School Choice and Privatization in Education: An Alternative Analytical Framework

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Abstract

Neoliberal reformers have emphasized the role that market mechanisms can play in reconfiguring the public sector. In education, reformers argue that consumer choice and school competition can lead to more effective and efficient public education systems. Debates over education policy have highlighted the question of whether or not parental choice of schools represents a form of privatization — a question reflecting the tension over the extent to which schools should be directly subject to market forces. This analysis demonstrates that these debates in education are argued largely around supply-side issues important in other sectors undergoing privatization. A comprehensive review of debates in areas such as telecommunications, security/defense, and health care in indicates that neoliberal reformers and their critics are focused particularly on the ownership of the means of production or provision. In that regard, reformers contend that private managers are better positioned to administer public assets in the interest of the public good, even if the means of production/provision such as schools are still technically owned by the "public." However, this thinking, drawing from other sectors, neglects the counter-dynamic in education: the way education is provided can determine its nature as a public or private good. The concluding discussion suggests that this dynamic is most apparent not in ownership, but in modes of control, where educational decision-making is privatized, and the purposes of education are individualized. This analysis demonstrates that debates over the issue obscure the unique patterns that characterize the growing influence of private interests in education.

Keywords: school choice; privatization; public education; charter schools; vouchers

Neoliberal reforms sweeping the globe elevate market mechanisms such as choice, competition and deregulation to improve the provision of educational services. Such mechanisms have been leveled at a number of areas with a traditional and substantial government role, including health care, pensions, and utilities, for instance. But while reforms in education
parallel market-based reforms in other sectors, the extent to which public education is suited for market-style organization is hotly contested. Some analysts argue that essential aspects of public education make it unique and therefore inappropriate for direct control by market forces (Belfield & Levin, 2005; Lubinski, in press). Others contend that we should harness these economic principles for education just as we do with more explicitly market-based goods and services (Walberg & Bast, 2003). Consequently, reformers advance market mechanisms to organize the production and distribution of education services.

However, observers wrestle over the extent to which this use of market mechanisms constitutes a form of "privatization" in public education. In the United States, critics point to school vouchers, for instance, to show that public money is going to private schools, while choice advocates note that choice and charter schools can invigorate the public school sector, and even vouchers for private schools can serve the public’s need for education services. This analysis considers how school choice—as the leading and most widespread instance of market penetration of education—is, and is not, a form of privatization. The investigation looks at other sectors undergoing privatization in order to derive principles of privatization to determine how they may apply to reforms of the education sector. This raises questions as to how education lends itself to a consumer model, and whether education would be more efficient and effective if it were organized more completely under a private or market paradigm. The analysis shows that peculiar attributes of the education sector confound typical forms of privatization, but that the exceptional aspects of public education mean that rise of market mechanisms in this sector constitute a unique form of privatization.

Overview

Privatization is the predominant reform movement in many sectors around the globe. However, the term is used imprecisely, and represents a wide range of reforms premised on the expansion of market authority—for example: the use of market mechanisms, market models, private ownership, private provision, profit incentives, and other such policies. This imprecision makes it difficult to assess the relationship of the broader privatization movement to education, particularly as school reform is driven by politicized rhetoric. Therefore, this analysis identifies essential characteristics of privatization from other sectors in order to establish a framework from which to appraise the presence or extent of elements of privatization in school choice policies for education. In doing so, it offers an alternative and hopefully more useful perspective from which to evaluate this issue.

Of course, market-based approaches are quite popular with policymakers around the world as the primary prescription for centralized state-planning and bureaucratic administration of public services. In general, "privatization" elevates private control, incentives, and decision-making over public administration through market mechanisms of decentralization, consumer choice, and competition. School choice programs often embody similar aspects and dynamics, but the term does not appear under a consistent definition in school reform debates in the United States. Indeed, many school choice proponents vigorously resist that description.

This analysis seeks more complex insights into the issue—considering in what ways school choice and privatization do or do not overlap. It does this in two ways. First, after a brief overview of the issue, the paper examines instances of market expansion in non-education sectors through a review of the policy literature to illuminate the essential aspects of what is typically meant by "privatization." Because of the voluminous extent of this literature, this analysis focuses on research from the height of the privatization movement in the late 1990s—the period in which the neoliberal ideology and policy forces supporting privatization around the globe reached their full stride, but before the currency crises originating in East Asia and the neoliberal economic meltdown in Argentina dampened the optimism and confidence of the movement (Johnson, 2000). These examples provide a continuum of characteristics of privatization that together suggest an initial framework from which to consider school choice reforms.

The second part of the analysis takes a closer look at different forms of school choice in the US and elsewhere in order to examine how they may embody elements of privatization suggested in the general framework. For the most part, it is difficult to see school choice as a form of privatization as that is usually understood. However, contrary to typical approaches to this issue, this analysis highlights an alternative consideration: transformations in the nature of a good from a public good to that of a consumer-driven commodity. The discussion indicates that, in education, common approaches to
this question do not sufficiently account for the nature of education as a public or private good, particularly when administered through choice systems.

Insofar as debates on privatization in education rely on and perpetuate contested and conflicting understandings of the concept, this examination suggests an alternative analytical framework for considering the issue. The analysis demonstrates that school choice cannot be understood as a form of privatization in terms of the dominant analytical perspective focusing on supply-side criteria of ownership and funding. However, the alternative framework proposed here indicates that school choice contributes to privatization of the purpose and pursuit of education by re-orienting the nature of the good itself into a commodity, from the demand-side perspective of the newly emergent consumer in a competitive choice system.

Privatization and School Choice Debates in the US

Recent policy and scholarly debates highlight the relevance of this issue in American education, as well as in school reform movements around the globe. In the US, the prolific charter school movement increases opportunities for private, for-profit, and corporate Education Management Organizations (EMOs) to run publicly-funded schools (Bakan, 2004). While these schools help bring some private investment capital to bear on public education, charter school proponents note that these schools are "public." Indeed, in terms of funding, access, ownership (usually), and accountability, this claim is correct. Thus, school choice proponents protest the use of the term "privatization" to describe school choice plans. For example, Edison Schools vice-president Deborah McGriff argues: "It’s not privatization...No one is selling a school. It’s a public-private partnership. We're bringing resources to a public entity. We’re responsible to a public authority and we operate as other public schools operate" (Williams, 1999a; see also Williams, 1999b). Critics often note that such a definition ignores questions of control and the political context of reform (Lubienski, 2001a).

