

# 'Pricelessness' is Much More Than an Efficiency/Equity Trade-off Issue

John Merrifield

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Because of the clear, fatal flaws of central planning approaches to school system design, and a historical record to confirm what the theory tells us to expect, we cannot expect a high-performing school system until market-driven prices have a key role in orchestrating what kinds of instruction are available, how they're produced, where, and for whom. Several folks, including school system reform partner '[X](#)', have responded to that plea to end pricelessness by seeing that as an argument for a 'free market' in schooling; something they see as unfair and infeasible. A free market, (no regulation or public subsidy) would yield the needed decentralized planning orchestrated by market-driven price change. However, we need not legislate a free market, which is good since it may not be wise, and it may not be possible.

First to be totally clear, a 'free market' may be the best long-term outcome. Milton Friedman thought so. He may be right – usually so – but I'm not sure, and I'm uncomfortable with the politics of a 'free market' school system as a deliberate strategy. I'm afraid of the short attention span of our over-extended, under-educated electorate. Imagine a statement like this: 'So, Dr. Merrifield, you believe that children from low income families should have to rely on charity-provided schooling?' Gasp!!!! I can easily imagine it being demonized in a 30-second campaign commercial. If I did believe that, I could point out that despite the obvious inequality of opportunity in a school system that functioned as a free market, literacy and numeracy rates were much higher before we created public school systems, starting around 1830. Would that fact from nearly 200 years ago sell a 'free market' schooling proposal? Quite possibly, not!!

So, there is the political challenge of the inequity of free market-orchestrated schooling, despite greater efficiency. And a true 'free market' may not be the best possible school system. Perhaps the clincher, for me, for transformational reform that starts us well short of a free market is that a free market can evolve, gradually, from a new school system (100% of the schooling options, public and private) that has these huge *departures from a free market* in schooling:

- 1.) Public-private tuition co-payment allowed, absolutely/definitely, but public subsidy finances the vast majority of schooling expenses;
- 2.) Much government monitoring, data collection, information provision, and support for research;
- 3.) The school system can contain a large government-run system of free public schools;
- and 4.) Per-pupil public subsidy payments can/should vary according to student characteristics such as student age and special needs diagnosis, but not according to which school is chosen.

The essential elements of a high-performing school system are that per-pupil subsidy does not depend on who owns the school (end public finance monopoly) that parents judge to be the best fit for their children, and parents and third parties may top off subsidy payments (co-pay) when the tuition of the preferred schools exceeds the subsidy payment.

If parental co-payments gradually dominate tuition payments, we could gradually end up with a free market. It's what's happening in higher education. Friedman thought a large universal tuition voucher was an acceptable and useful initial step towards the free market he thought best. I believe refundable tuition tax credits and education savings accounts ([ESA](#)) are [even better](#) than tuition vouchers either as a first step towards a free market outcome, or more likely (because it might be better, and because of inertia) an end-state reform by itself. If private co-payments do gradually drive government funding out of K-12, as in higher education, we can gradually see the benefits and costs of a free market, and abort the process if the costs dominate the benefits.