LAST BELL

Breaking the gridlock in education reform

Carl Bistany and Stephanie Gruner Buckley

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PROFILE BOOKS

Foreword

HE UNITED STATES is the wealthiest nation in the world. Two factors are generally mentioned as critical to this success: A set of economic institutions that promote efficient and innovative markets and an historical record of broad investment in the human capital of its people. By maintaining generally free and open labor and capital markets, workers and firms adapt quickly to the changing demands for different goods and services. And, particularly as seen from my office in the middle of Silicon Valley, there is fierce competition for highly skilled workers. The result is an innovative and dynamic economy that is the envy of the world.

The stark contrast between the vibrant U.S. economy and the stagnant and expensive U.S. K-12 public school system is, then, difficult for many to reconcile. How can most of the economy thrive while its public schools do not? It surely cannot be a lack of appreciation for education, because nobody doubts the importance of quality education.

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Economists have less difficulty than many in reconciling this dichotomy. The private economy provides clear incentives to participants—workers, firms, and consumers. Skilled workers are matched with good jobs. Firms that provide products that consumers want, and do so at competitive prices, grow and survive. Consumers make choices in their purchases, and these choices—and the ensuing competition among firms—drive firms to innovate, to provide goods at reasonable prices, and to ensure that the quality of goods satisfies consumers. And this all happens with firms making profits—or disappearing from the market in the fashion of American Motors, Blockbuster, Borders, Pan American World Airways, and Woolworth's, when they do not.

Stacked against the thriving private economy are the sheltered nonmarket operations of U.S. public schools, lacking the incentives that are commonplace elsewhere. In the public school sector, "incentives" and "competition" are bad words—but not nearly as bad as "for-profit." It is possible to have entire conversations at a philosophical level about the dangers of for-profit firms in public education without ever touching on student outcomes or efficiency, subjects that one might think to be at the heart of the discussion. It is more a pseudo-moral argument about whether anyone should make a profit in providing something as important as education.

This brings us to *Last Bell: Breaking the gridlock in education reform.* There is a simple storyline: Energetic, worldwide firm (SABIS) meets the largely immovable object of publicly run schools in the U.S. They bring a real track record of performance, and yet they repeatedly face obstacles that would be unacceptable in other sectors.

The compelling part of this book is the firsthand experience with public school officials and decision makers, both elected and appointed, who fight competition, particularly from forprofit providers, at every turn. It is useful to put some of the recurring arguments they make against for-profit involvement into perspective.

Perhaps the most repeated argument, one that has the

tone of being finely honed at a set of focus groups, is that for-prolit providers running public charter schools would provide a shoddy product that is priced too high (presumably because there is a layer of profit being skimmed off the top). What is most surprising about this argument is the low level of regard expressed for the parents. All discussions of choice in education are just that-providing choice, particularly where little exists today. If it is a shoddy product, the parents do not have to choose it, and implicitly the firm providing the bad education cannot make a profit and will fail to survive. Nobody makes such a foolish argument in the 80 percent of the U.S. economy involving private, for-profit firms. The image that is evoked by this argument is that of East Germans stubbornly sticking to their Trabants after the Berlin Wall came down instead of doing the obvious, which was immediately driving their Trabants into the West, abandoning them, and buying Volkswagens. Parents. like their East German counterparts released from government-run monopolies, should have an opportunity to make choices, and the waiting lists for good charter schools show their ability to make choices.

Of course, this discussion also points to an underlying inequity in the provision of public education in the U.S. Middle-income parents regularly exercise school choice—not, in general, by selecting a charter or a private school, but by choosing a residence in the school district of their choice. It is low-income parents who typically lack choice, particularly when they live in school districts without good education options and cannot afford to move.

Again, it is instructive to follow the clear discussion of the obstacles to providing educational choice that Carl Bistany and Stephanie Gruner Buckley set out. The arguments opponents

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make against choice are scattered in all directions: Our schools are doing fine so we don't need anything more; teachers are over-burdened by increasing numbers of poor kids and it's not the fault of the schools; for-profit schools are not accountable to the public.

These are the arguments of those who are most concerned with maintaining the current schools just as they are, and empirical support for their arguments is irrelevant as long as people accept them without thinking too deeply. This status quo motivation is most clearly seen by the oft-repeated accusation that a major problem with charter schools is that they take money away from the traditional public schools, money that clearly is necessary because the poor student results show the obvious need. Notwithstanding the fact that with less money they also have fewer students to educate, this has the ring of "If you don't force people to buy Trabants, there might be less demand and thus fewer workers employed in Trabant factories."

Perhaps the most interesting argument is one that puts the issue in complete perspective: Our schools must be fine because we have such a strong economy. That is the heart of the matter. We have managed to outpace other economies by having very strong economic institutions traditionally fed by people with more schooling than found anyplace else in the world. But these advantages are disappearing. We have a lower high school graduation rate than all but six OECD countries, and this ranking matches the quality ranking on international math and science tests. In the future, as more countries adopt our economic institutions, we will have to compete on the skills of our population—where we have slipped badly.

The main theme of this book is simple. Attracting people

who know how to run high-quality schools, whether they come from for-profit firms or not, must be a high priority. We owe it to our children and to the nation. We particularly owe it to disadvantaged children who are not getting the skills necessary to compete in today's knowledge-based economy.

> Eric A. Hanushek Stanford, California July 2015