The use of "privatization" appears more frequently with particular forms of school choice, such as vouchers and for-profit schooling. But even here, there is some dissent, as voucher advocates note that vouchers are (typically) publicly funded, and available to the public, while the schools are accountable to the consuming public through market forces (e.g., Friedman, 1994; Friedman, 1995; Hassel, 1999). Indeed, the range of views cuts across ideological perspectives on this issue. Carnoy (2000) criticizes academic investigations of school choice that ignore the political agenda of privatization underlying the reforms. He identifies vouchers as just one form of privatization not just in the US context, but in school choice movements around the globe (Carnoy, 1995, 1997, 1998). On the other end of the political spectrum, observers such as Friedman (1955, 1962, 1980, 1995) argue for "privatization" of education in terms of consumer control, institutional ownership, and, eventually, even funding (see also Coulson, 1999). However, except in certain instances, the term "privatization" appears less frequently in mainstream debates around education policy in the US.

The dearth of reference to "privatization" in US education reform debates is interesting, in view of the odd consensus between observers on either end of the political spectrum that market-driven reforms are indeed promoting private or individualized (i.e., consumer-driven) modes of control in schooling. This odd omission in the language can be understood in different ways. First, there is the possibility that market-oriented school reforms are essentially different than privatization efforts in other sectors (see below). However, there is also the chance that market proponents recognize negative connotations in the term, and therefore avoid its use, even as they embrace various elements of the idea. Certainly, critics of some versions of school choice employ the word to smear proposals they oppose (e.g., Alexander, 1998; Kozol, 1993). They claim that any move toward "privatization" undercuts the commitment to public education. Consequently, Republican pollster Frank Luntz (1998) warns politicians to "Dump the word 'privatize' forever." Except for social security reform, the "word 'privatize' is dreadful in all other contexts" (p. 170, emphases in original). While many US reformers advocate for market mechanisms of consumer choice and competition between providers (e.g., Billingsley & Riley, 1999; Payne, 2000), there is still a pronounced antipathy to the terminology, to the degree that some reformers attempt to emulate the substance of privatization while avoiding the semantics. Thus, reformers in the US are much more likely to talk of "choice," "parental control," or "parents’ rights" rather than to use economic terminology of "markets," "products," or "privatization." With few exceptions, the term is relegated to contentious use as a polarizing tool in debating the provision of education. Such a politicized lexicon discourages consideration of the degree to which dynamics of school choice do or do not parallel privatization reforms in other sectors.
Markets and Education

Many observers see "privatization" in reforms that use public funds to send select students to private schools; that impose market-like conditions on schools, forcing them to compete for students and funding; or that use private managers to administer schools. In view of such reforms in England and Wales, Whitty (1990) describes a pattern of subtle privatization that suggests an agenda of private providers assuming responsibility for administering the state sector—with the possibility of an almost completely privatized system in terms of funding and provision. Chitty (1997) argues that attempts by policymakers to blur the widely recognized distinctions between public and private schools are a form of privatization. Whitty and Power (2000) distinguish between privatization and marketization in education. They note that the system is not private in terms of funding or provision, whereas it is increasingly modeled as a market. Thus, "marketization" appears to them to be a more appropriate description of these reforms and their aftermath. Yet some observers note that market-driven reforms typically do not represent a true market. In view of continued state involvement in funding, controlling costs, regulating and restricting entry of new providers, there is no "market" in the laissez faire sense. Instead, education is based on a "quasi-market" defined by consumer choice and competition between semi-autonomous providers (Bartlett, 1993; Levać, 1995). These "second-best" markets typically conflate or negate important roles in the market's cast of characters (Lubienski, in press). For example, parents as customers may choose a child's education, but they do not immediately consume education by enjoying the direct personal benefits. Instead, they are "proxy-consumers," acting on behalf of the child (Brighouse, 1997). Similarly, while parents may choose between providers, the state typically pays for the service—thereby divorcing the consumer-chooser from the consumer-payer. Since quasi-markets blur important roles, motivations, incentives that are present in "pure" market dynamics, it is difficult to contend that school choice schemes accurately reflect market models.

Thus, markets and privatization are not the same thing, although they are closely related. In its most basic sense, "privatization" indicates that control is removed from the public realm. Deriving from the Latin privare (meaning to steal or take...the common root of "deprive," for instance), the word suggests shifting an endeavor or resource from collective to individualized governance. Privatization does not necessarily imply a market, insofar as a market indicates multiple buyers and sellers seeking profitable advantage. Profit motives, multiple suppliers and bidders, and competitive environments, for instance, are not indispensable prerequisites for private control. However, since markets are premised on individual property rights, markets presuppose private ownership or control. Hence "privatization," or the movement to private control, needs to be considered as a precondition to "marketization."

In order to understand private and market authority in choice-driven education systems, we move to an examination of marketization and privatization in sectors outside of the field of education. Considering similar dynamics in other areas provides a point of reference for returning to this issue in the concluding discussion of this paper. By examining how markets have emerged in many areas of life, this analysis can identify various characteristics of privatization and marketization in general, to see how they are, or are not, present in current education reforms.

Markets and Privatization

Understanding "privatization" first requires an understanding of "markets" as the natural forum for private governance. The modern idea of "the market" is itself essentially a metaphor, since oftentimes no actual marketplace exists, particularly in sectors such as education (Henig, 1994; Margonis & Parker, 1995). Still the use of the term has become pervasive in describing and evaluating social institutions, systems, policies, and relationships.

For the purposes of this analysis, a market can be defined as an institutionalized area of social interaction

1. premised on the right of individuals to own, control, and dispose of private property or associated prerogatives in a manner that reflects their own preferences;
2. driven by the desire of those individuals to exchange goods, services, and/or other manifestations of value in a manner that will maximize their own individual self-interest;
3. that assumes the involvement of any plural number of actors who seek to establish competitive advantages over others in...
terms of controlling relatively greater shares of the supply, demand, or information that is integral to their interactions;
4. where the sum of individual actions, acquisitions, and wants—demands and supplies—creates patterns, mandates, and conditions (market forces) that can inform the measurable value of, and ability of individual actors to exchange or dispose of, property, goods, or services.

Markets depend, by definition, on private control of goods or services.

Market advocates and skeptics alike acknowledge the efficiency of markets for producing and distributing various goods and services. And yet, instead of markets serving as a useful tool for aspects of a society, they are increasingly central to the very essence of social existence; Polanyi (1944) described this as a market society (as opposed to a society with markets) where markets order most aspects of human life (see also Kuttner, 1999). This expansion of market authority happens in several ways that are often referred to as "privatization." The term is typically used to refer to various distinct processes, including: liberalizing economies through deregulation and elimination of barriers to capital flow; marketizing services through user fees, or otherwise employing the market model for the distribution of social services; de-regulating private providers to offer public services or compete with state endeavors; or de-nationalizing state-owned enterprises by selling them to private investors or by providing vouchers for stakeholders (Armstrong, Armstrong, & Connelly, 1997; Whitty & Power, 2000).

