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ABSTRACT

Concerned about the deadening effects of standardization imposed by monopolistic education bureaucracies, policymakers in many different countries endorse economic-style mechanisms of consumer choice and competition between autonomous providers as the key elements of "market-driven" education. The reasoning behind this approach is that market forces of choice and competition induce pedagogical and curricular innovations leading to a diverse set of options from which parents may choose. This paper focuses on innovation in school-choice programs, appraising the relationship between market mechanisms and innovation. Research on market-oriented school reforms in four systems is reviewed to examine the record of competition and choice in fostering educational innovation. Findings indicate that hypothetical predictions about competition and choice are largely unfulfilled in practice. In fact, interventions by public bureaucracies have often succeeded in encouraging classroom innovations, whereas market mechanisms appear to contribute to standardization. The logic of markets is also examined as applied to education. Competitive environments may catalyze innovative practices, but competition and choice can also lead toward emulation and standardization. Thus, a more complex view of markets indicates that there is no simple, direct, or immediate causal relationship between the choice/competition dynamic and education innovation. (Contains 30 references.) (RT)

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to Innovation in Education Markets:
A Review of Research on Four Cases**

Chris Lubienski

Iowa State University

Paper presented at the 2001 annual conference of the
American Educational Research Association

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Tuesday, April 10, 2001

Session 3.59: Investigating the Educational Market (Division L)

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The Relationship of Competition and Choice to Innovation in Education Markets: A Review of Research on Four Cases

“It’s just like Pepsi-Cola!”

—Georgian President Eduard Shevardnadze, after sampling Coca-Cola at the opening of a new Coke bottling plant in Tbilisi

Many reformers note the need for innovations in the way children are educated. Equity advocates often point to groups traditionally marginalized by school systems as evidence of the need to try new approaches. Some reformers want to find new ways of teaching in order to raise academic achievement in state funded school systems. Others resist the “one-size-fits-all” uniformity associated with the old common school model. Consequently, recent reforms in countries around the globe seek to encourage innovations in educational practice.

Perhaps the most important reform movement today employs parental choice, decentralized school governance, and competition between schools as the means by which to create the environment and the incentives for schools to develop new instructional strategies. Indeed, concerned about the deadening standardization imposed by monopolistic education bureaucracies, policymakers in many different countries endorse economic-style mechanisms of consumer choice and competition between autonomous providers as the key elements of what some call “market-driven” or “market-based” education. The motivating premise of this approach holds that, by liberating consumers and providers from an education establishment “captured” by special interests, the market forces of choice and competition will induce pedagogical and curricular innovations. Such innovations will lead to a diverse set of options from which parents may choose.

This paper focuses specifically on this issue of innovation in school choice programs—appraising this presumed causal relationship between market mechanisms and innovation in two ways. First, the analysis reviews research on market-oriented school reforms in four systems to examine the record of competition and choice in fostering innovation in education. These systems include publicly funded and privately administered schools, schools run by corporations, newly autonomous established schools, and new schools created to be free of bureaucratic constraints in order to develop innovative practices. This review indicates that, despite widely held assumptions about the power of markets, *hypothetical* predictions about competition and choice are largely unfulfilled in *practice*. In fact, interventions by public bureaucracies have often succeeded in encouraging classroom innovations, while market mechanisms appear to contribute to standardization—suggesting that concerns about “provider capture” may be misplaced.

Secondly, in order to better understand this phenomenon, this paper engages in an interpretive exploration of the logic of markets—particularly as they are applied to education. Insofar as reformers refer to markets for consumer goods as appropriate models for education, this paper examines the logic of such markets, as well as the logic of quasi-markets in education. In fact, while competitive environments often serve as catalysts for innovative practices, competition and choice can also lead toward emulation and standardization—trends that are missed in simplistic portrayals of the power of markets. Thus, based on the discussion of markets in general and in these four cases, a more complex view of markets indicates that there is no simple, direct, or immediate causal relationship between the choice/competition dynamic and educational innovation—thereby problematizing easy assumptions about encouraging innovation in classrooms.

