Theodore Nugent, MCMM

Dr. Hobbs

ECP 3009 Moral Foundations of Capitalism

Wednesday, March 30, 2016

Education Decentralization

We are at a time in our national economy where creativity is highly prized.

Technological innovation and globalization have allowed for the country's focus to shift from physical industry to innovation and ingenuity. However, the structures of our public school systems are holding us back. It is time for a change from focusing on purely traditional, cookie-cutter academia to fostering critical thinking and encouraging creative collaboration within individual passions. Public spending on education leads to heavy regulation and lack of diversification in both curriculum and institutions. Privatizing secondary schooling would increase specialization and division of labor, providing more distinct opportunities and freedom to choose for individual students, therefore producing a higher-skilled workforce.

I will first identify what specialization and division of labor are and their importance, according to Adam Smith. I will then continue on to discuss some of the current conditions we are facing in public education, solutions that privatizing education would provide, opposing views on privatizing education, and benefits of maintaining a public primary education system.

Specialization and Division of Labor

Specialization and division of labor have their greatest effect on the increase of productive powers of labor, according to Adam Smith in *The Wealth of Nations*. When a person is allowed to focus on one simple operation, they increase their dexterity in the task and are likely to discover readier methods to achieving their work, saving time and providing an increase in the quantity of work they can perform. Division of labor allows each individual to become an expert in his own task, causing a higher level of productivity and improved economic progress and efficiency and making it one of the foundations of liberal policy (Von Mises).

Current Conditions Under Public Education

Following the Foster Act of 1870, the state system of free public schooling for the masses was superimposed over preexisting private, voluntary, and competitive education systems funded by outside sources. Since then our public school system has evolved into the predominant industry it is today, burdened by monopolistic tendencies and political agendas. Current conditions and problems we are facing with public education as a direct result of bureaucratization and regulation include effectiveness of spending; schools as an indicator of intelligence rather than actually imparting skills; focus on funding rather than fostering learning; and monopolization and lack of personalization.

Allocation of government spending is always a hot topic: whether the government should increase or decrease spending, how the taxpayers' money should be spent, etc.

Somewhere along the way the focus has become on the quantity of funds, rather than the productivity of their use and allocation. Likewise countries all over the world are focused

on increasing the number of children who attend school, but pay far too little attention to what the students are getting out of their education. In order for the investment to have social payoff, government must extend beyond their concern of funding larger quantities of children to go to school and focus on what they are actually learning and whether their education is providing them with something useful they can do with it when they leave (Kenny). In fact, studies have shown that there is no relationship between increased funding of formal schooling and improved student achievement (Lingard). Rather than imparting useful skills, under our current education system schools have become an indicator of intelligence, filtering out persons with ability and ambition rather than imparting skills that make them better at their jobs over the long term (Kenny).

Public education's funding by the government means that the government is also involved in heavy regulation. This regulation becomes problematic on multiple levels. From a classical liberalism perspective, government's role should be limited and government should instead advocate private ownership of the means of production, including schools. (Von Mises). Government regulation does not allow for the fostering of competition as a free market does, but instead creates monopolization of information and corruption. Government involvement in school systems is no special exception. The transition to widespread public schooling in the early 20th century was initially driven by an effort to pass on civic-mindedness and to "Americanize" new immigrants. Public schooling was a political project more so than one for the betterment of the quality or availability of education (West). Now the high regulation and incentives for funding create political pressure to lower proficiency standards and skew data in order to meet federal and state regulated standards. Curriculum is narrowed to only subject areas that are covered in state

mandated tests (Lang), because performance on standardized tests is directly correlated to the level of funding schools receive. This method of "teaching to the test" not only limits the level and quality of learning, but also the diversity. Public education has become very uniform, while economies and societies are becoming more and more specialized.

Historically in the 19th century, privatized education at all levels allowed for a highly personalized education and enabled students to recognize independent needs of identity, affiliation, citizenship and work roles. The nationalization of education broadens the context of such needs to a much larger scale, lessening the focus of an individualized educational experience (Burbules, Torres). According to *The Fundamentals of Educational Planning*, this is the opposite direction education should be moving in. While more trades and occupations are developing as a result of continued progress, education systems must cater to these. Schools must offer diverse curriculum, whether it be concentration in strong arts or strong sciences, information technology, cybernetics, etc. in addition to traditional disciplines. This is difficult for the government to provide on such a large scale due not only to the corruption of motives, but the need for massive amounts of constantly-changing information and resources and the ability to use said data effectively, which falls away under decentralization. The solution is division of labor under a free market system.