Thus, "privatization" can take the form of private, for-profit producers and providers supplanting public production or provision. Or it can involve turning public endeavors or assets over to private control, as in the ascendency of the market model over central planning for national economies. Market expansion can involve opening up state enterprises to private investment. It is evident in the "rationalization" of organizations and relationships along market lines in order to realize greater efficiencies. This is apparent in the logic and metaphors of markets becoming the modus operandi for a sector or institution, or the use of market terms, ideas, and metrics for institutions, endeavors, and enterprises established for collaborative, community, or other decidedly non-market purposes and ends. Still another form of privatization is evident as previously cooperative, communal, or otherwise non-market or public goods become private goods, in a process of commodification (Netting, 1997).

Characteristics of the General Phenomenon of Privatization

The market has advanced into many areas of human life that would not have been considered appropriate for market-type organization three decades ago, for example. But areas such as national defense, prisons, health care, public pensions, religion, or telecommunications, while showing the effects of market penetration, are hardly unique. Previously definitive public sector endeavors such as education, welfare, foster services—almost any imaginable public enterprise—are now targeted by the logic of privatization. Champlin (1998, p. 598) sees "few, if any, limits to the drive toward privatization and the retreat of government."

The fall of the command economies in the former Soviet Bloc provides dramatic instances of privatization of previously national assets, industries, and services. While privatization received its most articulate boost in the mixed economies of western Europe, and most forceful implementation in Latin America, it is also evident in the self-described "socialist" countries such as Vietnam, China, and Cuba as they become more integrated into the global economy.

Focusing on the scope of the privatization movement, however, begs the question as to the shape that it may take in varied contexts. As Herman (1997) points out, although privatization has accelerated recently, it is not a new or monolithic phenomenon (see also, Miller, 1987). Forms of privatization have evolved in response to various circumstances, forms of resistance, industries, and logical articulations of market and non-market factors. Manifestations of privatization are evident in many degrees of market penetration and government retreat, and may include complete removal of government provision, supervision, or control from a service or sector, the sale of public assets or means of production, deregulation, tax breaks, vouchers, or contracting out (Greene, 1996b).

Indeed, there is near unanimity in the literature on the remarkable pace at which privatization policies have swept into public arenas throughout the globe over the last two decades. For example, in analyzing the privatization patterns of public housing in the UK, Brown and Sessions (1997) note "a sea-change, if not in the direction, then certainly in the..."
speed of development and implementation of British housing policy." Greene (1996b) examined the evidence on privatization in almost 600 municipalities for approximately 60 activities from 1982 to 1992, and found a significant increase in the use of privatization as a policy tool. And instances of privatization are not likely to be rolled back—areas and functions that have been privatized are likely to stay under private control (Daley, 1996).

One notable feature of the literature on the scope and pace of privatization is teleological reasoning regarding an inexorable move to the market. That is, observers often assume that privatization is an organic ordering of human interaction (see e.g., Fukuyama, 1992). Although there are exceptions at either extreme of the discourse—those vociferously opposing privatization on the grounds that it undercuts human progress (e.g., Herman, 1995, 1997), and those favoring privatization, but seeing a need to promote it because of the artificial (i.e. state) obstacles placed before it (e.g., Thomas, 1997)—the weight of the literature sees privatization as a natural progression. Thus, in an otherwise generic discourse characterized by econometric and technocratic questions of administrative efficiency and effective implementation, very few analysts have had the perspective and ability to question the appropriateness of privatization on other (non-market) grounds (Oettle, 1997).

**The Expanding Purview of Markets Across the Globe**

The fall of the centrally planned economies of the soviet model left little to challenge the free market system as the paradigm for social organization. We can see the penetration of the market into areas—both geographical and social—that had previously been excluded from market influences. While markets have become the primary economic policy arrangement in the former soviet economies of Russia and eastern Europe, they have also been expanding deeper in the liberal democracies of the West into areas such as health care, public security, mass transportation, and education—social services and public goods previously shielded from market forces because of their susceptibility to "market failure."

Indeed, the maintenance and growth of comprehensive social safety nets—the European welfare state, or "nanny state" in Thatcher’s famous words, and the federally-funded programs in the United States associated with Roosevelt’s New Deal and Johnson’s Great Society—are no longer guaranteed or secure from the vagaries of politicized policy reversals. Whereas in the post-WWII consensus, fluctuations between liberal and conservative national governments affected the growth rate but not necessarily the integrity of publicly-funded social services such as education, in recent years, political labels have become increasingly irrelevant. Challenges to the foundation of social programs come from both "conservative" and "liberal" political forces (see, e.g., Ball & Whitty, 1990; David, 1992; Reich, 1999; Seabrook, 1999).

Markets are challenging state provision of public services, particularly in poorer nations. International financing agencies and private creditors pressure debtor nations to scale back on public spending, sell off public assets and enterprises, actively promote foreign investment, export raw materials, privatize services, and generally free up market mechanisms. While wealthier nations have cut back on guarantees of services, "less-developed" countries are forced to choose which segment of society, class, or generation will go without publicly-funded health care or education (Khor, 1995; Sayer, 1993). Although this dilemma is caused by the seemingly inexorable penetration of market forces into areas of public policy and social services, the "free market" is also held up as the only possible policy alternative in such situations, and, therefore, the only means by which such services may possibly be provided. Thus, governments around the globe re-conceptualize public services that can be handed to, or modeled after, the private sector.

The following section offers a review of the literature on the expansion of markets into various areas of public life. The review is intended to place current education reform efforts in the broader context, showing how the different patterns of global market expansion suggest various themes and values that are useful in understanding market-oriented school reform. Thus, I start with several examples of market penetration to show the pervasiveness of this phenomenon, and then examine the various arguments in the literature supporting privatization, in order to better understand the underlying issues and values informing its advance. I then describe the characteristics of the privatization movement in general, setting the groundwork for the subsequent section’s discussion of privatization and education.

**Examples of Market Expansion and Privatization**

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Criminal corrections and punishment.

Penitentiaries, like schools, were set up as an institutional remedy to correct flaws in the individual and body politic (Foucault, 1979; Katz, 1978; see also Richardson, 1994). The idea of privately run prisons is not a new one, as many states had various degrees of privatized prisons in the 19th century—till widespread patterns of corruption and abuse caused reformers to seek a re-assertion of public control (Fennelly, 1998). However, in recent years—in response to a growing inmate population, rapidly increasing costs, perceived inefficiencies, high rates of recidivism, and a general desire to be rid of the problems associated with crime—there has been an accelerating movement toward the market as the solution to the problems facing prisons, or seeing corrections simply as an emerging market for firms involved in security. Indeed, public officials rely increasingly on private contractors to build and run prisons for inmates incarcerated by public authorities. Of course, there have been problems with this new combination of public and private concerns, with charges of inefficiency, corruption, inherent conflicts of interest, and failure to disclose information necessary to the public well-being.

Social pensions.

