Smacked by the invisible hand: the wrong
debate at the wrong time with the wrong people

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Abstract: Over the past 3 decades, educators have faced an increasing variety of reform proposals that can best be contextualized as efforts to commodify and privatize public education. While supporters of market based reforms attempt to place these proposals within education theory, they are in reality firmly entrenched in Neoliberal economic theory. This paper traces the evolution of Neoliberal economic thought from its birth in the 1940s to its rise to prevalence in the 1970s. It looks at the continuing impact of Neoliberal theory on public and political thought, as well as education reform proposals. If supporters of public education are to respond adequately to these reform proposals, they will need to reframe their approach on economic, rather than educational, grounds. KW: Neoliberalism; Education reform; Privatization

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Introduction

Daniel Tanner’s op-ed, used to contextualize this issue of the Journal of Curriculum Studies, reviews current school and curriculum policies and rightly identifies many areas for concern. As Tanner notes, we are in an era dominated by testing and assessment; curriculum narrowing; teaching to the test; top down educational policies tying such tests to individual and institutional evaluations; and promotion of privatization of educational services through vouchers and charter schools.

In response, Tanner highlights the comprehensive schools as bastions of the community and the support of local schools by parents and community members as factors likely to mitigate these challenges, suggesting that Americans ultimately believe in public schools and see the value in the access to economic and communal benefits that they provide as worth protecting.

On these accounts, Tanner’s analysis is insightful, yet ultimately limited if we are to reverse the trend toward commodification and privatization of public education. These changes are symptoms of a deeper underlying problem in education, and just as treating symptoms in medicine does nothing to address the underlying health issue, responding to these recent changes individually will leave the problem untreated. Many of the challenges schools face today are a reflection of the economic system of the country, and many of proposed reforms stem from a neoliberal economic theory that is only indirectly related to educational theory. As a result,
Neoliberal Theory in Education System Reform

educators have frequently engaged in debate without fully realizing the context of the conversation in which they are engaged. By addressing the reform proposals individually, and within the education context, we are ultimately talking about the wrong things with the wrong people.

Public Education and Neoliberalism

In a recently published book I co-edited with colleagues in the United States, we noted that current conversations about education are largely focused on how to improve schools, with little discussion regarding what it is we want schools to actually improve. Without a clear vision of what schools should be doing, we ask, does it make sense to really debate how they can best do it? As a result of this question, we embarked on an effort to find out what people think schools should be about in the 21st Century (View, Laitsch, and Earley, 2012). While we heard a diversity of viewpoints, we didn’t hear that schools should be about testing, narrowing of the curriculum, teaching to the test, or promoting the private good. These goals, and the reforms that support them, are instead part of a much different conversation going on well outside of Education circles.

Since the mid 1970s, the United States has been engaged in implementing clearly articulated economic ideals that can be traced back to a meeting of what came to be known as the Mont Pelerin Society, convened by economist Friedrich von Hayek in 1947. Members of the Society were concerned that ‘the values of Western civilization were imperiled’ and in response they sought to strengthen ‘the principles and practice of a free society and to study the workings, virtues, and defects of market-oriented economic systems’ (Mont Pelerin Society, n.d.). Since
1947 the Mont Pelerin Society has met annually or semi-annually to continue their work which served as the foundation of a new liberalism in economic theory--what we now think of as Neoliberalism.

Defining Neoliberalism

Adam Smith’s Wealth of Nations has been called the defining document of modern economics (Friedman, 1986) and serves as the economic foundation for Neoliberal thought. Its fundamental tenants include: private ownership of property, production of goods and services for profit, creation of competitive markets, and the division of labor. In particular, Neoliberal theory ‘emphasizes the efficiency of market competition, the role of individuals in determining economic outcomes, and distortions associated with government intervention and regulation of markets’ (Palley, 2004). From a political perspective, Neoliberals believe that ‘the only legitimate purpose of the state is to safeguard individual liberty, understood as a sort of mercantile liberty for individuals and corporations. This conviction usually issues, in turn, in a belief that the state ought to be minimal or at least drastically reduced in strength and size, and that any transgression by the state beyond its sole legitimate raison d'etre is unacceptable’ (Thorsen, 2010). In a Neoliberal economy, government may support the military and police functions that protect private property rights, facilitate new markets and expand existing markets (Harvey, 2007) and layout and enforce the ground rules for market competition. In the Neoliberal view, regulations from government that impede free trade, taxation that reduces profit, and public (i.e. government) ownership of industry, all are to be avoided. From a Neoliberal perspective, the smaller the government, the better (Harvey, 2007; Klees, 2008; Lobao & Hooks, 2003; Thorsen, 2010).
Neoliberal Theory in Education System Reform

Based on these general principles, we can define Neoliberalism as a school of economic and political thought as follows:

Neoliberalism emphasizes individual commercial liberty and private ownership of property, and the production of goods and services for profit, as well as the efficiency of market competition and the role of individual choice in determining economic outcomes. Neoliberals believe that the state should be reduced in strength and size and focused on protecting and creating competitive markets. Through the division of labor, economic efficiency is increased, resulting in greater productivity and profit.