The Innovative Potential of School Choice

A central assumption in arguments promoting market mechanisms in education is that choice and competition between autonomous providers will lead to innovative options for parents. E.G. West, a leading critic of public provision, claims that—since innovation tends to originate outside the state sector in education—competition would undermine the bureaucratic education monopoly, thereby “reducing costs, increasing quality, and introducing dynamic innovation” (West, 1982, 1995, 1996/7). Chubb & Moe’s (1990) influential public-choice perspective posits that liberating both consumers and providers will diversify options (see, especially, pp. 221f.) In the United States, the National Governors’ Association (1986, p. 83) contends that, if parents are allowed to choose their children’s schools, “Innovative programs will spring to life.” Benno Schmidt, the chairman of Edison Inc.—the largest of the new corporate Educational Management Organizations (EMOs) that run public schools for profit—points to the business world to note simply that “Choice and competition breed innovation and better performance” (quoted in Symonds, Palmer, & Hylton, 2001). Milton Friedman (1994), the intellectual author of market-based education, predicts that his voucher proposal would generate “many more choices, there will be a whole rash of new schools that will come into existence” (p. 101). The consequent “competition would do much to promote a healthy variety of schools” (Friedman, 1955, p. 130).

This line of reasoning presumes that public provision (and, therefore, regulation) is fraught with anti-innovative constraints caused by “provider capture” (Levin, 1997; Levin & Young, 1999)—the public choice theory of a system directed toward the needs of its bureaucrats, which in this case represents the “education establishment” of teachers unions, administrators, etc. (on public choice theory, see Borchering, 1977; Buchanan, Tollison, & Tullock, 1980; Niskanen,

1971). Therefore, entrepreneurial freedom alone can achieve innovation. Thus, Friedman (1980, p. 163) believes that, by allowing easy entry on the supply side, a market-oriented plan would produce a much wider range of alternatives—unless it was sabotaged by excessively rigid standards for approval. The choice among public schools themselves would be greatly increased.... And most important, new sorts of private schools could arise to tap the vast new market.

Similarly, Coulson (1996) claims that consumer-driven competitive markets provide “diversity in curriculum, while centralized bureaucratic systems have generally been coercive and pedagogically stagnant.” He sees the profit-motive as essential to innovation because it attracts entrepreneurs (Coulson, 1999, p. 305; see also Lieberman, 2001). Likewise Tooley—while preferring markets for education with virtually no state involvement (1995, 1996, 2000)—sees the purpose of parental choice of state sector schools to “encourage some diversity of provision” (Tooley, 1999, p. 9). This view is not limited to economic fundamentalists. Gintis (1995), in arguing for market-driven schools, maintains that regulated systems tend to be slower in adopting many types of innovations. Coleman (1990, 1997) sees the private sector as the organizational model for innovation because businesses are accountable to external (not internal) standards, and output-driven—not authority-driven like public school systems. Even communitarians like Brandl (1998, p. 66) argue that the innovation is a product of competition: “competition’s main power comes from inducing innovation. It comes from the fact that consumers and financiers will turn away from an unresponsive or uninnovative organization, public or private, and permit it to go bankrupt and out of existence.” Hence, by introducing competition to public schooling, reformers hope to foster a wide range of innovative options—a pervasive assumption supporting school choice.

Innovation and Diversification Defined

In order to assess this presumed causal relationship, we must first have some sense of what is meant by “innovation”—a question sometimes lost in a rhetorical sea of simple assumptions. While the development of innovative and diverse options is central to the arguments promoting charter schools, innovation and diversification of options are not necessarily the same concepts. Innovation is often associated with two different meanings. In one sense, innovation refers to something newly created or invented, or a new and significant alteration of a pre-existing creation or invention. In another sense, its meaning is more contextual—when something is new to a specific locality, for instance.¹ Therefore, an entrepreneurial educator may invent a new curricular or pedagogical approach, which would be considered innovative in the broader range of educational practices. However, introducing an established practice such as a Montessori approach to a community would appear to be an innovation from the vantage point of that local

context. Therefore, school choice is often said to be advancing “innovation” by bringing a new option to a local community, even if the approach is not new in the broader sense.