Reformers established systems of public pensions as a crown jewel of welfare state policies during the post-war consensus. Due to the havoc of the Great Depression, many people supported a government-administered social safety net as the obvious remedy to unpredictable market forces. Such systems were intentionally divorced from direct market pressures to guarantee some financial payment when one’s working days were over. Of course, the Social Security system in the US has been the site of constant political wrangling. There are now movements in industrialized countries to privatize these systems by creating personal accounts under the control of individual payers so that they may invest as they see fit (Schulz, 2000). Some argue that such an approach—possibly requiring individuals to invest in stocks and bonds—is a more efficient, profitable, and fair approach than the current system. Others characterize these calls as a misguided effort to open up more capital for the stock markets (Cameron, 1997; Murray, 1987).

Health care.

Health care in the US is one of the most publicized sectors demonstrating the effects of market penetration (Khor, 1995). Health care in the US has traditionally been administered primarily through private (but not necessarily profit-driven) means. Doctors typically provided service through private practice, and patients purchased services privately or at least in part through health insurance providers. There had also been substantial participation of charity and philanthropic groups in providing health care facilities and services, and government programs to pay for services for some. Profit-driven interests more peripheral to the doctor-patient relationship involved endeavors like pharmaceutical corporations, which play a significant role in research and development (Tullock, 1996). Market penetration has been essentially a corporatization of services, with small-scale providers giving way to larger-scale organizations. Medicine is moving away from the professional-service model to a corporate-employee model (Andrews, 1995).

Concurrent with the rise of HMOs have been proposals for the re-introduction of individual incentives. Whereas previous insurance schemes often disregarded individualized incentives, popular concerns about rising costs have led groups like the Cato Institute to propose "medical savings accounts" in order to individualize costs and thereby re-introduce consumer cost-consciousness (e.g., Goodman & Musgrave, 1994). Proponents see the elevation of market models as the answer, since economies of scale and standardization of service can reduce costs. Others point to scandals, fraud, and decline in service to the poor as evidence of the misalignment of private-profit incentives with public funding and philanthropic provision (Desai, VanDeusen, & Young, 2000; Multinational Monitor, 1997b; Sparrow, 1996). In the latter perspective, too much market penetration has led to inordinate corporate influence, and precludes a more efficient single-payer option (Andrews, 1995).
War and national defense.

Another area that had been largely immune to market control was national security. Of course, aspects of national defense and warfare have always fallen under the purview of the market in terms of suppliers or support services. Although contractors in national defense industries represent private interests, they are theoretically at the periphery in national defense efforts, and their role does not explicitly challenge the fundamental essence of this concern as being under the control of the general public. Very few national defense strategies for any nation depended essentially on the market. These are areas that are generally considered to be too delicate and essential to be left to the ebb and flow of market conditions. Yet current efforts by the Bush administration have emphasized private providers in support services as well as private security. Indeed, mercenaries are no longer confined to the global periphery of out-back guerrilla actions, but are taking on a more central role through private security corporations (Cleaver, 2000). Thus, the US government now contracts with private corporations to provide training for various forces (Burton-Rose & Madsen, 1999). Indeed, the argument has been made that privatized fighting forces enjoy innate advantages and efficiencies conferred on them by their position in the private sphere, thus enabling them to be more effective in bringing about peaceful resolutions to conflicts (Kaplan, 1997; Shearer, 1998; Venter, 1998). However, when military force is ideally subservient to democratic control, there is the concern that any military force that is accountable primarily to private market concerns, rather than democratic or national values, will subvert the principle of democratic control (Howe, 1998; Kritsiotis, 1998; Reno, 1997; Silverstein, 1996, 1997).

Telecommunications.

While the telecommunications sector is not a "public good" in the strict sense, governments in many developing nations have treated it as such because it is necessary for economic development. Yet, often under Structural Adjustment Programs from multilateral credit agencies, governments have been selling or de-nationalizing publicly owned infrastructure and enterprises such as telecommunications systems (Lanuza, 1998). Such sales of public assets are intended to promote efficiency, unload costly enterprises, increase foreign investment, improve responsiveness to consumers, and bring a revenue windfall into public coffers (e.g., Durant, Legge, & Moussios, 1998; Galal, Jones, Tandoon, & Vogelsang, 1994; Wykoff, 1997).

Privatization in this sector is not limited to developing countries, but is a force in post-industrialized nations as well. Officials in Puerto Rico attempted to sell the profitable public phone system to GTE (Gonzalez, 1998). Likewise, many argue that actions by the US Congress to allow broadcasting corporations to divide up the digital broadcast spectrum was an act of privatization, since auctioning off this public property could have earned an estimated $100 billion. While the public benefits of better efficiency and responsiveness are often used to justify such acts, some researchers dispute those assumptions. Collins and Lear (1995), for instance, show that Chile’s privatization of the telephone system and other utilities increased costs to consumers, while diminishing the quality of service.

Quite often, privatization of such resources and enterprises means that institutions and endeavors can be taken over by foreign investors, or shaped by investors withholding capital (Girvan, 1978). Thus, many citizens see privatization of publicly-owned enterprises such as telecommunications as an intrusion by foreign interests. This can lead to instances of popular resistance, as was the case with the often profitable telecommunications sectors in Puerto Rico, Nicaragua, and El Salvador (Lanuza, 1998; Prokosch, 1997; see also Duncan, 1995; Hussey, 1990; Multinational Monitor, 1997a).

Arguments For Privatization

To better understand the logic of market expansion and privatization, it is helpful to consider arguments used to advance markets in public service provision. In doing so, this section examines the nature of market expansion and privatization not by sectors, but in terms of their logic, breadth, depth, and pace. This examination outlines the issues around market expansions to consider the reasons for its growth (as well as opposition to expansion). Therefore, this analysis moves through the literature on the phenomenon (outside of education, at this point) in order to set this exploration of markets.
and education more firmly in context. By examining the justifications for market expansion, the concluding discussion of this paper can assess how this logic does or does not apply to education in school choice plans.

**Enhanced revenue.**

The most obvious argument in support of privatization is the claim that policies of privatization enrich public treasuries through the revenue generated from the sale of public assets, as well as through the sale of inefficient public enterprises that are a drain on public funds (Goulding, 1997; World Bank, Alexander, & Corti, 1993). Indeed, in his research on privatization and municipalities, Greene (1996b) notes that the primary answer given by officials to justify privatization programs is to save money. Others observe that various methods of privatization can also attract additional foreign investment (Borde & Dang-Tran, 1997).

While efficient use of public resources is an admirable goal, critics argue that patterns evident in privatization suggest that the stewardship of public funds is an argument that is not always grounded in evidence. Often in privatization regimes, as in that of General Pinochet’s Chile, while public assets are privatized, private debt gone "bad"—much of which is incurred in the sale of public assets to private holders—is then publicized or "socialized" (Collins & Lear, 1995). Secondly, while, from a financial perspective, it may make sense to unload enterprises that are continually operating in the red, as Schofield and Shaoul (1997) note in relation to the provision of water in Britain, profitable public endeavors are also sold, regardless of earnings or losses. This was also true in the case of the second round of privatizations in Chile in the 1980s (Collins & Lear, 1991). Indeed, Cameron (1997) points out that the more profitable public endeavors are obviously the more attractive to potential buyers. Finally, while privatization sales may temporarily push public budgets into the black, they often appear to be an inefficient method of liquidating public resources, which are often given away at fire-sale prices at a fraction of their actual "market" value (Collins & Lear, 1995).