This is the general definition of Neoliberal economic and political thought that will serve as the foundation for this paper.

Prior to the 1970s the primary economic theory driving political thought was Keynesianism (Palley, 2004), a theory that more willingly embraced government involvement in the economy and served in part as the economic foundation for the policies of the Great Society. The Neoliberal concept of how the economy functions and how economic productivity can be maximized didn’t rise to prominence until the 1970s, in part as a response to the failure of Keynesianism to explain the inflation and stagnation that was occurring. It is that economic crisis, and the past 60 years of strategic advocacy, that have resulted in the basic tenants of Neoliberal economic policy dominating political and public discourse regarding the economy, government, and government services (Palley, 2004); forming the theoretical basis for many of the reforms (and problems) facing educators today.
Laitsch, D.

The Hegemony of Neoliberalism

The broad reach of Neoliberal thought in the U.S. is the result of many decades of work by Neoliberal advocates, scholars, and philanthropist investors. As far back as the 1970s, using the Neoliberal framework described earlier in this paper, conservative foundations began creating a system of think tanks and centers of scholarship committed to advancing Neoliberal economic ideals, in particular those around ‘individual liberty,’ ‘limited government,’ and ‘free markets’ (Covington, 1997). The scholarship produced by these think tanks consistently emphasizes free market solutions to policy problems and is broadly and freely disseminated, maximized through aggressive promotion and the reach of the internet (Thunert, 2003). Over the course of the 1990’s, the National Center for Responsive Philanthropy estimates that the top 20 Neoliberal think tanks spent more than $1 billion dollars advancing economic thought and policies (Callahan, 1999) and building a Neoliberal policy infrastructure. As Callahan notes in his introduction to the report,

...ideas matter...They can and do serve as flagships of ideological and intellectual movements. They can help create new social understandings of old issues. They can weaken existing political coalitions or pave the way for the formation of new ones. And they can provide lawmakers and others with the architectural frameworks within which to build policy agendas and justify governing decisions (1999, p. 3).

A follow up study covering the years 1999-2001 found that Conservative Neoliberal grant making tended to support general operating funds and policy work, as opposed to the program-oriented support found in traditional grant making. Such strategic support then offers
Neoliberal Theory in Education System Reform

substantially more flexibility for grantees as they can solidify their operating structures and systems, build dissemination networks, and implement other capacity building strategies focused on institutional longevity. Across the three years of the study, $26,283,850 went to organizations active in education and education policy, and 60% of all grants allocated for operating support went to build capacity in the education sector. In particular grants were targeted for work in academic change and school choice policy. Another $10.5 million went to support and expand the broader Neoliberal infrastructure provided by groups such as the State Policy Network and Philanthropy Roundtable, as well as general policy work of groups like the American Legislative Exchange Council (Krehely, House, & Kernan, 2004). The substantial and strategic funding helped build and strengthen Neoliberal capacity to disseminate economic ideas across industries and throughout public, political, and academic circles. The result has been a substantial shift in thought across ideological economic lines, with Conservative Neoliberal values winning the public war of ideas (Krehely et al., 2004).

This advocacy of economic thought is not limited to North America. Similar organizational structures exist in countries around the world and Neoliberal policies are promoted globally by a network of Nongovernmental Organizations (NGOs) and Intergovernmental Organization (IGOs). The groups include the World Bank, European Commission, and the International Development Association, as well as the Bilderberg group, Trilateral Commission, World Economic Forum, and World Business Council for Sustainable Development (Bhanji, 2008; Carroll & Carson, 2003).
Application in Education Reform

The broad reach of Neoliberalism has had a substantial impact on education reform proposals in the United States and other countries as market-oriented economic ideas have permeated the education policy realm. Using the definition of Neoliberalism highlighted earlier, a number of themes can be traced from economic priorities to education change (see Table 1). These include the state as reduced in size and strength through privatization of public services; the efficiency of market competition as driven by individual choice; the production of goods and services for profit; and the division of labor to increase productivity (Hursh, 2005, 2007). While each of these areas contextualizes different (and sometimes overlapping) reform efforts, I’ll explore two here: privatization as a mechanism to reduce government size; and the division of labor to increase efficiency.

