

Educational social policy: part 9: Blog by Steve Chapman (2018) 'Marketisation and privatisation: The Great Educational Swindle'

Read this blog which should give you an overview of the main educational policy developments of recent years, namely the introduction of the academy system. This blog should give you a good idea of some of the problems that have emerged from educational social policy in recent years.

Since the 1980s there has been an intense debate about whether education should be provided exclusively by the state or public sector. Those who argue in favour of this suggest that education is a fundamental human right. Moreover it is argued that only the State has the power to ensure equality of opportunity for all social groups in terms of access to qualifications and to make sure that all talents and skills, rather than just those of an elite few, are potentially realised. The same argument suggests that such equality of opportunity guarantees an effective society and economy in which those with talents are fairly rewarded on the basis of merit. However this view came under attack from New Right or neo-liberal sociologists and economists in the 1980s who argued that education should be viewed as a commercial product or consumer good that was best delivered by the free market rather than the public sector. The neo-liberal argument suggested that state spending on education was frequently wasteful and that competition between schools in an educational marketplace would drive up the overall standard of education and reduce costs as well as improving the choices available to parent-consumers. For example, the influential American educationalists, John Chubb and Terry Moe argued that state education in the USA was generally unresponsive to the needs of students, parents and the US economy. They further argued that the US education system provided a low standard of education, especially in the inner cities and for disadvantaged groups. They explicitly blame state education for the decline of the USA's social and economic standing in the global arena.

Chubb and Moe argue that education systems should be designed to be flexible so that they can keep pace with global changes in technology. They argue that because of globalisation, economies need to evolve quickly so that Western corporations and workers can compete with skilled workers in developing countries. For example, although the USA has traditionally led the way with regard to digital technology via Silicon Valley, it has lost ground in recent years to centres of digital excellence in India (Bangalore), China and South Korea.

Neo-liberals argue that the only way Western economies can recover and become competitive again is to treat education as a commodity or product. Providers of education or student services should be encouraged to compete with each other in the marketplace because free market competition supposedly drives up standards, empowers parents by giving them more choice, drives down costs and forces inefficient providers of education out of the marketplace.

These neo-liberal arguments proved very influential from the 1980s onwards. We can first see this influence in the 1988 Education Reform Act which endorsed marketisation, competition between schools and increased the power of parents by allowing them to choose schools for their children although in practice the power of this so-called 'parentocracy' was illusory because middle-class parents, who were more likely to possess economic, cultural and social capital wielded more influence than working-class parents in terms of getting their children into the top performing schools. In contrast working-class parents had no choice but to accept a place for their child in either a failing or average school.

However, despite these problems, the arguments in favour of the marketisation, and even privatisation of education continued even after New Labour took power in 1997. Labour initiated the Private Finance Initiative (PFI) which involved private contractors such as Carillion joining with local authorities to jointly fund the building of new schools and colleges. However PFI has been criticised as more costly than anticipated and actually led to some local education authorities becoming burdened with huge debts. In 2018 Carillion, one of the biggest partners in school PFI projects actually collapsed leaving many of its school and college contracts unfinished. It is highly likely that the State will have to take over the costs of these projects, therefore, contradicting the neo-liberal claim that treating education as a commodity will deliver more efficient services at a lower cost. Carillion also was important education-wise because it sponsored thousands of apprentices at colleges across the UK. Since the collapse of Carillion, all of these training schemes have come to an end.

The Coalition government of 2010-2015 also encouraged further privatisation of the education system. For example, the Academies Act (2010) allowed all existing faith and state schools that had achieved an 'outstanding' grade in Ofsted inspections to become academies. It also encouraged businesses to be formed which managed academies or chains of them such as Arc which runs a network of 35 schools in Birmingham, Hastings, London and Portsmouth and Wakefield City Academy Trust which ran eleven academies in West Yorkshire. The Academies Act also authorised the business sponsorship of 'free' schools, a type of state-funded school, controlled by parents, charities and religious groups rather than local authorities.

In 2007 Stephen Ball drew attention to the growth of a significant Educational Services Industry (ESI) which now exists alongside the public sector. He argues that education has become increasingly commodified and profit-orientated. For example, the UK exam and qualification industry is partly owned by private companies (for example, Edexcel is owned by Pearson Publishing whilst an American company Educational Testing Service manages SAT testing for 11 and 14-year olds. Some Ofsted inspections were contracted out to private businesses in 2013 whilst the management of the Islington education authority in London is run by a private contractor – Cambridge Education Associates. Learner Direct, a private company owned by the private equity firm Lloyds Development Capital was contracted by the

government to provide adult vocational training and qualifications for the whole of the UK. In 2017 73,000 people depended upon Learn Direct for their training courses and apprenticeships. The private company CAPITA was given a contract in 2004 to manage a literacy and numeracy programme in British schools. Carillion also provided school meals for 90 schools in Oxfordshire whilst coffee franchises such as Starbucks, Coffee Republic and Costa run cafes in many British universities and colleges. Supermarket chains such as Tesco and Sainsbury have attempted to enter the educational marketplace by issuing vouchers to shoppers depending on how much they spend which can be donated to schools to help them buy sports equipment.

