long as they live up to the goals set out in their charter. Paid on a per pupil basis, they are attended by students whose families choose them. Charter schools are prohibited from enrolling students selectively and usually take students on a first-come, first-served basis or by lottery. Charter schools were pioneered in Minnesota in 1991 and today more than 2,000 of the 80,000 public schools in the United States are charter schools. (In Canada, only Alberta currently has charter schools. See, for example, <http://www.charterschools.ca/>, the Canadian charter schools research site.)

Finn, who focuses his attention on the potential of charter schools to reinvigorate public education, describes four phases that school boards go through when they first meet and then become familiar with charter schools. At first school boards unanimously reject this new breed of schools. If legislation makes charters possible despite school board resistance, they do everything in their power to keep them few and weak. Most boards in the United States, Finn claims, are caught in one of these two first stages. Attitudes change by phase three when the schools start to recognize that charter schools are not the only ones that can provide varied curriculum, timetables, and extracurricular activities. And finally, school boards in different parts of the country are starting to experiment with their own charter schools and using the power of this market mechanism to improve the quality and variety of the education they offer.

Andrew Coulson, the author of **Market Education and the Public Good**, has spent five years studying the effect of different educational policies throughout history. When conducting his research, Coulson considered how similar educational systems operate in different cultural and historical settings, how different systems operate in similar settings, and the different outcomes that result when one society changes from one educational system to another. In this chapter he compares the social effects of a market system with those of government controlled educational systems, in an attempt to respond to the criticism that "if

parents were completely free to decide the course of their children's education, our societies would be factionalized and balkanized, destroying social cohesion." Coulson makes his case for the superior social outcomes of market education by recounting, among others, the educational practices of Athens and Sparta in ancient Greece, the origins of Canada's public school system, the trouble behind the 19th century Bible riots of Pennsylvania, and the issues fomenting rancour among parents and educators in Ontario today. He concludes that

time and again, heterogeneous societies have been able to exist in comparative harmony thanks to the freedom of parents to obtain the sort of education they value without forcing it on their neighbours. State school systems, by contrast, have consistently been used by powerful groups (whether democratic majorities or ruling elites) to discriminate against weaker groups.

These three, then, predict that market education will offer poor families greater educational equity, invigorate the state system, encourage parental involvement in their children's education, and foster social harmony.

### **Case Studies in Market Education**

In the next section devoted to case studies academic researchers offer the results of their research on the effect market policies are currently having on other educational systems similar to our own. These papers assess the value of a spectrum of market policies: from choice among public school districts at one end to choice among public and private education providers at the other.

The first chapter in the second section looks at a case study whose subject is not only basic to the organization of North American public schools but also relevant to recent changes to Ontario's public system. Harvard economist Dr. Caroline Hoxby has sought to ascertain the value of school choice by studying the oldest form of school choice: choice among school districts and private schools.

As she points out in *Analyzing School Choice Reforms That Use America's Traditional Forms of Parental Choice*, two kinds of choice have always existed in the United States, as they have in Canada. Some cities have always had many school districts and many private schools, while others have only one school district and very few private schools.

This has resulted in a great difference in the amount of school choice available to parents, and Hoxby sets out to use these differences to answer three related questions. First, she asks, what can we learn about the relationship between these two traditional forms of school choice and such things as student achievement, school efficiency, teachers' salaries, and parental involvement? Second, how do those findings carry over to newer, market-style reforms such as open enrolment, charter schools, and voucher programs? And finally, what information is missing to predict accurately the effects of those newer reforms? Hoxby summarizes the results of her own inspired empirical research, published in several studies, to answer these questions and discuss their implications.

Among Hoxby's many fascinating findings is that "an increase in choice improves student achievement even while accomplishing substantial cost savings," which suggests choice has a potent impact on the productivity of schools. Not only does school productivity increase with school choice, but so does parental involvement. With school choice, school administrators are more likely to say that "parents have a more significant influence on school policy." These things are true, Hoxby says, whether the choices available to parents are among public districts or among private and public schools. But, "when parents have more choice within the public sector, they are more likely to be satisfied by their public options and less likely to choose private options."