For the purposes of this analysis, I distinguish between these two meanings for “innovation.” Particularly in view of the expectation that North American charter schools would serve as the “laboratories” or “research and development centers” for new and experimental educational practices (see below), innovation should be understood here as the creation of something new, or a new and substantive alteration on previous practices in the broader context of education. (And since the units of analysis here are national systems of education, a practice will be considered innovative if it is new in a nation’s context, leaving “policy borrowing” outside the scope of this paper.) On the other hand, diversification (or differentiation) can be defined as an increase in the number of options available locally—in schooling, usually from the parents’ perspective. (After all, few would see the addition of a Burger King to a one-McDonald’s town as an “innovation;” examples of how others use these terms in the school choice discourse appear below.) In this sense, innovation necessarily leads to diversification if innovations are implemented into practice (and henceforth implementation is assumed since this analysis draws on practices currently in use). However, not all diversification is as an immediate consequence of innovation—since diversification could be a result of emulating, importing, or renewing a successful practice. Consequently, a lack of diversification implicitly indicates a lack of innovation.

Innovation and Diversification in Four Market-Oriented Systems

In order to examine the relationship between the market mechanisms of choice and competition, on the one hand, and innovation and diversification, on the other, this paper examines this question in four different systems. First, the paper reviews research on the New Zealand state education system, which was transformed as part of a neoliberal approach to social services. The voucher system in Chile since 1980 then provides an excellent case study of the effects of market-oriented reforms that extended choice and competition across state and non-public school sectors. Three reform efforts in England and Wales together shape what has been described as a “virtual voucher” system where some existing schools opted-out of the bureaucratic control of local education authorities (LEAs), while all publicly funded schools were placed in a competitive marketplace. Finally, this analysis turns to the growing charter school movement in North America, where newly created schools form around a specific mission, free of most bureaucratic regulation, as alternatives to district-controlled schools and laboratories for the public school system.

These cases were chosen because each, to varying degrees, represents a comprehensive school choice program that reflects principles of what may be termed “market theory” in

education—the use of market mechanisms such as consumer choice and competition between autonomous providers as basic organizing tenets for systems of schooling. Reformers in these cases draw on common principles of decentralization, consumer choice and provider competition in:

- moving away from centralized public bureaucracies for administering education;
- empowering parents, as consumers, to be the ultimate arbiters of their children's education;
- linking funding to individual students, rather than to schools;
- and inducing schools to compete for funding by responding to consumer demand.

Furthermore, there was a sufficient research literature on each system that examined the question of innovation, albeit to varying degrees. (And I was familiar enough with the research literature on other questions—academic achievement, costs, equity, etc.—to survey the research on the present question.) While certainly the specifics of each reform program are embedded in their own cultural and policy landscape, the assumptions of market theory are universal, transcending context. That is, market theory derives from assumptions of universal human nature and relationships. Therefore the market approach to education is, in a very real sense, a-contextual. In view of dangers of cross-national comparisons, I studied examples that reflect the universality ascribed to the potential of the market by its proponents—examples that incorporate basic tenets of market theory such as consumer choice and competition between providers.

Thus, while not ignoring the problems inherent in cross-national research, this analysis focuses on one aspect of the wide diffusion of market theory across contexts. Indeed, there are significant differences in contexts and policies in these different cases. Yet, inasmuch as that is true, diverse conditions and policy approaches allow us to test assumptions of a universal theory under diverse conditions. This helps in understanding which of the different contextual and policy variables impacts the relationship of choice and competition to innovation, and how they might influence that relationship. (For the sake of brevity, this paper does not go into much detail on specific policy points of the reforms in these various countries; references to sources on such information are cited in the endnotes. Furthermore, the paper does not explain the specific methodologies of the research reviewed here, much of which focuses on academic effectiveness, efficiencies, and equity effects—topics outside the scope of this present question.)