In the USA, there has been a similar movement towards marketisation and privatisation. For example, Edison Schools is a publicly traded for-profit company that operates schools on behalf of local governments. It is the largest education management organisation in the USA with 133 schools and 74,000 students. There are now over 40 EMO corporations operating in the USA in 2018. Education is seen as a potentially profitable area by corporations because it is relatively undeveloped and consequently it is expected to rapidly expand over the next decade. Michael Moe predicts that 10 per cent of the \$800 billion education industry will be run by private corporations by 2020 compared to 1 per cent in 2000. Education is attractive to corporations because it's budget is bigger than defence. Only health care has a larger segment of the American marketplace.

Bakan, like Ball, also observes a growing ESI sector in the USA. Private corporations sponsor school sports teams and tournaments and give scholarships to children from poor backgrounds who show particular academic and sporting talents.

The philosophy behind privatisation in the USA is remarkably similar too that found in the UK. For example, the financier who funds Edison Schools, Jeffrey Fromm claimed that 'people tend to react to economic incentives as a reason to do things....Motivated by a desire to make money, teachers in for-profit schools will teach better, administrators will administrate better and corporations will provide their customers – parents, teachers, school boards- with what they want and need. Darwinism among business in a capitalist economy if unleashed on the education system will tend to produce better education in the USA'.

Let us now view educational marketisation, free market competition and privatisation in an evaluative way. The first observation I want to make is that privatisation of education is nothing new. When elementary education was first introduced in 1870, it charged parents a few pence each week to send their children to school. It was only in 1880 that state-provided elementary education became free. Secondary education was fee-paying until the 1944 Education Act made it free. Moreover, although 93 per cent of pupils are educated for free in state schools in the UK 7 per cent of pupils attend private fee-paying schools. Many younger children attend prep schools which prepare children for the common entrance exam for private secondary schools which normally charge high fees and are boarding

schools. The most prestigious private schools are known as 'public' or the 'Clarendon schools' and include Eton College, Charterhouse, Westminster, Winchester and Rugby. Some of them charge over £30,000 a year in fees. There is no real evidence that the existence of this private sector alongside the public sector for the past 150 years has had a significant effect upon educational standards although the organisation and management of some state grammar schools aped the organisation and management of the top public schools.

Another evaluative observation comes from examining the effects of the 1988 Education Reform Act which according to sociologists such as Stephen Ball created a two-tier educational system which benefitted middle-class parents and pupils and penalised working-class parents and pupils. Ball argues that marketisation actually reproduced and even increased social class inequalities within education.

The recent collapse of Carillion suggests that many private companies taking on PFI contracts have over-stretched themselves. The State is now having to step in to pay the debts amassed by these private concerns which has actually increased the costs of education. A similar thing happened in the USA with regard to Edison Education. The American stock exchange lost confidence in Edison after it issued a warning that its profits were not going to be as high as they originally predicted. As a result its share price tumbled as shareholders withdrew their investments. As a result of this, Edison was forced to sell off textbooks, computers, lab supplies and musical instruments, and to make teachers redundant. It also moved its executives into school rooms to save \$9000 a month in rent on their corporate offices. Its founder and CEO proposed that the company use unpaid Edison students to do the work of paid school employees such as administrators, cleaners and so on. Moreover, Bakan points out that there is no solid evidence in the USA that the free market in education has resulted in privatised schools performing better in terms of children's learning outcomes than comparable state schools.

In the UK a number of these privatised educational ventures have ran into trouble. In 2017 Learn Direct (LD) was given the lowest possible grade for standards by Ofsted inspectors because too few adult learners were getting jobs after completing LD courses. Moreover Ofsted also criticised LD because too many 16-19-year olds failed to complete their course. Consequently the government announced that LD's contract and funding will be wound down. Academy chains such as Arc have been criticised for their lack of accountability. In late 2017, the Wakefield City Academies Trust (WCAT) collapsed. The directors and shareholders of WCAT were accused of asset stripping after transferring millions of pounds of reserves from its schools into WCAT central accounts before WCAT went into administration.

Finally I would like to conclude with the evaluative observation that the neo-liberal principles which underpin the marketisation and privatisation of education are not going to work in an educational context because most teachers are not motivated primarily by money and most regard education as a qualitative learning experience for its own sake rather than a commodity to be bought and sold. Furthermore,

private corporations exist to pursue the interests of their shareholders whilst in contrast, the education system treats education as a right rather than a product, and the public sector in general pursues the interests of the community at large rather than the interests of a financial elite.