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# Why Canadian Education Isn't Improving

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# Executive Summary

Canada's education results have not improved in the seven years since The Fraser Institute published *The Case for School Choice: Models from the United States, New Zealand, Denmark, and Sweden*. Disappointing, static schooling outcomes are the norm despite well-documented reasons for concern and the growing demands of an information-based economy. Despite high and rising levels of per-pupil spending, as well as strenuous efforts by provincial governments to raise education standards, Canada's results remain only mediocre. The current education system continues to block the changes needed to foster significant improvement. Why? Political control of public education is preventing good people and good intentions from yielding tangible improvement.

This paper argues that the reason provincial governments have not improved academic achievement is that political control of schooling has significant, inherent deficiencies. Even with the best of intentions and highly qualified teachers and administrators, politically-run schooling invariably disappoints because it has unfortunate, but inevitable, unintended consequences:

- special-interest groups dominate decision-making;
- decision-making is driven by compliance rather than performance;

- the process of creating policies that apply to everyone is very contentious and often results in compromises that are no one's preference;
- schools become excessively uniform;
- politically controlled systems lack the timely, quality information conveyed by market prices;
- incentives are weak, and many are inappropriate;
- government control abets the natural human resistance to change.

This paper makes the case that provincial governments in Canada should empower educators to develop a constantly improving, diverse menu of schooling options and rely on choice and competition for accountability. In a truly decentralized system of diverse schooling options, the government would manage and regulate its own schools, and subsidize independent school users and public school users equally. Beyond that, the government should act as information provider and referee. Canada's limited moves towards decentralization, along with experience in other countries, suggests that the way forward is to let parents and children choose from a wide array of excellent, constantly improving schooling choices.



# Introduction

Even though many provincial governments claim education reform as a high priority, the seven years since the publication of The Fraser Institute's *The Case for School Choice* (Hepburn, 1999) have not seen significant academic gains at the kindergarten to grade 12 (K-12) levels. Political control of public education is preventing good people and good intentions from yielding tangible improvement. The most important central control issue is not *which* level of government (which political arena) should have jurisdiction over a particular issue, but for most issues, whether *any* political arena should have jurisdiction. Our concept of decentralization is less reliance on collective choice through the political process, and much greater reliance on accountability through individual choice among diverse, competing school choices.

The passage of seven years without significant improvement reveals empirically what a theoretical analysis and evidence from other countries predicts: political control cannot directly produce the schooling that Canada needs and deserves. A diverse student population needs what the political process has never produced through central control: flexibility, experimentation, and relentless, customized renewal. The provinces' long-standing policies assume that politics should decide what children study, that incentives don't influence educators, and that children either have identical learning styles and interests, or that differences don't affect learning outcomes. Those are truly heroic assumptions; hope triumphing over mountains of contrary experience and evidence (Arons, 1983, 1997; Chubb, 2001; Friedman and Friedman,

1980, ch. 6; Friedman and Friedman, 1984, ch. 8; Harrison, 2004, chs. 1-2; Holmes, 1998; Kirkpatrick, 1997, chs. 1-2; Lieberman, 1993; Ravitch, 2000; and Walberg and Bast, 2003, chs. 1-2).

In 2002 (the most current year for which we have data), Canada spent 6.14 percent of its GDP on K-12 education, which is above the OECD average of 5.65 percent of GDP (OECD, 2005). Despite that, international comparisons of student achievement indicate that Canadian students' results were only mediocre. The OECD's 2003 Programme for International Student Assessment (PISA) compared 38 countries (OECD and Human Resources and Skills Development Canada). Canadian students were seventh in math, third in reading, and eleventh in science.<sup>1</sup> In 1999, Canadian students participated in the Third International Mathematics and Science Study, placing tenth out of 37 in math and fourteenth out of 38 in science (International Education Association, 2001). Even the top-performing countries recognize that they could be much better (Plank and Sykes, 2001, pp. i-x). Canada's competitors might be further ahead, except that their education systems are also compromised by political control (Baumol, 2003). School reform is a major issue virtually everywhere.