New Zealand: Neoliberal Education

New Zealand has long been seen as a laboratory of social policy because of its pioneering role in creating the modern welfare state. However, since the early 1980s, successive Labour and National governments have reconfigured social policy in New Zealand to reflect a neoliberal approach to the provision of social services (Mikuta, 1999; Peters, 1994). In education, this approach emerged in the report from businessman Brian Picot et al. (1988), *Administering for*

Excellence, which proposed decentralizing governance toward a market-style model for schools in order to liberate the entrepreneurialism of educators. This report was the basis for the policies framed by *Tomorrow's Schools* (Lange, 1988), setting the direction for subsequent education reforms.² Consequently, New Zealand's education system is driven by parental choice (predominantly within the state sector), and based on largely autonomous institutions competing with one another. Councils of parents, teachers, and businesses govern these publicly funded schools (Williams, Harold, Robertson, & Southworth, 1997). They are responsible for attracting "consumers," charge user fees (or "donations") in some instances, and are legally recognized by the state through contracts or "charters" between a school's board of trustees and the central government in order to set performance standards (Mikuta, 1999).

The impetus for the neoliberal ascendancy in education and other sectors came largely from the Treasury, under the influence of "New Right" economic thought (Grace, 1994; Mikuta, 1999; Openshaw, 1996; Peters, 2000). While there was not a wide-spread sense, as in other nations, that state schools were failing (Hirsch & OECD, 1994; Lauder et al., 1999; Whitty & Power, 2000), there was some degree of cultural warfare over education: conservative religious groups decried the loss of moral values in a secular state, and marginalized ethnic groups (particularly the Maori) embraced radical and reproductionist critiques of educational inequity perpetuated by state systems (Openshaw, 1996; Peters, 2000). Furthermore, New Zealand had experienced a relative economic decline since the 1950s that was not atypical of the market democracies in the post-war age of the welfare state (McAllister & Vowles, 1994; Peters & Marshall, 1996). In response to economic stagnation, the Treasury offered a neoliberal analysis of the provision of social services that extended to education management (Treasury, 1987). As the Treasury became the pre-eminent policymaking force in New Zealand education, it argued for market mechanisms to free schools of the politicized dictates of the education bureaucracy. Instead, quasi-autonomous schools would offer individuals a range of options from which to choose, thereby promoting overall efficiency within a consumer-driven system of education, while protecting the equity rights of oppressed groups.³

Certainly, while the neoliberal reforms in education were based on efficiency and equity concerns, they also derive from assumptions of diversity and innovation in quasi-market models of education. Individual choices are meaningless without a "wider range of options" from which "consumers" may choose, and innovation was necessary to change a system that had marginalized traditionally oppressed groups such as women, Maori, etc. (Picot & Taskforce to Review Education Administration, 1988, p. 4). Indeed, these underlying assumptions are evident in the diagnostic policy documents that launched the reforms. Although focused on management and governance, *Administering for Excellence* is concerned with the negative effects of an "overcentralised" and "rigid" bureaucracy—"a creaky, cumbersome affair" (Picot et al., 1988,

pp. xi, 20, 22). As this inhibits efficiency and effectiveness, moving to a business-style model of “good management practices” would promote “responsiveness,” “flexibility” and “adaptability” for schools, while encouraging “initiative, independence, personal responsibility, entrepreneurial abilities” for individuals working in schools (p. 4). Although a nationally prescribed curriculum framework identifying subject areas and outcomes would maintain a semblance of the common school ideology embraced by earlier egalitarians and social democrats (see also Deem, 1994; Peters, 2000), it is not prescriptive, is loosely enforced, and is less onerous than national curricula in other systems (Fiske & Ladd, 2000; Whitty, 1997). Thus, the quasi-independent school would be free to pursue the goals set out in its charter in “imaginative ways” (Picot et al., 1988, pp. 98-9). In the event that parents, as “consumers,” are not satisfied with their chosen school and are unable to address their concerns through the participatory voice channels outlined in *Tomorrow’s Schools*, they may exercise the exit option—withdrawing their child either to find a more suitable choice or, with other parents, start a new school (Lange, 1988). In addition to these arrangements for choice in the state sector there is, more recently, a limited voucher program for low income children to attend private schools—apparently intended as a precedent for a fuller-scale voucher program (Fiske & Ladd, 2000; Whitty & Power, 2000).

