

## Markets, Inequality and Schooling

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### A. INTRODUCTION

It is widely accepted that schooling is a right of all children, and that society has an obligation to provide such schooling, at no cost, to its members. Although this entitlement has been defended on many grounds (Milton Friedman defended it based on the externalities that arise from a poorly educated public<sup>1</sup>) I believe that the best justification for this right lies in an idea of citizenship associated with the British social theorist T.H. Marshall. Marshall argued that democratic citizenship has three basic dimensions: political equality –the equal right to participate in the exercise of democratic decision-making; civil equality –the equal right to basic liberties such as freedom of speech, thought and association –and social equality, which he understood to encompass “the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in society.”<sup>2</sup> These three dimensions, taken together, Marshall believes were essential for being regarded as an equal member of society---by oneself and by others.

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<sup>1</sup> Friedman

<sup>2</sup> Marshall

Marshall's conception of citizenship has immediate implications for education. Students must achieve a level of competency for political matters such as voting, and serving on a jury. They must also be capable of exercising their civil liberties, and, to do so, they must be able to evaluate and choose among values that will orient their lives. And still further, they must be ensured against poverty and dependence through the ability to engage in productive work. **Social citizenship, then, establishes a high floor of provision –all students need to be educated along these three dimensions in order to be full members of society.** Let's call this idea, borrowing the term from Goodwin Liu, educational adequacy for equal citizenship (**EAEC**).<sup>3</sup>

Does EAEC have implications for the distribution of educational opportunity beyond that high floor of provision? In previous work, I have argued that there are two further implications that follow from Marshall's conception.<sup>4</sup> **First, we have to define our adequacy threshold comparatively.** What is adequate for serving on a jury depends in part on what others know. In the same way, when algebra functions as a gateway to higher education and jobs, adequacy requires that all students learn algebra.

**Second, social institutions must be arranged so as to prevent the formation of social castes.** When the very wealthy are able to buy up from the level of publicly provided education, care must be taken that they do not form an encrusted and self-perpetuating elite, hoarding opportunities and positions of influence for their families. Great inequalities regarding who has an opportunity for important goods above citizen's

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<sup>3</sup> Liu, 2006

<sup>4</sup> Satz, 2006, 2007

adequacy threshold might relegate some members of society to second-class citizenship, where they are denied effective access to positions of power and privilege.

In addition, **because education is a benefit that the state is obligated to provide, it must take steps to ensure that it does so in a way that is fair to all students.** It would not be fair, for example, if –absent special justification for so doing --the state funded the public schools of wealthy children at a higher level than it did the schools of poor children. Because education is both compulsory and a right due to all citizens, the government is under an obligation to provide such goods as education to the equal benefit of all, unless there is some reason to depart from equality that those who receive less could reasonably accept.<sup>5</sup> (Rationales include: it will take more resources to bring some children up to the high adequacy level so we need to give more to these children; investing in the education of some children may yield important public benefits; etc.) In the context of education’s role in qualifying people for jobs, the conditions necessary to become qualified as candidates must be available to all those who have the relevant abilities.<sup>6</sup>

Of course, these implications of EAEC are far from realized today in the United States. Too many poor and minority children attend failing schools with inadequate resources. There are large disparities at the district and state level in school funding, especially so given that property taxes play an important role in providing revenue. Finally, children in

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<sup>5</sup> This formulation has some affinity with Rawls’ fair equality of opportunity according to which “those who are at the same level of talent and ability, and have the same willingness to use them, should have equal prospects of success regardless of their initial place in the social system.” (TJ, p. 73). It is, however, not identical to it.

<sup>6</sup> I take up this further implication of Marshall’s conception in a paper co-authored with Rob Reich.

high poverty schools have less access to advanced courses and special programs than those attended by the children of middle class and wealthy families.<sup>7</sup> It is not surprising, then, that the poor are dramatically underrepresented in higher education, especially in highly selective colleges and universities.<sup>8</sup> This, in turn, leads to their underrepresentation in jobs that have power and prestige.

## **B. MARKET VERSUS NON-MARKET SOLUTIONS**

I now want to contrast two different ways we might attempt to meet or at least approach EAEC: by harnessing and expanding the power of the market or by further narrowing the scope of the market. Although the first option has promise and sits more easily with liberal values, I'll try to make the case for (at least considering) the second option.