There are other signs of disappointing education levels. The Second International Adult Literacy and Life Skills Survey tested Canadian adults in 2003. Only "58 percent of adults aged 16 to 65 possessed skills in the top three literacy levels on the prose scale, meaning that they could meet most everyday reading require-

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<sup>1</sup> Some would argue that Canada's PISA results are satisfactory. However, given Canada's high level of spending and its relatively affluent and educated population, Canadian students should be doing better.

ments” (Statistics Canada, 2005). The School Achievement Indicators Program, administered by the Canadian ministers of education, surveyed the mathematics skills of Canadian teenagers in 2001, and found that only 64 percent of 13-year-olds and 50 percent of 16-year-olds were at the expected levels (Canadian Council of Ministers of Education, 2002). Post-secondary education institutions report that a significant percentage of their incoming students are inadequately prepared for post-secondary material. Virtually every institution requires some freshmen to take remedial classes.

Generally speaking, two strategies dominated the provinces’ pursuit of better educational performance: increased centralization of decision making and increased spending. Between 1997/98 and 2001/02, the latest year for which figures are available, total expenditure on Canadian elementary and secondary education rose by 4 percent in constant dollars (Statistics Canada, 2006, p. 20), despite a slight decline in enrolment (Statistics Canada, 2006, p. 40). In terms of academic achievement, Canada’s results on the 2003 Programme for International Student Assessment (PISA) showed no improvement over the 2000 results (there was a non-statistically significant gain in mathematics, a non-statistically significant loss in reading, and a statistically significant loss in science) (Organization for Economic Cooperation and Development and Human Resources and Skills Development Canada).

In terms of parent satisfaction, the fifteenth OISE/UT (Ontario Institute for Studies in Education at the University of Toronto) Survey, *Public Attitudes Towards Education in Ontario, 2004* reported no clear trend in public satisfaction. In 1998, 44 percent of Canadian adults were satisfied with the province’s public schools, while in 2004 the percentage was 49 percent. In 1998, 47 percent of Canadian adults were confident in the province’s public schools; in 2004, 35 percent were

confident. The percentage of people who thought that the quality of high school education was improving was 18 percent in 1998 and 28 percent in 2004.<sup>2</sup> These mixed results may attest both to the considerable publicity of efforts to improve education and to the failure to produce noteworthy gains.

Use of independent schools, home-schooling, or no school (dropping out) is another gauge of public satisfaction with Canada’s public school systems.

- The now defunct Federation of Independent Schools in Canada (FISC) is the only source of independent school enrollment data. FISC reported that independent school enrollment in 1990 was 224,411, while in 1998 there were 289,585 students, an increase of 29 percent (FISC, 1998). The continuing growth in the number of independent schools in Ontario (there were 526 independent schools in 1992-93 (Ontario Ministry of Education, 2005) and 881 independent schools in 2006 (Ontario Ministry of Education, 2006)) suggests that the number of families choosing independent schools continues to rise.
- It is difficult to know how many children are home-schooled. Many families fail to register with the authorities. But, based on the growth patterns in resources and curriculum geared to home-schooled students, it seems likely that the number of home-schooled students grew rapidly during the 1980s and 1990s.
- Canada’s overall graduation rate in 1997/98 was 72 percent, compared to 74 percent in 2002/03. Ontario’s elimination of grade 12 in 2002/03 probably affected the national graduation rate, although it is not clear in which direction. In any case, it seems likely that national graduation rates are more or less stagnant (Statistics Canada, 2006, p. 216).

2 OISE, 2004. The percentage of satisfied adults ranged from a high of 55 percent in 1982 to a low of 36 percent in 1988. The percentage of adults with a great deal of confidence in public schools ranged from a high of 64 percent in 1990 to a low of 35 percent in 2004. The percentage of adults who believed high schools were improving ranged from a high of 32 percent in 1980 to a low of 18 percent in 1998.

Judging by the lack of significant positive movement in the available measures of academic performance and parental satisfaction, it appears that efforts to upgrade Canada's education systems did not yield a surge in either one.

It is very difficult, if not impossible, to improve command-driven systems in education by either spending more money or altering the commands. As much research has shown (Christensen and Overdorf, 2000), "more resources are not the cure for flawed processes (Christensen, 2005, p. 545)." As long as the incentives remain the same, educators are not likely to change their behavior significantly. When politicians decree that the school year will be longer, as they did in Ontario in 1996, educators find creative ways to avoid increasing their teaching load by having more "curriculum" days, more "early dismissal" days, more

"professional development" days, more extra-curricular activities scheduled during the school day, and so on. When politicians call for increased student achievement, educators lobby for easier tests or even an end to student testing. Their resistance sometimes even extends to illegal strikes. As long as educators have no incentive to make substantive changes, most find a way to continue behaving as before (Holmes, 1998).