**Greater efficiency.**

The most common argument supporting privatization is the concern for efficiency—in the management and operation of enterprises, in the production and delivery of goods and services, and in the allocation and use of funds. The theoretical basis for this concern, coming from the logic of classical economics, is provided by the neoliberal tenets of public choice theory. Greene (1996b) writes that

> theorists argue that inefficiency is an inherent characteristic of municipal bureaucracies because of incentive structures that encourage empire building and overproduction (Niskanen, 1971). Markets are viewed as superior because they connect the cost of producing something to the income necessary to sustain operations.

Poole (1997) voices this perspective, noting that although a mixed public and private approach to the transportation infrastructure has worked relatively well in the US, the public sector carries with it the burden of non-economic perversions of political control and ordering. Privatization offers the theoretical potential for a more cost-efficient system because it enshrines market incentives (Miller, 1987).

Such concern for efficiency is a reflection of the predominance of the market model for assessing the value of services and functions, both public and private. Most broadly speaking, a substantial portion of the literature arises from a concern about the efficiency of public services. Thus, from the "customers"' perspective, there is an interest in receiving the best "product" for the least amount of money—as with other consumer transactions. The difference, of course, is that the "product" is often not an individualized benefit for each "payer," but a broader public good to be enjoyed by the citizens regardless of how much any one individual has paid for it (if at all). Thus, efficiency is emphasized on the funding side of many public services that are privatized to be cost-accountable, such as child protective services (Eggers, 1997), or on the individual client benefits (or the solvency of a system) accruing to payers, such as Social Security (Feldstein, 1997)—ignoring more abstract social benefits afforded by the service.
On the global level, the World Bank’s efforts to serve as a catalyst for privatization come in reaction to perceived overstaffing of public sectors (Bradburd, 1996). The pressure of competition with the private sector, or the threat of privatization, may also have the effect of increasing the efficiency of government enterprises, as Cavallo (1997) argues has been the case in neoliberal Argentina (World Bank et al., 1993). Lopez-De-Dilanes, Shleifer, and Vishny (1997) portray the public sector as inefficient due to "provider capture"—its allegiance, debts, and reliance on unions and patronage. Finally, Tullock (1996) describes one situation where private incentives outweigh public abilities in promoting the public good. The financial catalysts for inventing new medicines, he explains, have a greater impact on private providers than public enterprises, which are limited by political boundaries; thus, privatization of such efforts lead to greater efficiencies and effectiveness.

But this assumption regarding the efficiencies afforded by privatization does not go undisputed in the literature. Appleby (1997), surveying the same neoliberal agenda of privatization in Argentina, claims that privatization did not improve efficiencies or lower costs to consumers. Other instances of increased costs to consumers and lower quality of service can also be cited, as when costs rose following Chile’s privatization of the telephone system and other utilities (Collins & Lear, 1995), or when water services in the UK decreased in quality following privatization, despite an increase in costs to consumers (McEntee, 1987). Greene (1996a) examined privatization policies in order to ascertain some of the motivations for their use, and found that fiscal stress, as the most likely catalysts for efficiency concerns, did not appear to be significant. In assessing the gains in efficiency for nine enterprises privatized in the UK in the 1980s, Boussofiane, Martin and Parker (1997) found mixed results for this claim that most underlies the privatization agenda.

Hence, as Jordan (1997) points out, privatization is frequently a short-sighted response in that, often times, the bureaucratic public administration that privatization seeks to replace was established to address inefficiencies and outright failures in market systems in the first place (see also Fennelly, 1998). Indeed, Murray (1987, p. 100) claims that the supposed efficiency advantages claimed for privatized enterprises are simply a distraction from the actual catalysts and motivations for the privatization movement:

In part this drive for privatization reflects more on the general crisis of the private economy than on any shortcomings in the public sphere. With falling rates of profit and narrowing outlets for investment, the opening up of the public sector has provided a safe haven for money capital, and expanded frontiers for hard-pressed industries.... It is also part of the more general monetarist strategy of restoring profitability at the expense of labour.

In all this scholarly discourse on the possible efficiencies potentially realized by privatizing public functions reviewed here, however, only Oettle (1997) questions the appropriateness of making the efficiency issue the central concern. In examining the research literature from German managerial economics, he sees the European school of new public management as imposing a new paradigm on non-market areas of public services. Thus, Oettle warns that there is the possibility that privatization (and its supporting arguments) can simply be cover for raising costs for consumers.

Still, despite academic disagreements on the role, existence, and extent of efficiency gains from privatization of public enterprises, it is important to consider Oettle’s observations on the centrality of the efficiency issue. One of the greatest successes of the privatization agenda may be—not the specific public functions that have been transferred to the control of the private sector—but that the rhetoric and proposals around privatization have become central in the mainstream discourse. In examining the debate on the privatization of the US Social Security system, for example, Wagner (1998) applauds the fact that the discussion has become wholly appropriate and accepted, even if the system itself has yet to be transferred to private control.

**Downsizing government.**

In addition to efficiency, one of the assumptions supporting privatization is that less government is virtuous in itself. This theme is explicit in the rhetoric advocating privatization. In this strand of the literature, little attention is given as to why this is an appropriate or worthy goal. Often, the writers assume that governments are coercive, which they juxtapose to
presumed freedom in the marketplace. Essentially, in this line of thinking, the absence of government is a market (Cameron, 1997). Thus, Eggers (1997), in his favorable estimation of the privatization of child-welfare services, lauds privatization as a self-evident end in itself. Other authors see the downsizing of public functions, administration, and control in the same way (Feigenbaum & Henig, 1997; Miller, 1997; Moore, 1997). The president of New York’s Municipal Development Corporation promoted privatization as the sole alternative for cash-starved local governments, unable to raise taxes, for financing capital projects and services (Miller, 1987). Indeed, wealthier communities, relatively free from fiscal imperatives and duress, are more likely to embrace privatization programs because of ideological commitments to smaller government (Greene, 1996a). As Cameron (1997) notes, privatization reformers in nations such as New Zealand have taken to judging the success of their policies by simply measuring the number of enterprises that have been privatized, rather than looking at the social or economic impacts of their efforts (see also, Baird, 1998; Berg & Berg, 1997; Brazier, 1999; Oettle, 1997; Reed, 1996). Former World Bank Chief Economist Joseph Stiglitz (1998) attacked this neoliberal doctrine: "all too often the dogma of [neo-]liberalization became an end in itself." Indeed, such suppositions implicitly and often explicitly equate privatization with progress, and governments with obstruction or social ills (see, e.g., Bonamo, 1997). Thus, if politics are the problem, then this line of thinking holds markets as the solution.