There are many different “market-based” strategies that might be pursued, but I want to focus on one option that has a lot of support: increasing the domain of school choice. Currently, school choice is the leading idea of educational reform in the United States. There are over 6500 independent charter schools, and some are run by for profit companies. These schools tend to proliferate in high poverty urban districts. There are also an increasing number of state designed experiments, a handful of which give vouchers to parents who can use them not only in public but also in private schools. The current US Secretary of Education, Betsy DeVos, is openly pushing a school choice agenda that involves the for-profit sector.

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<sup>7</sup> Jennifer La Fleur, Al Shae, Sharona Coutts and Jeff Larson, “The Opportunity Gap: Is your State providing Equal Access to Education,” ProPublica. Updated January 24, 2013, [projects.propublica.org](http://projects.propublica.org)

<sup>8</sup> Chett

Choice is also an increasing phenomenon *within* the traditional public schools. Many districts have magnet schools, organized around themes, to which parents can apply on behalf of their children. The Harlem Children's Zone is a prominent example of such a district-based program.

The theory behind school choice is simple. As Milton Friedman pointed out in his classic *Capitalism and Freedom*, the fact that the state should pay for schools (based on neighborhood effects) does not mean that it has to run them. There are, he argues, three main reasons for not "nationalizing" schools, but instead letting the market distribute education --with the government stepping in only to ensure that certain minimal standards are met.<sup>9</sup>

**First**, vouchers would **extend the range of choices available** to parents by permitting a wider variety of schools and greater ability to move between them. **Second**, by empowering parents to exit failing schools, the voucher system would **provide an incentive for schools to improve their quality** as a way of maintaining their share of students. And **third**, **Friedman thought that there was an equity component to school choice**—under the non-choice system, parents can only exert their choices if they have the money to send their children to private school or to move into neighborhoods with desired schools. By contrast, under a choice based system, the poor, and not only the wealthy, would be able to act on their school preferences.

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<sup>9</sup> Friedman,

To be sure, Friedman's "market" is constrained. He proposes giving all parents a state supplied voucher that they can *only* use for schooling. That is, they cannot use it for other goods they might want. Nonetheless, within the scope of schools, Friedman thinks parents should be able to take their voucher to *any school* that meets the state's minimum requirement.

I am not an absolutist opponent of school choice: the devil is in the details and how such programs actually work in practice. Nonetheless, I think there are some major concerns with choice systems that emerge when we think about the ways **that individual priorities and collective priorities diverge. Greater freedom of individual choice can sometimes make the best collective choices harder, if not impossible, to achieve.**

Consider that parents care about the best interests of their own children, and as individual decision makers, they will tend to prioritize those interests. Indeed, in one sense, it is entirely appropriate that they do so: society relies on parents to act as trustees for their children and to do what conduces to their children's flourishing. At the same time, however, some of the ways that parents will prioritize their own children can lead –perhaps as an unintended consequence --to worse outcomes for other children or to the furthering of social inequities.

For example, evidence suggests that choice schools are, for the most part, more homogenous than public schools with respect to social class and race. In particular,

researchers have shown that when public choice is available, highly educated parents are especially likely to factor child demographics in their choice of school.<sup>10</sup> Even if we assume that such an outcome satisfies parents as “consumers,” is that all that matters? When these same parents consider themselves as citizens, don’t they have an interest in overcoming such racial and class divisions? After all, strong class and racial divisions give rise to social instability; moreover, these divisions often arose from, and help maintain, injustices. But no parent can bring about such desired goals (ending racial and class divisions, social stability, justice) acting on his or her own.

It also needs to be remembered that choice not only gives new powers to parents, it also gives new powers to schools to turn away children. This is already a problem with many private and charter schools: while private and many charter schools can reject applicants, public schools cannot. The voucher proposal advocated by John Chubb and Terry Moe in *Politics, Markets and America’s Schools* attempts to address this by requiring a fail-safe principle whereby every child needs to be placed in some school.<sup>11</sup> But a school of last resort is hardly likely to benefit such harder to educate children.

Even if we could design a voucher system that avoided some of these problems it is unlikely that the voucher system would be sufficient to diminish the inequalities in educational opportunity that threaten EAEC. There are three reasons why this is so.