The fundamental reason why the provinces' efforts to upgrade their education systems have not been successful is the politically driven, central control of public education in Canada. This paper first explains why political control is so prevalent in the education systems of contemporary democracies. Then it explains why political control yields unsatisfactory results. Market accountability—the driving force of decentralized control and most of our economy—is the solution.



# Why is Political Control of Schools So Common?

Government-controlled school systems are a relatively recent phenomenon (over about the last 100 years). Now they are the international norm (Plank and Sykes, 2003, pp. i-x). Nearly every education ministry specifies at least curricula and teacher credentials in detail (Glenn and deGroof, 2002). In a few instances, the education ministries regulate just the schools run by the government,<sup>3</sup> but in most cases, they also regulate the independent schools. This convergence in contemporary democracies is basically the result of two factors.

The first factor is the typical person's lack of trust in free markets to provide sufficient quality control (Walberg and Bast, 2003). Though market liberalization has an impressive track record of achievement (Yergin and Stanislaw, 1998), the average person tends to view education as being in a category of its own. When it comes to education, most people distrust the informal, unpredictable, and invisible hand of free enterprise. Most people trust themselves to make good schooling choices for their children, but they're not sure other people will. They don't believe that a free market will eliminate shoddy schools. Suspicion of the profit motive is evident in the large number of countries that insist that subsidized independent schools be non-profit (Glenn and deGroof, 2002). Those critical elements of public opinion are due, at least in part, to lapses in economic education in our schools (Lieberman, 1993, p. 160).

The second factor contributing to the similarity of contemporary education systems is that special-interest groups benefit from, and strive for, greater political

control. The more centralized decision making becomes, the more clout special interest groups have. Special interests derive their disproportionate influence from the fact that political issues are so numerous that citizens virtually ignore many of them. Groups form to address the issues that are important to them. For example, industry and professional associations lobby when their incomes or working conditions are at stake. This is especially true in education, where the key special interests include the teacher unions, administrators, and school board associations. The high stakes raise the probability that group members will participate aggressively. Public officials recognize that their decisions are likely to influence the future votes of special interest group members. The votes of other citizens, on the other hand, are less predictable. With the public interest under-represented, special interests can sometimes write rules at odds with the broader public interest. And they do. For example, teachers' unions very effectively oppose legislation that would make it easier to fire ineffective teachers, pay more for high-demand fields, and reward merit.

Also consider the negotiation of teachers' contracts. One hundred years ago when teachers' contracts were negotiated school by school, the teachers' unions would have been spread impossibly thin had they tried to dominate negotiations at every single school. When families of schools began to be grouped together in school boards that negotiated the contracts for all of their teachers, it became easier for the teacher unions to conduct contract negotiations and, as the trend towards the consolidation of school boards progressed

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<sup>3</sup> In those instances, subsidy policies strongly favour the users of the government-run schools.

and the number of school boards decreased, the teachers' unions became more and more influential. Not only did consolidation reduce the number of officials to lobby and contracts to negotiate, it also increased the unions' power by increasing the share of membership that resided and voted in the school district that employed them. Now that some provincial governments negotiate teacher contracts, their teacher unions have even greater political power.

The special interest groups, especially the teachers' unions, have a great deal of money at their disposal. Each year, every public school teacher has hundreds of dollars deducted from his paycheck at the source, money that the school boards send directly to the unions, providing them with a guaranteed revenue stream of millions of dollars every year. The unions' financial power, combined with their ability to mobilize thousands of teachers, makes them very influential in the political arena.

Teachers' unions participate in school board elections, often providing financial and logistical support, as well as urging their members to vote for certain candidates. Since voter turnout is low for school board elections and a disproportionate number of educators vote, the unions are frequently successful in electing a number of union sympathizers to the school boards (Moe, 2006). When contract negotiation time comes around, pro-union trustees sometimes represent management at the bargaining table, thus allowing the teachers' unions to have representatives on both sides of the table (Moe, 2006).