Privatization of Education as a Solution

"The privatization movement appears to be an answer to an increasingly diversified demand in terms of content or teaching methods, and to the desire of families to choose the school to which they send their children (Belfield, Levin)." Privatization of secondary

schooling as a solution will provide more flexibility and freedom to choose; higher quality of education; and a more favorable environment for the reality of increasing globalization.

Privatizing, or "liberalizing" as it is referred to in *The Fundamentals of Educational Planning*, education reduces bureaucratic red tape that public schools face, ultimately limiting regulations and allowing schools to respond efficiently to changes in their students' needs and the prices of key inputs, such as teachers. Proponents argue that it also puts the emphasis on personal responsibility and individual choice due to an increase in resources, a more effective use of those resources, and therefore increased flexibility and quality in the delivery of education across various subjects as a product of competition and efficient production that result from free market systems.

A transition to decentralized education in a free market would lead to corporations and private enterprises investing in training and education. There has already been a migration toward charter schools, arts schools, specialized technical institutes and businesses' investment in secondary schooling. This shift would provide the highest quality education possible because private owners not only have higher incentives to closely monitor that objectives are being met, but individualized responsibility for education in an open market fosters competition amongst agencies and schools, meeting demands of students that are not possible under government-monopolized systems and encouraging the development of new services and products.

On a multi-national level, corporations' interest above all is global profitability. The internationalization of production and other economic resources is creating an economic future that is less specific to a single country of origin, therefore the process of globalization is encouraging more efficient, flexible, and expansive education systems.

Privatization is a logical response to these changes (Belfield, Levin). Said corporations and international organizations have incentives to invest in capable students' educations, and would have a greater opportunity to do so under the elimination of secondary public education. As it is, corporations are beginning to create their own postsecondary and vocational education programs. Some spend up to \$40 billion a year to train and educate their current employees, approaching the total annual US expenditures on undergraduate and graduate colleges and universities (Burbules, Torres), proving their willingness to capitalize on students and individuals.

Opposition to Privatization

The main concerns when considering privatization is whether or not private markets are capable of providing in the same way governments are able to through regulation, and that privatization will lead to higher inequalities. When discussing it in terms of education, individuals also argue that people with college degrees earn a higher wage statistically than those without, and secondary education is required for students to go to college.

Privatization is believed to be "associated with increased inequalities in access to education and the breaking of social cohesion (Belfield, Levin)." There is a fear that a private system will not be able to maintain accessibility and accountability, causing some children to receive discriminatory education opportunities while others (perhaps from white, suburban, wealthy families) will be more prosperous (Johnston). In order to address the issue of inequalities, we must first acknowledge their origination. Neoliberal ideas assume that individuals are unemployed or worse off due to behavioral tendencies such as

incompetence or immorality, rather than structural explanations of inequalities of wealth and income or inadequate public sector investment (Lingard). If this is the case then the goal should be to produce individuals that take on self-responsibility and improvement, rather than depending on the welfare state. Achieving this would be difficult under an education institution that faces the same government regulations. From a classical liberalism perspective it is the responsibility of the citizens, not the state to regulate such issues and promote justice. Examples of this can be seen in the businesses even under our current education structure that provide funding for less fortunate students to attend college or receive mentoring in areas they have proven proficient in. Under a free market, opportunities are available for those willing to work for it; businesses are willing to invest in students and individuals that will benefit the workforce.

The argument is also made that privatization of education is dangerous because individuals with college degrees generate a higher income. Privatization will lead toward more specialized career paths and will naturally cause the elimination of uniform, "college-ready" education that we see in public secondary schooling today. However, this does not mean the elimination of every student's opportunity to go to college, it just assumes that universities will adapt to become more specialized as well. And while the direct correlation between a degree and higher income after graduation is apparent in many individual countries, no relationship has been found at the global level between a more educated population and a higher level of economic development (Kenny).

Keeping Primary Education Public

Maintaining a public primary education system also addresses multiple concerns over a privatized system such as the need for every individual to have a basic level of functioning in a society and the prevention of negative rights stemming from the disadvantages of those with no access to schooling that is solely private.

Advocates of political liberalism believe that the aim of education is to develop citizens, and that we have a responsibility to ensure children's education. Therefore, their education should "prepare them to be fully cooperating members of society and enable them to be self supporting (Johnston)." By ensuring widespread, free access to only primary education that need is not only addressed but also improved, because a lesser distribution required of educational funds by eliminating public spending at the secondary level will allow for a more efficient allocation of funding and resources at the primary level. It also prevents deprivation of a legitimate education or denial of curriculum necessary for entrance into higher education from any children impoverished or of lesser wellbeing (Johnston).