Critics note the ideological nature of this imperative, as governments are required to downsize staffing from even less than bare-bones levels—as is the case with structural adjustment demands on Haiti’s anemic public sector (Multinational Monitor, 1997a). Simplistic portrayals of a zero-sum game between markets and politics are countered by the evidence of markets growing in response to state intervention and growth (Carl, 1994; Cohen, 1982; Kuttner, 1999; Oettle, 1997).

But, on a more theoretical level, this juxtaposition of public control of government and private control of markets has profound implications for the future cohesiveness of society. Led by theoreticians such as Robert Putnam in his work on social capital, or neoconservative Charles Murray in the attack on the efficacy and appropriateness of government intervention in social problems, a school of thought has emerged in support of privatization on the grounds that public, or "government," involvement robs individuals of their initiative, and deprives communities of their social resources. The thinking is that private control of institutions is preferable to the coercive and domineering hand of "big government" (Reed, 1998). This view is largely premised on the assumption that public administrative measures—including majoritarian control—rely, by their nature, on forceful or coercive means of participation and direction (for more on this in the context of education, see Chubb & Moe, 1990; Lubieniski, 2004). Such logic contends that markets are non-coercive because they are based on the freely made contractual relationships between two or more autonomous individuals. Thus, privatization leads to human freedom (Hayek, 1944).

Of course, this logic is disputed by others on at least two counts. First, while democratic governance can be coercive, particularly from the perspective of minority voters, this is not a categorical evil to be avoided in all circumstances. Neoliberals and social conservatives have embraced coercive measures such as mandated investing or taxation as a viable method of financing mass pensions or paying for publicly funded vouchers. Likewise, even some libertarians recognize the need for government intervention to promote autonomous individuals (Brighouse, 1997). In fact, public control can secure freedom for social minorities in a democracy. After all, it was government intervention that has won social and political rights for African Americans, women, workers, and people with disabilities, for example—rights that had been eroded or precluded in a large part because of the dynamics of the market. Similarly, markets can be coercive: job insecurity can compel certain behaviors, and economic conditions can constrain free choices (Carl, 1994).

The second criticism of the social-capital case comes from the field of political theory. Under the notions of a social contract propounded by Thomas Hobbes and John Locke, governments are formed through the consent of the governed—individuals who surrender some rights in deference to the will of the people embodied in the government—in order to avoid the more anarchic consequence of chaos and rampant individualism (Curtis, 1981). Thus, as Champlin (1998) suggests, privatization denies the essential tenet of social contract theory that the state is an association established by the voluntary cooperation of the citizens, since the state is now portrayed simply as a source of coercion against those citizens. Argyres and Liebeskind (1998) note that such an attack on a social contract premise is not just limited to the relationship of the citizenry and the governing institution of the state. Proponents of privatization also decry traditional social contractual obligations between society and other institutions, such as research universities, as impediments to progress.
Government as business.

Some of the literature holds that governments are, in essence, businesses. This concept is usually evident in assumptions on the appropriate roles, goals, and methods of government. Jasper (1998, p. 24) supports policies that "improve the way government does business" with the distinctly defined values of cost-effectiveness (rather than equitably providing a public service, for instance). Similarly, Horsfall (1997) argues for the use of business principles for running government enterprises with an eye on improving the bottom line. George W. Bush—the first US president with a graduate degree in Business Administration—has also been closely associated with the idea of running government along business principles.

However, this assumption is dissected by writers contending that public and private spheres operate on two different paradigms. While Jordan (1997) notes that government intervention has been necessary largely to compensate for inadequacies and inefficiencies in private sector provision of services (areas of "market failure"), other observers challenge the "business-of-government" amalgamation as a conflation of distinct forms of accountability. Rodrigue (1997) demonstrates a conflict of interests between private owners looking for profits and citizens looking for accurate information and quality services (see also Gilmour & Jensen, 1998). Both Dunleavy (1997) and Oettle (1997) question the European school of "new public management" to show the loss of democratic accountability. Dunleavy indicates that the market is unable to then provide a similarly appropriate degree of accountability. Oettle goes further in arguing that some necessary functions simply cannot be put into the profit/loss model. While there are some advantages to treating citizens as customers, Oettle equates "new public management" with "commercial thinking" (p. 374). Hence, he predicts the potential negative effects of customer selection, decreased quality and options, and conflating the desire for private profit with greater social goods. While Lehman (1997) faults public sectors for being innately incapable of regarding the bottom line, Oettle claims that private accounting practices can only consider the bottom line, and public enterprises should not be tied to the profit motive:

In the case of a non-commercial enterprise, however, which from a commercial point of view, should or may show only losses and no profits, these requirements cannot be superseded by a commercial control mechanism. The planning guidelines are rather an expression of parliament’s wish to provide services. They therefore reflect the public interest as acknowledged, at least on a majority basis, by a body which is representative of the people. (pp. 375-6)

Thus, Oettle wants to sustain different paradigms so that citizen can at least have choices between public and private options.

The drive for deregulation.

Privatization is essentially justified on the basis of inefficiencies in public administration and control, and the advantages of private ownership. Thus, it is somewhat of a logical contradiction to remove government involvement from a sector or endeavor and then re-involve it at the level of an authority that oversees and approves essential aspects of the whole process. Since public regulation flies in the face of the pro-privatization logic employed by market enthusiasts, the forces that promote and benefit from privatization are also the ones to resist or reject the idea of regulation, as Collins and Lear (1995) note in the case of Chile. This conflict may appear to be resolved due to the likelihood that private interests with the political and economic influence to promote privatization also have the clout to influence the "regulation" of their newly privatized possessions—thus legitimizing a private endeavor through the facade of public oversight.

A Typology of Privatization

To understand privatization in education, we can discern certain defining characteristics of the phenomenon from the varied examples, sectors, and justification outlined above. These examples illustrate the wide front on which market
authority has advanced. The ones described here have elements of public or common goods (see Brighouse, 2000), or represent areas traditionally exempt from the jurisdiction of market authority or private control.

1. Cases that most observers agree would constitute "privatization" are those involving the transfer of ownership from the public or state to private interests. This is evident in areas like telecommunications and some reforms in health care (even when funding may continue to be from public-state sources)—as well as with commonly held or previously non-proprietary areas such as the digital spectrum. Although the government may maintain its presence through funding (and, therefore, some degree of regulation), proprietary ownership introduces the profit motive, which is intended to promote efficiencies and better responsiveness to consumers.

2. Yet provision can be privately managed, without private ownership. When governments contract with private managers to run publicly-owned enterprises, the provision is privatized, even if the means of provision are not. For example, states hire correction corporations to run state-owned prisons, or contract with corporations to provide health care services or other welfare assistance to underserved groups. Likewise, governments can contract with private security services, while maintaining primary responsibility regarding the actions of those forces.