The influence of the unions is not as obvious in provincial elections, but it is often present nevertheless. In the last provincial election in Ontario, for example, the teachers' unions supported the party that won the election. The new government subsequently brought in a number of measures advantageous to the unions. For example, one of the new government's first acts was to repeal the unions' pet peeve, a tuition tax credit for independent schools. Furthermore, the government repealed the tax credit retroactively, an action almost unprecedented for tax bills. Other advantageous measures include ceding the balance of power in the Ontario College of Teachers to the teachers' unions, making the provincial tests easier (this year, for the first time, some elementary students can have their reading tests read to them), and canceling mandatory professional development for teachers.

As stated at the beginning of this section, two factors explain the popularity of centrally controlled schooling: people's distrust of market-driven schooling, and the preference of education special-interest groups for central control. The special-interest groups, especially the teacher unions, are well positioned to promote political ("democratic") control, not only by virtue of their direct political influence, but also because they constantly caution teachers and the public to fear market-driven schooling. In a centrally controlled system, special interest groups are very effective at achieving their own goals, which are almost never the same as those of the public. Many of the special interests' objectives (rules making it difficult to dismiss poor teachers, uniform pay scales, rare merit pay, little or no school choice) are not in the public interest.



# Why Political Control Invariably Fails

As the results outlined earlier suggest, even with the best of intentions and highly qualified teachers, politically controlled schooling invariably disappoints the majority of citizens. Let us consider why.

## Compliance-driven schools

In centrally controlled education systems, the schools are compliance driven, rather than performance driven. Administrators can readily monitor educators' compliance with rules and regulations: for example, whether approved textbooks have been purchased, that all the teachers have certificates, that records are being kept satisfactorily, that there are enough janitors, and so on. And schools must comply with all of the rules. It is the law. Performance, on the other hand, cannot be commanded, and it is far more difficult (and controversial) to monitor things like student achievement and parent satisfaction. Consequently, centrally planned systems tend to focus on inputs, rather than outputs.

The focus on compliance undermines the development and evaluation of new ideas. Not only should a good education system be able to offer the schooling options families want, it should also have the flexibility and incentive to experiment with new programs. An opinion poll will never reveal demand for something that does not exist. As Henry Ford said, "If I had asked people what they wanted, they would have said faster horses." Fortunately, entrepreneurs don't need a majority coalition to start new industries. Who would have sided with Ford over the employees and owners of all the industries related to horses and buggies? We need to harness the market accountability that allowed cars to replace horses if we want our education system to

evolve from its nineteenth century origins into a system that can meet the challenges of the twenty-first century. As the education reform debates of many countries continue to demonstrate, the political process strongly prefers "faster horses" (i.e., better results from the current system). Hope and inertia triumph over experience with a handful of popular (but futile) approaches, such as more targeted spending, mandatory professional development, and smaller classes, that disappoint repeatedly. We need genuine leadership to break this costly cycle of frustration, increased spending, and futility.

## Dissension and confrontation

A key alleged justification of political control is that a common school created by and for the community is essential to bind citizens together, to unite them in support of a few basic principles such as democratic control and tolerance of differences. The objective is noble, but the process of defining the terms of central control and enforcement of the rules that emerge has exactly the opposite of the promised unifying effects. Experience in other countries and in the past shows that when parents are free to choose their children's schools, diverse populations co-exist peacefully. But when government schools seek to coerce conformity, the typical result is dissension and confrontation (Coulson, 1999).

Deliberations about what a majority coalition should impose on a diverse population are not only contentious (Arons, 1983 and 1997; Holmes, 1998), but also result in educational compromises that few people would choose for themselves. Some groups are so unhappy with the collective choice imposed by the major-

ity coalition that they protest through costly lawsuits seeking court injunctions that can provide them only limited relief. The courts typically cannot mandate the schooling options that dissidents prefer. The sought-after court decree further constrains what majority coalitions can agree on and can also add to the rules schools must comply with. For example, a successful protest of secular humanism limits what schools can do, but it does not yield the religious instruction the plaintiffs would prefer for their children.

### **A bias toward uniformity**

Centrally controlled systems tend to yield “comprehensively uniform” (Brown, 1992) school systems. There is confidence or determination that one size can fit all, exemplified, for example, by a longstanding Calgary Public School Board position “that neighborhood schools ought to be able to accommodate the learning needs of all children” (Bosetti, 2001, p. 106). Calgary has since become more tolerant of choice and now hosts an array of alternative programs from which students can choose, but Calgary’s earlier position continues to be that of many Canadian school boards, most notably in the Atlantic provinces.