Hoxby tells us that "evidence of what happens when an area has more choice among public school districts is useful ... for analyzing charter school reforms." In 1994, Alberta became Canada's first province to enact charter school legislation and today the province has nine charter schools. In 1996, Dr. Beverly Lynn Bosetti of the University of Calgary was charged with a three-year study of the outcomes and impact of Canada's charter schools. In this paper, **The Alberta Charter School Experience**, she outlines that study's findings, which corroborate Hoxby's evidence that a market of competing public schools is more effective than a single-district monopoly.

The next three papers move beyond the public school market and consider what happens when lower socio-economic status families can choose between public and private education providers. Wealthier families, of course, have always had this choice. They have been able to afford either to live in neighbourhoods with better public schools, or to pay for private school tuition. Poorer families have been more limited, both in their choice of residence and in their selection of schools.

Educational vouchers—tuition that follows the child to the parents' choice of school—are a means of making broader choices available to more families.

For decades academics and policy-makers have been divided on the value of private schooling. Some researchers have found that, after controlling for background differences, private school students have higher academic achievement than their public school peers. Other researchers have disagreed, claiming that certain ineffable differences between public- and private-school families, differences that are impossible to measure, are the real reason private school students appear to do better. As long as the research compared families who chose private schools with those who did not, this objection was unanswerable.

The last five years, however, have offered a reason to end the debate. Voucher programs have grown exponentially over the past decade, and some of them have been designed with the express purpose of answering this age-old question. In 1990, in the United States, the first government-funded voucher program started in Milwaukee and the first privately funded program was established in Indianapolis. Today, 68 privately funded programs serve 500,000 students, and 3 publicly funded programs offer choice to 12,000 students in cities and states across the US. The United States was certainly not the first country to experiment with this market mechanism. Britain had a voucher program for 16 years until 1996, which allowed bright low-income students to access private schools. Denmark has always made funding available to families who prefer independent schooling. Many Canadian provinces offer some funding to independent schools that meet certain criteria and regulations. In short, vouchers are neither new nor radical. They have been used in different ways by a wide variety of well-educated, thoughtful, and tolerant societies as a means of achieving the goals of public education. Private scholarships, on the other hand, have been used since ancient Greece as a means to increase the education levels of citizens and have become more numerous today in countries where monopolistic education systems have failed a large proportion of students.

Dr. Jay Greene, a chief researcher in several important American voucher studies, uses his chapter, **A Survey of Results from Voucher Experiments: Where We Are and What We Know**, to address three critical questions, which recent work on vouchers has helped answer. "What," he asks, "are the academic effects of school choice on families who choose their schools?... What are the academic effects of school choice

on the public school system? And... what are the effects of school choice on the civic values and integration that we wish schools to promote?"

Perhaps, for those of us who get most of our information on these issues from television and the popular press, his most startling finding is that very little disagreement exists among researchers who have studied the effects of vouchers. All the researchers agree that families are overwhelmingly satisfied with the results of their voucher schooling and all of them endorsed school choice. None of the three major researchers found that vouchers harmed students. The two studies that relied on a rigorous "random assignment comparison found significant academic benefits from choice," while the less rigorous "non-random assignment comparisons found that choice did not significantly help or hurt students academically." As Greene concludes, "if these studies are mixed, as some are like to say, they are only mixed to the extent that they are positive or neutral on the effects of choice on test scores." On the usefulness of choice as a tool for poor families, the three researcher teams are unanimous in their support. He reminds us that "this is about as close as one gets to a positive consensus among researchers examining a controversial policy."

New Zealand started its own voucher program for low-income students as part of the government's broad effort to institute market reforms in the 1990s. In 1996, the Targeted Individual Entitlement (TIE) Scheme was established to "lift the educational achievement" of low-income families and make "it more likely that these families [would] get the kind of education that they want for their children" (NZMoE 1996, 2). Anne Smith and Michael Gaffney, researchers at the University of Otago, were charged with studying the success of the scheme from the perspective of children, parents, schools administrators, and teachers and to determine whether or not the program achieved the government's goals. Gaffney and Smith's paper, **An Evaluation of the TIE Scheme**, reiterates the success reported by Greene of voucher programs closer to home.