Privatization of public services

The drive for a smaller government means that state run institutions are constantly under pressure to reduce spending (e.g. reduce the need for taxation) and privatize services. This is particularly true for education, one of the largest government expenditures. In the United States and Canada, for example, government spending on public education accounts for approximately 13.1% and 12.3% respectively, of all government expenditures (World Bank, 2012). In the 2008–09 school year, that amounted to some $610 billion for K-12 education in the U.S.—money that could be made available to private industry if the system were privatized.

This potential market has not gone unnoticed by the business and venture capital markets (Simon, 2012), with venture capital transactions in the U.S. K-12 markets reaching $389 million
Neoliberal Theory in Education System Reform

In 2011. Attending a meeting of private equity firms interested in investing in for-profit education opportunities in August 2012, Simon noted that speakers identified several areas for privatization, including assessment and learning resources for the new national standards; software (such as Schoology and DreamBox Learning) that can increase economic efficiency by replacing the work of teachers; and the provision special education services, particularly for Autistic students (identified as a growth market). Simon also noted that private management companies (Education Management Organizations, or EMOs) currently run some 5500 charter schools across the country.

Researchers with the National Education Policy Center have been tracking these EMOs for 13 years. They note that in 2010-11, almost 100 for-profit EMOs were operating in 33 states, and that 35% of charter schools (enrolling 42% of all charter school students) were run by these for profit EMOs. While they note that for-profit EMO growth is moderating (and may be shifting to provision of supplemental services), growth in the nonprofit EMO sector remains steady (Miron et. al, 2012).

In addition to EMO’s and Charter School, public resources are also reallocated to private schools through the use of tuition tax credits and vouchers. Tax credits allow individuals and corporation to reduce their taxes through deductions/credits for education expenses or contributions to private organizations that then award tuition vouchers to qualifying applicants. These programs exist in some form in nine states (Laitsch, 2011). Government provided vouchers, which are tuition credits awarded by the state to students for use at any school of their choice (public or private, secular or religious), are currently in place in nine states and the District of Columbia.
Taken together, these programs transfer approximately $1 billion from the public to the private school sector each year (Laitsch, 2011).  

Division of labor and commodification of curriculum

The concept of division of labor within economic theory refers to the increased productivity brought about by greater specialization of the workforce--that as workers become more skilled at a narrower range of activities, efficiency is increased and productivity rises as complex tasks are broken into smaller pieces. As complexity increases, this means that workers with scarce specializations can command higher remuneration for their skills (Clark, 2005). In other words, the concept of specialization of labor creates a perceived benefit for advanced specialization which in many cases can be provided through education.

This is part of the foundation of human capital theory, which posits that increasing human capital through education has a strong link to increased economic productivity. In the later half of the 20th Century, Human Capital Theory evolved to help explain economic growth in the United States--growth that could not be explained using the traditional indicators of physical capital, labor, land and management (Nafukho, Hairston, & Brooks, 2004). This link between increased education and economic productivity is advanced by many in education as a justification for increased public investment (Hungerford & Wassmer, 2004; Sims, 2004); however, this argument contributes to the way we view schools and the curriculum, commodifying the work of educators and opening that work to greater commercialization. While it may seem like a good argument to increase (or at least maintain) public investment in education, it is a double edged

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2 Some states limit vouchers and tax credits to specific groups of students, such as special education students, or specific geographical locations. Programs in Maine and Vermont do not allow vouchers to be used at religious schools.
Neoliberal Theory in Education System Reform

sword that also opens the door for the argument that any weakening of the economy is the result of failures in education. The result of this edge of the sword can be seen in many recent education reform proposals including A Nation at Risk, Goals 2000, and the No Child Left Behind Act (Scott, 2011).

The perspective that obtaining better, and more specialized education could expand economic opportunity has also been embraced by educators and activists interested in overcoming social inequality. By increasing educational outcomes, and concomitantly individual economic outcomes, inequity across ethnic background and class could be reduced. In making this argument, however, advocates for social justice commodify both social inequality and the purposes of education (Labaree, 2011). This is not to say that these links don’t exist, or that such changes will not realize some degree of realignment; however, commodifying the conversation does not address social indicators of inequality or the economic causes of such inequity.