A second key factor is the absolute need of system administrators to appear fair to all. The widespread policy of assigning children to neighborhood schools makes it unfair to offer certain services in some neighborhoods but not others and, in any case, special programs often result in complaints to the school board that the special program is not available in other district schools. Central planners, understandably, dislike the problems that accompany centrally controlled special programs: the need for transportation, the parents who try to beat the system, the paperwork, the requirement for special teachers, and so on. As a result, most Canadian schools are quite similar to each other (Holmes, 1998).<sup>4</sup>

In an effort to appear fair and assist in getting one size to fit all, special programs are offered in every attendance zone through cafeteria-style mega schools that are difficult to manage. The resulting complexity begets fraud (Segal, 2004), and children and educators get lost in the shuffle of huge schools (Powell *et al.*, 1985; Holmes, 1998).

A third reason for uniformity is the difficulty producing genuine product diversity through central planning. In the private sector, many innovations are developed for children who fail in mainstream programs, but these kinds of innovations are typically discouraged by central planners. At the same time, central planners cannot develop dozens of different ways for dozens of schools to develop and successfully implement the appropriate innovations.

A fourth reason for uniformity is the need to find compromises on divisive issues. For example, Christian families with strongly-held religious views might not agree to send their children to a school that promotes the Jewish or Muslim religions, and vice versa. The only acceptable compromise is a school devoid of religion. The same sort of least-common-denominator process tends to be applied to many issues, for example, discipline, academic standards, extra-curricular activities, homework policies, school ethos, and teaching methods. The result is schools that few would choose for themselves and which are offensive to some.

Uniformity is troublesome because children and teachers differ widely. Many strategies work well for some children, but not others. Mismatches between strategies aimed at the mainstream and specific children bore, overwhelm, and alienate a lot of children. The same goes for teachers. Uniformity makes it difficult or impossible for principals to capitalize on individual teachers’ special strengths and talents. A wide range of

<sup>4</sup> Though the majority of school systems are similar, exceptions do exist. The most striking examples are the Edmonton and Calgary Public School Boards. At last count (April 2006), according to their web sites, Edmonton hosted over 20 different choice programs at over 70 schools, while Calgary offered nearly 20 programs at 32 schools. In other boards across the country, magnet schools and French immersion and extended French programs offer a few savvy parents the choice of alternative programs.

options is especially important in education, because teachers and children are “co-producers” and the effectiveness of instruction depends to a great extent on the child’s engagement in the process. A good match between the child, the school’s mission and pedagogy, the community, and the teachers’ special talents maximizes learning. School productivity is lower because schools are not allowed to specialize according to their strengths or to seek students whose learning characteristics match those strengths.

### **Insufficient high-quality information**

The decision makers in centrally controlled systems lack specific knowledge appropriate to particular schools, classrooms, and teacher-student relationships. Policy makers have no way of knowing what teachers and students at each school actually want and need. Policies that may be helpful to some schools are inappropriate to others. Even the general findings that central planners derive from their various studies are necessarily static and lack the ever-changing priority and cost information available to market participants through the price system. That is a key reason why economic freedom and per capita wealth are strongly correlated (Gwartney and Lawson, 2005). Decentralized decision making informed by changing market prices consistently out-performs central control by well-intentioned panels of public officials advised by experts; the price system contains and harnesses much more information about cost and priority, and thus maintains a more efficient allocation of resources.

Voters, especially those with school-age children, have little information to guide choices within the existing system or assess the performance of politicians and school officials. In several provinces, The Fraser Institute’s School Report Cards (see a list of available report cards at <http://www.fraserinstitute.ca/reportcards/index.asp?snav=rc>) are the only source of comparative information about school performance. In addition to hampering parents’ ability to evaluate their children’s schools, the lack of information makes it difficult to

assess the performance of teachers, administrators, and politicians.