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<sup>10</sup>Jack Dougherty et al, “School Information, Parental Decisions, and the Digital Divide: The Smart Choices Project in Hartford, Connecticut in *Educational Delusions? Why Choice Can Deepen Inequality and How to Make Schools Fair*, eds. Erica Frankenberg and Gary Orfield, University of California Press, 2012, p. 235.

<sup>11</sup> Chubb and Moe, 1990.

**First, the most disadvantaged parents are the least likely to make use of the system.** This may be because they lack information or because they have other problems that prevent them from accessing it. If all the better-mobilized parents flee a local school, then the students who remain may find themselves in worse conditions, with less resources and support to enact improvements. Current charter schools compete for the best students, and even if they accept all applicants, they still utilize their right to push harder to educate students back into the regular public schools.

**Second, a good deal of education occurs outside of schools.** It occurs in the family, through interactions with peers, and by a child's interaction with her general environment. Wealthy families are able to provide far greater opportunities for their children than poorer families. Researchers have found that the gaps between what the rich and poor spend on their children has dramatically grown in the last several decades.<sup>12</sup> Whatever happens in schools, research also shows that, every summer, the educational gap between poor children and rich children grows.<sup>13</sup> And, poor families lack many resources that enable children to learn: poor children are often malnourished, and live in circumstances which negatively affect their physical and emotional health. Consider also that studies have shown that a good deal of inequality in educational attainment is already present at the time that children begin kindergarten.<sup>14</sup>

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<sup>12</sup> Reardon, "The Widening Achievement Gap Between the Rich and the Poor: New Evidence and Possible Explanations," in *Whither Opportunity?* ed. Greg Duncan and Richard Murnane, Russell Sage Foundation, 2011.

<sup>13</sup> Downey, et al., "Are Schools the Great Equalizer? Cognitive Inequality During the Summer Months and the School Year," *American Sociological Review* 69 (5): 613-635.

<sup>14</sup> Duncan and Magnuson, "The Nature and Impact of Early Achievement skills, Attention Skills and Behavior Problems," in *Whither Opportunity?* op. cit.



**Third, and relatedly,** the state has limited resources to spend on education. Some people will want and have the ability to spend more on their children's education than the state is able to provide, and high earning parents will retain the ability to purchase advantages for their children. In our very competitive, high stakes environment, such parents in fact can be **expected** to purchase such advantages.

Now it might be argued that "choice" is already the mechanism by which we allocate important goods such as housing and contemporary society seems comfortable with allowing people to move in and out of neighborhoods as they choose. This observation is true and well taken, but (as the saying goes) one person's *modus ponens* is another person's *modus tollens*. Marshall's standard entails that we do better with respect to **both** the distribution of both housing and schooling than we currently do.

A contrasting approach to schooling aims to narrow the scope of inequality by constraining the market both within and outside of schools. Marshall himself thought social citizenship aimed at ensuring a level of universal programs such that "the provided service, not the purchased service, **becomes the norm of social welfare.**" The kinds of **school related services** that are relevant here include free high quality day care and free after school programs. Selective interventions at raising the school readiness of poor children are especially likely to be cost effective.

Beyond this, EAEC directs us to:

1. Wage a war on poverty. An unconscionable percentage of American children live in poverty: 44% live near the poverty line and 21% are classified as poor.<sup>15</sup>  
Children who are often hungry, have unstable housing, and poor health will not realistically be able to meet the adequacy standard.
2. Push for the federal funding of education; break the link between local property taxes and school funding.
3. Ensure that resources and course offerings in every school allow students to achieve the high level of adequacy demanded by equal citizenship.
4. End exclusionary zoning which segments neighborhoods into rich and poor, black and white to enable students to attend schools that are diverse along the lines that will prepare them for equal citizenship.

These reforms are **very** difficult to achieve. Moreover, it remains possible that even all of these measures will not be sufficient to realize EAEC. This is because the inequalities generated outside of schools might still undermine equal citizenship as Marshall understood it. Whether that is the case would depend on the extent of those inequalities and the social practices and norms associated with them. If wealthy parents continue to see striving for competitive educational advantages for their own children as an admirable expression of their concern, then EAEC directs us to further constrain the scope of economic inequality. Two important measures here are progressive taxation and limits on the intergenerational transfer of wealth. Achieving EAEC might require that we move closer to substantive income and wealth equality than is often supposed by

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<sup>15</sup> National Center for Children in Poverty, Columbia University, 2016

advocates of educational adequacy or equality of opportunity.<sup>16</sup> Perhaps equality of opportunity is, as Tim Scanlon has suggested, a “Trojan horse” for equality.