3. Similarly, privatization is often evident in terms of governance or control, as when individuals gain more decision-making power over investing their public pensions. This aspect also appears in terms of the proprietary rights that emerge in genetic research, for example, as private parties have prerogatives regarding the use of genetic information.

4. Less clear are issues of funding or access, where individuals pay user-fees for services which were previously provided through tax revenue. For example, some reforms place more of the burden for public transportation on passengers, or require students to pay higher tuition as the government reduces support. In these instances, the service can still be publicly owned, governed, and operated, while support of such services is transposed onto individual private funders. Therefore, it is more difficult to see clear "privatization" in these cases, even though market models may be of increasing importance in the provision of a good or service.

5. Even more ambiguous are examples where goods and services remain outside private control in terms of ownership, governance, provision, funding, and access, but the production or provision of such services is modeled on a private business-style paradigm. Government units can be required to compete with each other for contracts. Non-profits such as churches can embrace business models for the sake of greater effectiveness. While these endeavors clearly remain outside the realm of for-profit market relations, incentives from such relations become embedded in the provision of a non-profit endeavor. Market values are both elevated and internalized—indicating a tendency toward private self-interest over public spiritedness. These instances can be seen as "marketization."

6. As reforms in many areas seek to introduce profit-style incentives, orientations of the production or provision of a good can change from a general to an individual focus as well. Social security and corrections, for example, were both established with the general good in mind. As private incentives come into play in such areas, these endeavors are increasingly pursued in terms of individual private benefits, rather than the general public good.

While there are competing and often contrasting uses for the term "privatization," some basic characteristics are evident, primarily and most clearly around issues of ownership, provision, and control, but also in terms of funding, access, models, benefits, and orientation. By its nature, the notion implies movement; some critical aspect of a good or service shifts away from the public toward the private sector—typically in terms of control or ownership. Although the method of privatization can vary, the effect is often to move primary financial responsibility (ownership or cost) from the public (taxpayers, community) to an individual or group of individuals. Because of the widespread attention given to denationalization in western European democracies, and the transfer of state enterprises to private owners in the former Soviet bloc, privatization is often closely associated with the "means of production," such as heavy industry. Similarly, in Latin America and Africa, privatization often refers to services previously provided through state enterprises, like the telecommunications sector. However, a broader exploration of the expansion of markets suggests that "privatization" is also evident in terms of ownership, governance, control and decision-making on the means of provision of services as well. A privatized good or service falls under either the ownership or primary control of individuals driven by self-interest; unlike government bureaucracies, private ownership is held to provide incentives for eliminating waste, controlling costs, and responding to consumer preferences (World Bank, 1995). However, as a good or service is privatized, the internal logic of the endeavor is reconfigured; instead of a primary concern with serving a "public" (or even, as public-choice theorists would note, special interest groups), the enterprise becomes primarily oriented toward the interest of the owner(s) in maximizing returns.

The remainder of this analysis focuses on instances of market penetration in public education. As with many other areas,
public education is an endeavor that provides private benefits while at the same time serving the public good. However, as with these other areas, markets are increasingly evident as the emerging paradigm on which the organization of the endeavor is modeled, and through which the good is shaped.

**Markets, Privatization, and Education**

Is school choice a form of privatization? Typically, in US education, the term "privatization" is used in reference to services peripheral to the classroom, such as transportation or food service (e.g., Reed, 1997a). Fewer speak explicitly of privatization in reference to the provision of teaching. Instead, activists often use terms like "market-based" or "private practice" to describe such arrangements. Often, uses of the term in research on education policy indicate a general imprecision in how it applies to school reform. Indeed, since there are many forms of market expansion, there are many different school choice schemes (see below). Inasmuch as these arrangements are based on (1) consumer choice, and (2) autonomy of and/or competition between providers, there is an increase in market-like dynamics from the old, state-administered common school model. Therefore, these reforms can be described as "marketization" in education. But are they privatization?

Using the framework outlined above, it is difficult to see how different forms of school choice privatize education in the usual sense, since such reforms almost never transfer ownership of public schools to private hands. While there are increasing examples of private EMOs contracted to run public schools, that form of privately administered provision does not necessitate "school choice"—since districts can hire such managers while maintaining attendance zones. In most school choice plans, there is still a semblance of public governance, as state or elected authorities charter autonomous schools, for instance, and even schools accepting vouchers often have to meet minimum government requirements (Lubienski, 2003b). Certainly, most school choice proposals and programs in the US maintain public funding, and presume public access. Likewise, while reformers may attempt to inject competition into education by borrowing aspects from business models, they correctly note that the schools are still publicly owned, funded, governed, and accessible (e.g., DeWeese, 1994; Finn, Manno, & Vanourek, 2000; Hess, 2004). Finally, school choice proponents argue that the public is the primary beneficiary of choice, in terms of freedom to choose, and enhanced efficiency and effectiveness of the system.

Nevertheless, the term "privatization" still appears in an almost arbitrary manner in school choice debates to describe some of these different arrangements. In order to make sense of privatization and school choice, some analysts assess school choice programs according to different criteria, particularly funding and ownership of the means of provision (e.g., Whitty & Power, 2000). For illustration purposes, consider this generalized continuum of institutional arrangements in different school choice plans:

<table>
<thead>
<tr>
<th>Mostly public/state control or ownership</th>
<th>Mostly private/individual control or ownership</th>
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<tbody>
<tr>
<td>Magnet schools</td>
<td>Charter schools</td>
</tr>
<tr>
<td>Public school choice</td>
<td>Publicly funded vouchers</td>
</tr>
<tr>
<td><strong>Mostly public/state funding</strong></td>
<td><strong>Privately funded vouchers</strong></td>
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<td></td>
<td>Privately purchased educ.</td>
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In this scheme, traditional "public" schools—including those associated with school choice (magnet schools, open-enrollment plans, etc.)—fall toward one end of the spectrum characterized by public or state institutional ownership and funding; the other end of the scale is defined by private ownership and funding, such as privately-purchased education from a for-profit school, or home-schooling. Typically:

- **Magnet schools** are publicly owned, governed, and funded. They were designed to appeal to the interests of students or families based on curricular themes, thereby promoting voluntary integration in the public schools. However, they are often subject to district regulations and quotas based on race (Saporito, 2003).
• Public school choice allows parents to choose between publicly owned, governed, and funded schools through open-enrollment within a district, county or state. While this can introduce some competition into the public system, depending on how many parents embrace the option, it is popular with supporters of public education who wish to maintain the integrity of the system while allowing some choices (Kahlenberg, 2003).

• Charter schools are publicly financed, but privately run, in the sense that they are typically independent of the local education authority (Lubienski, 2003b). For the most part, they are not privately owned, although in many instances their sponsors may hire private or for-profit managers. Charter schools are open to all students, and may not select their students, although they may set themes. They are based on parental choice, and are intended to introduce a measure of competition into the public sector, to promote efficiency and innovation (Lubienski, 2004). They are accountable to their governing boards, as well as to the parents who choose them.