### **Weak and inappropriate incentives**

As noted previously, significant political pressures push the system towards uniformity even though those pressures lower productivity by preventing specialization in the strengths of each school’s staff. Teachers typically are neither rewarded for extraordinary effort, skill, or innovation, nor penalized for being less effective. School system leaders suffer no consequences for agreeing to costly or debilitating union demands (for example, the union demand for a uniform teacher pay scale typically creates shortages of some kinds of teachers). Likewise, the current system lacks the incentives to put research into practice. Lieberman (2006) notes that education research is not only generally of low quality and of limited relevance to classroom practice, but also that useful findings are widely ignored. This happens because centrally controlled education systems neither reward innovation and extraordinary performance, nor penalize lackluster performance.

Despite repeated tales of woeful consequences, well-intended rules repeatedly stifle creative solutions to serious problems. For example, suppose that the principal of a small school has been assigned five excellent teachers and one very bad teacher. The principal is faced with a difficult problem, because none of the parents of children at the school wants the bad teacher for his child. The principal comes up with a scheme that divides the school’s 125 pupils among the five good teachers (approximately 25 pupils per class), finds “other duties” for the bad teacher, and converts the freed-up classroom into a music room. Even though all six teachers and the school community are strongly in favour of the principal’s plan and everyone would be better off were it to be implemented, the scheme will have to be vetoed by the school board because of a province-wide limit on class size.

Not only do centrally-controlled systems fail to reward exemplary performance as a rule, but in many cases they even penalize it. Consider the case of a principal who works hard to create an excellent school that attracts additional students. As a result, this principal has to take on additional responsibilities and headaches, such as a crowded school with more portables, the need to hire and supervise additional teachers, and the resentment of less successful principals whom he is putting in a bad light.

In return, he receives no pay raise or recognition of any kind. Similar disincentives stand in the way of the typical principal's introducing proven teaching materials and running his school more economically. Instead, the principal is encouraged to fully comply with centrally generated rules and regulations.

Political control also creates weak and inappropriate incentives for administrators and politicians. Since only a handful of education issues ever come to the public's attention, education administrators and politicians can ignore the public's wishes on most education issues. They can even ignore the public will on issues that are popular with the vast majority of voters. For example, Canada's schools contain little of the direct instruction that a large majority of parents want for their own children (Holmes, 1998).

The price system that drives decentralized decision making provides powerful incentives to wisely use the information about cost, benefit, success, and failure that results from competition to satisfy discriminating shoppers. Popularity begets the profit to attract investment, and the revenue to compete for the best staff.

Political control operates without the considerable information and incentive benefits of the price system. It is impossible to over-estimate the importance of market-determined prices in providing critical information and motivating efficient behavior (Hayek, 1945; Reisman, 1998).

### **Ability to resist change**

All organizations resist change, and it would be unreasonable to expect an organization to change itself dramatically without a compelling reason. In the private sector, competition provides this compelling reason, but even where resistance to change means bankruptcy, many businesses improve themselves too slowly and are replaced (Christensen and Overdorf, 2000). Christensen has argued that public schools are especially poorly positioned to respond to the demand for reformation: "Processes and values in K-12 really do make change virtually impossible in the current context" (2001, p. 7).

The public sector is sheltered from competition, and thus public schools can resist change even when they are providing very poor service. One hundred years ago, when public schools were much closer to their communities, there was a brake on their ability to resist change since members of the local community were able to take action if they were dissatisfied. But the advent of district-wide and provincial central control greatly weakened the pressure to change. As long as schools continue to obey all of the centrally generated rules and regulations, they are usually allowed to carry on indefinitely, regardless of their level of service.



# The Way Forward

Because political control invariably disappoints, Canadian politicians should abandon strict central control in favour of increased professional and school autonomy, and market accountability. Every government intervention strengthens the forces that doom central control to failure: education interest groups become stronger; schools become more compliance driven; communities experience more dissension and confrontation; there are more regrettable unintended consequences; the schools become even more uniform; the consequences of information and incentive deficiencies increase; and the schools become more resistant to substantive change.

Instead of increasing central control, Canada should pay heed to the experience of some of its provinces, particularly Alberta, as well as the experience of other jurisdictions, such as New Zealand, Denmark, and Sweden (as described in Hepburn, 1999). Those jurisdictions are pleased with the results of their limited experiments with decentralized decision making, which they have achieved through increased autonomy for individual schools combined with parental choice. A shift to a market-based education system would transform and energize our children's education by moving power from governments, bureaucracies, and special-interest groups to school-based educators and parents.



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