At least in part the move towards standardized curricula and assessment can also be linked to the concept of dividing labor (and the commodification of education). By better defining what the specializations underlying the division of labor are, economic efficiency can be improved as students are better prepared for entry into the labor market. At the school level, better defining what it is students should learn increases the efficiency of the school system. From a Neoliberal perspective, as teachers evolve into technicist deliverers of the curriculum, cost savings can be accrued through deprofessionalizing teaching (by reducing salaries and direct and indirect training costs) and as identified earlier, technology (by replacing labor with learning software and online learning opportunities).
Such commodification also puts tremendous pressure on the education system to provide greater opportunities for specialization and the concomitant economic advantage that comes with such specialization, potentially resulting in degree inflation and credentialism (Davis, 1981; Labaree, 2012). At the same time, it puts downward pressure on the curriculum, as each level of education is redefined as preparation for the next level of education. Delineation of the curriculum is not developmentally aligned, rather it is aligned to maximize achievement and access to the next stage in education, pushing advanced curricular goals to earlier educational stages (Watts & Walsh, 1997).

Outcomes of Neoliberal Economic Policy on the Context of Education

Economic Stratification

A significant outcome of the application of Neoliberal economic policy over the past three decades has been a substantial economic stratification (Lavine, 2012; Harvey, 2007; Palley 2004). Since the turn toward Neoliberalism in the early 1980’s, the amount of net-worth (assets minus liabilities) held by top earners has increased substantially, despite being unequal to begin with. In 1989, the top 1% of wealth owners held 30.1% of the net-wealth, rising to 34.5% by 2010 despite the recession. In 1989, the top ten percent of wealth owners held 67.2% of the wealth in the United States--by 2010 that number had risen to 74.5%. As of 2010, 98.9% of wealth in the U.S. was held by the top half of wealth owners (Lavine, 2012).

One of the results of this stratification, of particular concern for schools, is the rate of childhood poverty. The U.S. Census Bureau has only been keeping statistics on childhood poverty since
Neoliberal Theory in Education System Reform

2001, but between 2001 and 2010 the childhood poverty rate rose from 16.9% to 21.6% (Macartney, 2011), making the U.S. second only to Romania in childhood poverty rates for developed countries (UNICEF, 2012). The negative educational and developmental consequences of high rates of poverty on children are well documented (Duncan, Magnuson, & Boyce, 2010; Kishiyama et. al, 2009), and while the effects can be mitigated (National Scientific Council on the Developing Child, 2005), such support would require substantial public support to adequately address the symptoms, and substantial changes to our economic system to address the actual problem.

Implications

One of the important lessons of the shift in economic policy outlined here is that there have been substantial impacts on education policy and the context in which education occurs, despite efforts by education stakeholder groups to resist these changes. In large part, this is because educators have engaged in the debate by highlighting the failure of these reforms to effect changes in educational outcomes. Studies are published showing that school choice reforms have mixed or no substantial impact on student achievement (Barrow & Rouse, 2008; Levin, 1998; Plucker et. al, 2006; Witte, Sterr, and Thorn, 1995; Wolf, et. al, 2009); there are substantial problems with the theory, accuracy, and implementation of merit pay programs (Levin, 2011; Liitle, 2009; Perry, Engbers & Jun, 2009; Ramirez, 2010); and high stakes assessment and accountability programs are shown to have no effect on student achievement (National Research Council, 2011); and yet the response of educators seems to fall on deaf ears.

This may be because they are targeted at the wrong policy level. As illustrated throughout this paper, these reforms are rooted not in education theory and theories of learning, pedagogy, or
child development; they are instead located in economic theory. To respond to economic argument using educational theory misses the point. We should instead be targeting Neoliberal reforms using economic arguments. As George Lakoff has pointed out, it is important to frame the debate using the appropriate language and metaphors (Lackoff, 2004)—something that educators fail to do when they address economically generated education reforms on educational theory grounds. Even when, as in this paper, we attempt to respond at the appropriate level (e.g., economics), using the language of the opponent handicaps our responses as we are already agreeing to debate within the context (language, metaphors, and meanings) set for us (in this case Neoliberal economic theory). Finally, the powerful outreach and engagement in economic thought already implemented by Neoliberal activists and think tanks has set the frame in which much of the public and political conversation occurs, as understanding of market forces, the “benefits” of competition, the “dysfunction” of government, and the “power” of choice and personal liberty define the economic and political conversation.

If educators want to regain control of their profession and initiate positive change, as well as respond to current Neoliberal reform proposals, we will need to engage with economists, political scientists, and other intellectuals who have alternative frameworks to offer. Unless we can present the public and our political leaders with an alternative vision to Neoliberalism, we will continue to cede the context of the debate and fail to change the nature of the conversation.