Thus, diversification is an obvious and explicit expectation in the neoliberal reforms of New Zealand’s education—most notably with the Maori schools and other “special character” schools (Lange, 1988; Picot et al., 1988). Likewise, with the emphasis on entrepreneurialism, creativity and autonomy, the neoliberal perspective presumes autonomy will foster innovation in education practices. Thus, the reforms advanced from the assumptions that public systems “produce uniformity rather than diversity,” while “competition will enable the flowering of diversity as schools seek niche markets” (Lauder et al., 1999, p. 7).

Findings.

New Zealand provides an illustrative example of a comprehensive choice system within the state sector. The market mechanisms of consumer choice and competition between autonomous schools in New Zealand present a useful case to study innovation and diversification in education markets. Furthermore, the self-contained geography and the total and dramatic change in state-supported education indeed make New Zealand a social laboratory for this question. Consequently, in recent years a number of researchers have examined the New Zealand experiment on this and other issues.

One primary innovation for schools in a competitive environment appears to be presentation or marketing. Building-level administrators are increasingly concerned with public appearances—which is manifest in terms of uniforms, physical plant, and advertising (Fiske & Ladd, 2000; Mikuta, 1999; Whitty, Power, & Halpin, 1998)—in a competitive environment

where parents need information to make rational choices (see Gintis in Glass, 1994). Lauder et al. (1999) interviewed principals regarding the ways that reforms have impacted their schools, particularly in terms of marketing and its effects on operations. Schools made efforts to present themselves as middle-class institutions in appealing to middle-class parents: for example, publicizing discipline policies and school uniforms, and employing educational consultants (a feature that demonstrates a school's commitment to business-style practices such as "Total Quality Management"). However, marketing efforts differed by intake type. Whereas schools with students of lower socio-economic status (SES) tend to be undersubscribed, they attempt to appeal to every possible customer, while schools with higher SES student bodies tend to be oversubscribed, and consequently do not have to divert resources from other areas in order to mount marketing campaigns. Ironically, this application of market discipline constrains flexibility for educators, rather than enhancing autonomy as had been intended by reformers. Educators committed to ideals such as homogenous grouping, for example, find that vision undercut by the need to present a marketable image that appeals to the most desirable customers—such as middle-class parents who seek higher tracked classes for their children (Fiske & Ladd, 2000; Lauder et al., 1999; see also Bowe, Ball, & Gold, 1992).

Few would dispute that the reforms in New Zealand's education system have brought about diversification of program options. In fact, that is because policymakers were able to leverage change at the administrative level relatively easily, whereas fostering consequent change in classroom practice is much more problematic.⁴ Hence, there are a number of organizational and programmatic changes resulting from the reforms. Fiske and Ladd (2000) note the trend toward themes for school missions, including athletics, vocations (including construction, performing arts, early-childhood education, hospitality and tourism), a school for teenage parents, and one school based on Howard Gardner's theories of multiple intelligences. They also describe an elite, academically oriented boys school which is privately sponsored, but has opted in to public funding. Lauder et al. (1999) point to ethnic language programs, and one school that added a year before matriculation examinations. Many analyses describe the rise of Maori-oriented schooling—in line with one of the stated intentions of the reforms. Certainly, the reforms encourage efforts of newly autonomous schools to limit space assignments in order to control enrollment, a goal evident in the emergent selection processes. Oversubscribed schools are able to give preference to students likely to enhance indicators of academic achievement at the school (Fiske & Ladd, 2000; Lauder et al., 1999). Thus, it appears that the consumer choice liberated by New Zealand's reforms may lead to a diversification of schools, but largely by re-segregating student populations in terms of social class (Gordon, 1994; Gordon & Whitty, 1997; Lauder et al., 1999; McGeorge, 1995; Thrupp, 1999a, 1999b; Waslander & Thrupp, 1995).