Conclusion

The historical greatness of America lies in the individuality of its citizens. The comportment of government to uniformly administer educational and testing standards not only ultimately stifles individuality but tends to reduce education to political correctness by trying to make everyone equal. While such a goal is lofty in its utopia, it is fatally flawed in its governmental application. A general basis of common knowledge should be achieved in beginning educational years, but should a person not strive to be what they want to be and no be stifled by a cookie cutter education? In order to succeed

and continue progressing in our 21st century workplace, we need individuals with concentrated expertise and passions in specialized fields rather than innumerable citizens who all know a little about a lot. Privatizing secondary schooling will foster competition and creativity and promote the greatest potential of human capital by increasing specialization and division of labor, providing more distinct opportunities and freedom to choose for individual students, and therefore producing a higher-skilled workforce.

References

- Acemoglu, Daron, Autor, David. "What Does Human Capital Do? Review of Goldin and Katz's The Race Between Education and Technology." Journal of Economic Literature 50:12 (2012): 426-463. Web. 27 Mar. 2016.
- Ball, Stephen J. "International Perspectives on Education Policy." *Comparative Education* 34.2. (1998): 117. Web. 2 Mar. 2016
- Basu, Parantap, Bhattarai, Keshab. "Does Government Spending on Education Promote Groth and Schooling Returns?" 2010. Web. 27 Mar. 2016.
- Belfield, Clive R., Levin, Henry M. "Education privatization: causes, consequences and planning implications." *Fundamentals of Educational Planning* 74 (2002). *Unesco.* Web. 27 Mar. 2016.
- Burbules, Nicholas C., Torres, Carlos Alberto. "Globalization and Education." *Globalization and Education: Critical Perpectives* (2000). Web. 27 Mar. 2016.
- Dodson, Dan W. "Democracy and Private Educaton." *The Journal of Educational Sociology* 30.8. (1957): 337-338. Web. 2 Mar. 2016.
- Glass, James M. "Classical Liberalism: The Unvanquished Ideal / Liberty for the Twentieth-First Century: Contemporary Libertarian Thought." *The American Political Science Review* 90.4 (1996): 888. *ProQuest.* Web. 2 Mar. 2016.
- Guroff, Margaret. "Unlearning Education." *Johns Hopkins Carey Business School.* Web. 27 Mar. 2016.
- Johnston, James Scott. "RIGHT AND GOODS: PROCEDURAL LIBERALISM AND EDUCATIONAL POLICY." *Educational Theory* 57.4 (2007): 469-88. Web. 2 Mar. 2016.
- Kenny, Charles. "Why Education Spending Doesn't Lead to Economic Growth." *Bloomberg Business Week.* 7 Apr. 2014. Web. 27 Mar. 2016.

- Lang, Kevin. "Measurement Matters: Perspectives on Education Policy from an Economist and School Board Member." *Journal of Economic Perspectives.* (2010): 167-182. Web. 2 Mar. 2016.
- Lingard, Bob. "Think Tanks, 'Policy Experts' And 'Ideas For' Education Policy Making In Australia." *Australian Educational Researcher (Springer Science & Business Media B.V.)* 43.1 (2016): 15-33. Web. 2 Mar. 2016.
- Olssen, Mark. "Social democracy, complexity and education: perspectives from welfare liberalism." *Knowledge Cultures* 2.6 (2014): 115. Web. 2 Mar. 2016.
- Ryoo, Joshua Sung-Chang. "The Philosophy of Epistemic Liberty: John Locke on Politics, Knowledge and Education." 2010. Web. 2 Mar. 2016.
- Silver, Jonathan L. "Reviewed Work: Public or Private Education?: Lessons from History." *History of Education Quarterly* 45.2. (2005): 304-306. Web. 2 Mar. 2016.
- Smith, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations.* Edwin Cannan, ed. 1904. Library of Economics and Liberty. Print. 2 Mar. 2016.
- Smith, Adam. *The Theory of Moral Sentiments.* 1790. Library of Economics and Liberty. 2 Mar. 2016.
- The Liberty Fund. *Education in a Free Society.* Indianapolis: Liberty Fund, Inc, 1973. Print. 2 Mar. 2016.
- Von Mises, Ludwig. *Liberalism: In the Classical Tradition.* Irvington, NY: The Foundation for Economic Education. 1985. Print. 2 Mar. 2016.
- West, E.G. *Education and the State: A Study in Political Economy.* Indianapolis: Liberty Fund, Inc, 1994. Print. 2 Mar. 2016.