Some have argued, especially in the context of existing inequalities, that we should place a limit on the educational advantages that parents can provide for their children.<sup>17</sup>

And it is certainly tempting to consider banning private college counselor services, professional tutoring, test prep services, and the like. Unfortunately, we have many good reasons for not preventing parents from cultivating the capabilities of their children. Indeed, we rely on parents engaging in such activities as helping with homework and tutoring. Some of these parents may find it more efficient or otherwise preferable to contract out for these services.

A stronger argument, I think, is available for banning private schools. Some (although not all –most students who attend private schools attend Catholic schools which are economically diverse) of these schools siphon off the wealthiest students. These students are disproportionately represented in the nation’s highly selective colleges and universities. Furthermore, the parents of these students, who tend to have considerable political influence, have little incentive to support the funding of public schools at a high level.<sup>18</sup> This may lead to worse outcomes for public schools, which in turn, will cause

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<sup>16</sup> Rousseau thought that extremes of wealth and poverty were incompatible with the ability of people to form a collective will. See *Discourse on Inequality*, section

<sup>17</sup> Brighouse and Swift, *Family Values*, 2014 They argue that parents cannot justifiably promote their children’s advantage when this is not required to achieve core familial relationship goods. So parents can read bedtime stories to their children, even though this may promote their competitive advantage, but they may not hire someone to read to their children. But familial goods are not the only goods that matter. Parents may also value education for their children, beyond the level that the state provides.

<sup>18</sup> Gutmann makes this point, but rejects prohibition of private schools because she thinks the empirical evidence for their negative effects on public schools is weak.

other parents to seek private options. **Sometimes the way to achieve the best option for everyone is to put people in the same position.**

It is unlikely that democratic majorities will support ending private schools in the US in the near future; nor are we likely to see, in the foreseeable future, a radical narrowing of income and wealth gaps. But the existence of “private educational options” does pose a challenge to EAEC. Wealthy and even middle class parents outdo themselves in trying to secure educational (and thereby economic) advantages for their children. There is no possibility for poor families to keep up, even if this is what they want to do. In a highly unequal society, education alone is unlikely to undo caste (although extending the length of the school year would probably help.)

Still, might we achieve EAEC in a context of market generated inequalities in schools and beyond schools? A different way to respond to the threat to EAEC is to attempt to try to change parental norms and practices by changing the incentives that currently attach to the educational arms race. College and university admissions policies present one possible way to do this.<sup>19</sup> Universities could weigh the achievements of students from disadvantaged backgrounds and those who attend integrated public schools significantly more highly than those who attend expensive private schools; admissions at selective institutions could be randomized with respect to achievement above a certain threshold; colleges and universities could dispense with giving admissions

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<sup>19</sup> Tim Scanlon hypothesizes that admissions committees can recognize the “sheen” on applicants who have received extra help with their application. I am skeptical.

boosts to the children of alumni. Grants and financial for poor students attending colleges and universities could be made far more generous.

Outside of education, changing the stakes connected to going to highly selective schools could also make a difference.<sup>20</sup> In the United States, access to good colleges and universities is tied to the ability to live in good neighborhoods, have access to good schools, have healthcare and better health, and have better personal and job security. But we could decouple these links.

EAEC does not demand one easily specified formula for education: it is not an equal spending principle and it does not demand that all students attain the same educational level. It is also context sensitive. What is required to stand in relationship to others as a full and equal member of society will vary from one context to another. Still, it does issue in a demanding threshold and in context sensitive constraints on inequality.

At the same time, EAEC gives us reasons to worry about the intrusions of the market into the educational sphere. Markets are individualizing: they allow individuals to differentiate themselves based on their preferences. In many contexts, this is their strength and constitutes an important mechanism for enhancing individual autonomy. But in other contexts, such segmentation actually can prevent people from getting what they most prefer. And beyond that, it is likely to threaten the obligations that the state has to maintain the conditions for equal citizenship understood in Marshall's terms.

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<sup>20</sup> Stakes Fairness