There is hope, as alternative viewpoints do exist, even if they are not well understood or broadly presented outside of scholarly circles. Various genres of Keynesianism for example may provide a renewed framework for discussion of the role of government in the economy. The Obama
Neoliberal Theory in Education System Reform

administration’s approach to the recent recession is essentially a reapplication of Keynesian theory--and the success or failure of the economic recovery could have substantial impact on economic theories of government activity. Despite Neoliberal attacks on government and government services, there are also times when the public is reminded of the importance of government. Hurricane Sandy, and the resources leveraged by government to support citizens effected by the storm has also reminded us of that value (Bennett, & Dworkin, 2012).

Ultimately, a new consensus on a different economic approach to government is needed if we are to turn back Neoliberal efforts to change government, and concomitantly education. As Palley points out:

At the most fundamental level there is a divide between those who see the neoliberal economic paradigm as sound (e.g., neoliberals and Third Way social democrats) and those who see it as intrinsically flawed (labor social democrats). The political problem is that these opposing views split social democrats, making it harder to dislodge the paradigm. ...Neoliberals continue to promote the paradigm, and their response to the crisis has been to try and shift blame onto government, arguing that the crisis is another example of government failure (pg.. 17). ...The only satisfactory solution is the creation of a new, progressive Keynesian consensus that places economics front and center on the political stage (2009, pg. 18).
Even so, unless we are able to reach out to the general public and the broader body of politicians and redefine the economic frame, including helping people understand the language and metaphors of the new frame, we are unlikely to shift the dialogue away from Neoliberalism, competition, choice, and personal liberty, the frames already set for us. As long as we respond in isolation as educators, rather than in partnership with like-minded economic and political bodies, we will be unlikely to change the conversation.

As Lackoff points out, Neoliberals have a long-term view on change and been working for 40 years on their frame, funnelling billions of dollars into its development and dissemination:

...they started back in the '50s, and after the '64 election they really got started.

For the last 30 to 40 years, they have pumped $2 billion into supporting all of their think tanks and media apparatus. They have built this series of think tanks that started out after the Goldwater debacle, when ‘conservative’ was a dirty word, when the idea of tax relief could not be introduced in two words. The phrase would have been meaningless. And what they did was to develop these ideas with very great patience and fortitude, in campaign after campaign, year after year, and invent the right words as the ideas came into popular view. Their success didn't happen overnight. They took a long-term view. (Lackoff, 2004)

Change will not come quickly or easily, but alternative voices in education, economics, and political science need to start working together to advocate for that change and build the infrastructure to support it.
Neoliberal Theory in Education System Reform

Table 1: From economic theory to education change

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<thead>
<tr>
<th>Economic theory</th>
<th>Policy Priority</th>
<th>Education change</th>
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<tbody>
<tr>
<td>Private ownership</td>
<td>Reduce the public sector</td>
<td>Privatize services</td>
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<td>Privatize providers</td>
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<tr>
<td>Goods and services for profit</td>
<td>Commodify curriculum</td>
<td>National Standards Textbooks and resources</td>
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<td></td>
<td>Increase profit</td>
<td>Privatize services and providers</td>
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<td></td>
<td></td>
<td>Lower costs (e.g. salary and personnel; increase class sizes; online education; etc.)</td>
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<tr>
<td>Market competition</td>
<td>Increase providers and markets</td>
<td>Public school choice</td>
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<td></td>
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<td>Private school choice</td>
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<td></td>
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<td>Charter schools</td>
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<td>Small schools (e.g. Gates; Charter schools)</td>
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<tr>
<td>Division of labor</td>
<td>Prepare workforce</td>
<td>Standardize assessment</td>
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<td></td>
<td>Commodify curriculum</td>
<td>National Standards Textbooks and resources</td>
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<td></td>
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<td>Merit Pay</td>
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<td>Individual choice</td>
<td>Information for choice</td>
<td>Assessment and accountability</td>
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<td>Merit pay</td>
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<td></td>
<td>Increase mobility</td>
<td>School choice</td>
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<td>Small government</td>
<td>Deregulation</td>
<td>Reform teacher certification</td>
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<td></td>
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<td>De-unionize</td>
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<td></td>
<td>Reduce public funding</td>
<td>Lower costs (see above)</td>
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<td></td>
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<td>Privatize services and providers</td>
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<td></td>
<td>Reduce Bureaucracy</td>
<td>School and district consolidation</td>
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<td></td>
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<td>Reduce state education department staff and services</td>
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References:


Neoliberal Theory in Education System Reform


Neoliberal Theory in Education System Reform


Laitsch, D.


Neoliberal Theory in Education System Reform


Neoliberal Theory in Education System Reform