• Publicly funded voucher programs are currently in operation in only a few cities—most notably Milwaukee, Cleveland, and Washington, DC. While schools in such programs may have to meet minimum requirements, control is placed primarily with the parent-as-consumer. The rules of the program determine which families qualify, but the parents then choose between public and private (religious and/or for-profit) schools, and have the exit option if they are not satisfied. Therefore, schools compete to attract and satisfy parental preference (Friedman, 1955; Witte, 2000). Similar dynamics exist with tuition tax-credit plans that encourage private (but publicly subsidized) education spending (Walberg & Bast, 2003; Wilson, 2000).

• Privately funded vouchers remove virtually all state involvement in education. Access to these programs is determined by the funders, but parents are then empowered with primary control in choosing from a variety of schools—typically private, and constrained only by costs not covered in the voucher (Howell & Peterson, 2002; Ladd, 2002; Moe, 1995; Weinschrott & Kilgore, 1996).

• Privately purchased education gives the parents virtually complete control over education. Families choose from any school regardless of state education regulations, or they may choose to educate their children on their own free from external considerations. Schools in such schemes would compete in a relatively free market, able to innovate without interference from public authority. Some market advocates hope that eventually parents will be liberated from dependence on state funding so that families will purchase as much and any type of education that they want and can afford (Coulson, 1999; Tooley, 2000; West, 1995).

The continuum of "school choice" arrangements is really quite dispersed on a number of factors, including ownership, funding, control, school autonomy, sectors, competition, and so forth. Thus, the ambiguity evident regarding how "school choice" is or is not privatization depends largely on where individual observers place the distinction between "public" and "private" schooling. Many see forms of choice such as magnets and charter schools as appropriate in the "public" system, but draw the line at "for-profit" charter schools, for instance, because of the importance they place on the profit motive. Others point out that for-profit charter schools can still be publicly-owned.

Therefore, two points emerge. First, under the framework provided by the above examination of market expansion in general, school choice is, generally speaking, more clearly an example of marketization than of privatization. Secondly, even inasmuch as specific forms of school choice may or may not be privatization, that description can be contested—largely due to the imprecise nature of what we mean by "privatization," and the numerous factors that may be important to different people in addressing that issue. If there is any consensus on what constitutes privatization in education, it appears to be most apparent in the areas of funding, ownership, and provision—although, even in these areas it can be disputed. However, a closer look at how marketization impacts the pursuit of schooling indicates that privatization occurs in a rather unique manner in this sector.

The Exceptional Nature of Education: An Alternative Analytical Framework for Assessing Privatization in Education

For decades economists, sociologists and others have debated the nature of education as a public or private good (Brighouse, 2000; Friedman, 1955; Labaree, 1997). Typically, reformers seeking an expansion of the state’s role in providing education laud the "public good" effects of mass education: increased literacy, civic participation, inculcating a common culture, tolerance, social and human capital, social efficiency, equity, and so forth. On the other hand, education
is often treated as a private good, as individuals compete for more prestigious credentials to enhance economic opportunities, for example, or as businesses seek to transfer training costs onto schools (Gelberg, 1997).

Indeed, in a strict economic sense, public education is in an ambiguous position. A public good is typically said to be non-rival and non-exclusive—or, in the absence of those criteria, embodies positive externalities that make it a de facto public good (Fisher, 1988; Olson, 1965). Some argue that education is a public good due to its general availability or because of these externalities (e.g., Gauri, 1998; Labaree, 2000). Others downplay a societal interest, emphasizing the competitive nature of learning and achievement, or the individualize-able economic benefits coming from education (e.g., Beers & Ellig, 1994; Friedman, 1955; West, 1982).

These perspectives are argued largely with regard to supply-side issues—to the form of provision appropriate to public or private goods. However, what such debates neglect is the counter-dynamic: the way education is provided can determine its nature as a public or private good. This is most apparent from the perspective of those most immediately "consuming" education—the demand side. Education is generally delivered as a public good in developed countries—publicly funded and administered. But it has elements of a private good that drive its pursuit by individuals. When it is publicly administered, it is generally available, and individuals cannot be excluded from obtaining education. When it is privately provided (even if publicly funded or through publicly owned schools), "choices" in a competitive environment change the nature of the good—giving it both rival and exclusive qualities (Lubienski, 2005).

Indeed, school choice reformers explicitly transform education into a good to be privately pursued by individuals. Elhauge (2000) argues that education should be treated as the "new property" in terms of ownership, management, choice, and control. Koshelnyk (1997) remarks on how the "new calculus of market incentives in government education is changing the way people view education....That market penetration is good news for kids and for the fledgling industry that is serving them" (p. 14; emphasis added).

School choice is a unique form of privatization. Although there have traditionally been public and private purposes for education, private goals of individuals are now ascendant (Labaree, 1997). Regardless of the different forms of governance, institutional ownership, funding and other issues on the supply side, school choice positions education as a private commodity to be pursued competitively by individuals—a privatization of the purpose of education from the demand-side perspective that is not considered in school choice debates. In most of the choice plans across the spectrum above, the nature of the choice arrangements encourages parents to view themselves as consumers in pursuing education for their children. With education a primarily private good, children of parents who fail or resist treating public education as such are effectively disadvantaged in the race for education.

This form of market expansion transforms the way people perceive those goods, as well as how they interact with each other around those goods. Thus, the introduction of the consumer model can privatize the purpose of a public good like education by re-configuring it as a commodity. Such private control—at the foundation of school choice plans—is ascendant in education. By elevating the individual-as-consumer, choice-oriented reforms undermine broader social and political considerations. Control of education is privatized to individual decision-makers acting in their own self-interest.

In assessing school choice programs, several observers have noted that the details on the regulations substantially shape the outcomes and equity effects of choice arrangements (e.g., Arsen, Plank, & Sykes, 1999; Gauri, 1998; Gintis, 1995; Witte, 2000). However, under this alternative framework outlined here, the privatization of the purpose of education as a commodity largely negates the rules and regulations specific to various school choice arrangements. With the predominant market mechanisms of consumer choice and competition between providers common to—indeed, defining—almost all school choice schemes, market control, rather than public control, emerges as the key form of authority. Inasmuch as markets are premised on individual private ownership and the pursuit of self-interest, then using market mechanisms of choice and competition as the basis for organizing a "market-driven" system of education elevates private-ism, regardless of the specific form that system takes. Indeed, one could argue that preoccupation with the "rules" ignores the bigger picture of the penetration of schooling by mechanisms of choice and competition, neglects how these dynamics privatize the purpose of schooling from a consumer’s perspective, and contributes to that process by obscuring this pattern of privatization.
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Freedom of Choice: Does the program offer parents choices?