Other than ethnic-themes such as Maori schools, though, researchers have found little evidence of schools pursuing innovative methods or otherwise differentiating themselves to appeal to specific markets. Mikuta (1999, p. 155; citing Wylie, 1994), notes that education has remained a “‘standardised’ product, as schools are not attempting to adopt innovative approaches to teaching, curriculum or assessment in order to fill a niche in the market that will distinguish them from their competitors.” Fiske and Ladd (2000) conclude that the reforms provide few incentives to school boards and administrators to seek out distinct preferences:

[E]xamples of schools going after niche markets are unusual. The Tomorrow’s Schools reforms have led to relatively little supply-side diversity, and it is fair to say that while the reforms permit innovation, they do not promote it in a systematic manner. (p. 249)

Furthermore, it was not widespread discontent with the schools that promoted these reforms, but the Treasury. Therefore, the expectation for diversity is trumped by a general satisfaction with available options. Finally, even in instances where groups of parents would like to establish an alternative option—as is encouraged in *Tomorrow’s Schools*—the high capital costs of founding a school are relatively prohibitive.

Sociological analyses of the New Zealand experiment question the ability of autonomous and competitive schools to provide equitable options for diverse families. Market advocates assume that choice and competition will generate a diverse range of equally valuable options based on individual consumer preference, and rational consumers will select a school based either on indicators of its performance or on its potential to add value (increase achievement) for a child. After reviewing the research in this area, Whitty (1997) concludes that choices in New Zealand tends to be based almost exclusively on evidence of social intake and constrained academic criteria, rather than performance or value-added information. Thus, Gordon and Whitty (1997, p. 458) suggest that, in a context of oversubscribed schools (which may be inevitable in competitive education markets), “neoliberal claims that choice leads to diversity of provision are hard to substantiate.” Where the competitive system has fostered different options, access to such choices tends to be based on SES (Lauder et al., 1999; Waslander & Thrupp, 1995).

Moreover, the incentive structures in New Zealand’s education marketplace elevate symbolic innovations over substantive changes in practice. Whitty, Haplin and Power (1998) contend that, except in the area of technology, accountability in New Zealand’s education market focuses attention on physical presentation and public image, rather than innovations in classroom practice. As one administrator noted, it is relatively easy and useful to require new uniforms (which brings returns to the school), yet it is comparatively difficult to affect change in the classroom, where the payoff is less clear (Lauder et al., 1999, p. 102). Thus, efforts to decentralize authority to quasi-autonomous schools allow for innovation, but do not appear—in and of themselves—to change the incentive structures that encourage innovation. However, such

reforms require that publicly funded schools behave increasingly like private schools in order to survive which, ironically, has the effect of limiting overall options for parents (see Oettle, 1997).

In conclusion, then, it appears that most changes resulting from New Zealand's neoliberal reforms of education are administrative or structural, not curricular or pedagogical. Thus, while there is evidence of diversification of provision, the limited change in this area raises two hypothetical questions: (1) whether such options might have been provided under a centrally administered bureaucracy (after all, the assumption was that markets can produce innovations that bureaucracies cannot)? and (2) whether a bureaucracy could have provided *more* options or programmatic alternatives than the market? The next case provides some insight on these issues.

Chile: Public Choice Theory in Practice

In contrast to the choice systems primarily limited to the state sector as seen in other examples in this review, Chile's education system reflects a process of privatization and decentralization centered on a voucher system for public and private schools. As part of a wider neoliberal agenda emerging in the early 1980s (Collins & Lear, 1995), Chilean education reformers focused on funding and governance, teacher employment, and student-school assignment.⁵ Notably, these measures followed from perception that an overly centralized system constrains classroom innovation and, therefore, achievement (Parry, 1997b). In response, Chicago-school economists influenced by Friedman's (1955, 1962) voucher proposals embraced market-style incentives in re-structuring the Chilean basic education system—an approach continued by the democratically elected government following the military regime. These reforms created a market-like environment for schools across state, non-profit, and for-profit sectors.