Though vouchers have proven to help low-income families in affluent societies access the educational resources of their wealthier neighbours, many people remain unconvinced about the power of the market to provide equal scholastic opportunities to the children of people who are themselves uneducated and impoverished. Perhaps, some critics say, vouchers will allow the children of bright, motivated, well-educated parents to access better schools, but what about the vast majority of

lower SES families? They lack the skills to choose good schools and the motivation to keep their children in them.

James Tooley, a professor of Education Policy at Britain's University of Newcastle, addresses this recurring objection in this section's final chapter, **Serving the Needs of the Poor: The Private Education Sector in Developing Countries**. Tooley questions public education's record of service to the poor and, summarizing research from some of the world's poorest countries, contrasts it with the record of private education for the poor. He calls the belief still held by many that government schools can provide equity "a touching faith," considering the evidence.

Tooley cites research from Thailand, India, Colombia, the Dominican Republic, the Philippines, and Tanzania, all of which demonstrate that, after controlling for bias from social background, private schools are "more effective and less costly" than their state-run counterparts. Most interesting, though, is his own field work on private education entrepreneurs in India.

Tooley tells one story about an Indian company, NIIT, that with over 1,000 franchised and 40 wholly-owned IT training centres across India "embodies much of the excitement and innovation in the education industry." Like any well-run business, NIIT invests in research and development, and the company has recently studied how to reach the large population of illiterate and unschooled children through the Internet.

The research team set up an "Internet kiosk" in the boundary wall of their office block, which bordered on a slum area. A computer monitor, visible through a window, had a dedicated connection to the Internet and was accessible to anyone outside through an unbreakable joystick. No announcement was made about the kiosk and no instruction was provided, but activity was monitored by NIIT.

Within a very little time the kiosk became a favourite among local children. Their favourite sites were the Disney Web site, news, horoscopes, short stories, and Paint, through which children who normally would have had no access to paper learned to draw and write their names. Tooley writes,

The observations thus far indicate that underprivileged children from the slum area, without any planned instructional intervention, could achieve a remarkable level of computer literacy. The experiment suggests that language, technical skills, and education are not serious barriers to accessing the Internet, and, through it, educational and

entertainment CD ROMs. It also suggests that the Internet can lead to self- and peer-education—at least for younger children. Over the age of 14 or so, people didn't make much sense of it at all: 'Where's the teacher?' they would ask.

NIIT, Tooley reports, "is now embarking on marketing the idea to rural and slum areas, harnessing the power of the private sector to reach the poorest through modern technology." The virtual school will have reached Indian slums without any government intervention long before it becomes a reality in Canada.

### **Grassroots Perspectives on Market Mechanisms**

The last two chapters are really more of a coda to this academic book than an equivalent final section. In **Grassroots Perspectives on Market Mechanisms**, I have transcribed the two final speeches from last April's conference. According to some in the audience, these anecdotal stories from two Americans have little or no relevance to Canadian education policy-makers. According to others, Barbara Lewis and Alphonso Harrell offered the most compelling evidence they had heard all day. I include them for the reader to decide.

Whatever their intrinsic merit, these stories bring the book full circle. Ms. Lewis's problems with the Indianapolis public school system are exactly those described by Mr. Robson with regard to Ontario education: "Because opportunities to make a difference at their schools are few and feeble, many parents, teachers, principals, and community members who would like to see better results turn off." Fortunately for Ms. Lewis and her son, a voucher program was available and she did not "turn-off." Instead she moved her son to a better school and became *more* involved in her children's education. Not only did the voucher encourage her to find schools that would teach them academic skills and discipline, it also encouraged her to become a leader in education reform in her state. She and Alphonso are two examples of how one market policy can transform Robson's vicious circle into a virtuous one of engaged citizenry, responsive schools, and well-educated young people. They are living, breathing, *thinking* proof of how the market can save our schools.

Taken as a whole, these chapters suggests that Ontario's controversial tax credit, which will make independent schooling accessible to the majority of families in the province, is a wise policy. If the evidence is to

be believed, the reform will improve educational outcomes both for the children who take advantage of it, and for those who do not.

Those who, having read this book, remain unconvinced by it may at least agree that Canadians, like the Indian businessmen running NIIT, can only improve the education available to children if they test the effects of promising new education policies. Only then will Canada have its own answer to the question, *Can the Market Save Our Schools?*

—*CLAUDIA R. HEPBURN*