This case is particularly relevant for this analysis because it represents an example of a system moving dramatically into a market-style approach for education provision. The reforms created market-like conditions by liberating consumer choice and promoting competition between schools across sectors. Since per-pupil funding now follows students, schools have the incentive to re-organize their curricula and develop more effective approaches to teaching in order to improve and attract students, according to assumptions of market theorist—presumably resulting in a diverse array of innovative options for parents (e.g., West, 1997). Indeed, following the introduction of the voucher system, a substantial proportion of families moved students from public to private schools.⁶ The decentralization associated with the voucher reforms had a significant impact on the organization and governance of schools, creating a substantial proprietary sector largely free from the state regulations targeted by market theorists.

The imprint of public choice theory is clear in Chile's reforms. Varun Gauri (1998), working for the World Bank, puts this brand of market theory at the heart of Chile's education policies. Chilean reformers worked from the assumption that public bureaucracies engender dis-

incentives that constrain innovation and impose uniformity, while markets provoke experimentation, diversity of options, and responsiveness to local consumer preference. Thus, according to this view, since a centralized Education Ministry inherently hinders curricular innovations and effectively precludes parental participation in education, then private schools, free of bureaucratic constraints, would have the flexibility to offer innovative programs in attracting students (Gauri, 1998). Moreover, concerned about a typically moribund bureaucratic system that inhibited entrepreneurialism and experimentation, reformers also significantly reduced the regulatory burden on state-sector schools. They hoped that increased autonomy would encourage flexibility and innovation in adapting to parental preferences in a competitive environment (Parry, 1997a). Thus, particularly in view of the goals and longevity of this reform program, this example provides a useful case for examining the impact of market-style competition and choice on educational innovation.

Findings.

Several studies have examined Chile's reforms, some of which speak to the present concern. Although a few studies focus squarely on innovation and diversity, others examine cost, academic achievement, and patterns of choice while dealing with questions of innovation and differentiation as ancillary issues. The research on the Chilean reforms explores a mature example from which to examine the relationship of market dynamics to innovation in education.

The governing structure of Chilean schools since the implementation of market oriented reforms gives an advantage to non-state sector schools in terms of independence and flexibility. Although public schools have been released from much centralized bureaucratic oversight, private schools have even more freedom and incentive to innovate, since they have more building-level autonomy, and many have a profit motive. Thus, following the logic of public choice theory, one might expect the non-state sectors to lead in educational innovation. Indeed, research has documented entrepreneurial behavior from the voucher-subsidized secular schools. Parry (1997a, 1997b) notes innovations in hiring and teacher salary arrangements, and in marketing the schools by using English-sounding names, for example. Carnoy (1998b) points to the rise of selection processes for admitting students, and cost-cutting measures such as increased class-size.

However, aside from organizational and administrative changes, the Chilean reforms do not appear to have fostered innovations in classroom practice. Despite the fact that policymakers promoted "pedagogical decentralization" over the last decade by funding curricular initiatives, few schools have successfully reconfigured their curriculum, particularly in the subsidized secular sector (Gauri, 1998, p. 39). Parry (1997b) notes that this largely privatized system of school choice has not led to a flowering of new options, writing that "publicly supported private

schools did not exhibit greater innovation.”⁷ Likewise, Carnoy and McEwan (2000) find virtually no classroom innovation, particularly in the private sector. Finally, Espínola (1993) sees little innovation in her sample of public and private schools in the Santiago area.⁸

Where innovation is occurring, it tends to appear in the public sector. While Parry (1997b) sees no great pedagogical or classroom innovations resulting from the competition effects generated by the reforms, her survey of curricular options shows that “public schools were more likely to have innovative programs” (p. 249). Private schools tended to offer more traditional curricula and embrace a more “basics” approach to teaching (see also Carnoy & McEwan, 2000). Concurring in that assessment, Gauri (1998) and Carnoy (1998a) claim that curricular innovations came from the reformist zeal of the Education Ministry, not the market.

England and Wales: A Virtual Voucher System

In recent decades, policymakers in the United Kingdom implemented a series of education reforms that effectively created what Stuart Sexton (1987), a leading proponent of these reforms, calls a “virtual voucher” system.⁹ The UK has been a leading industrialized nation in denationalizing, privatizing, and otherwise using market models for public services (Fox, 1997; Light, 1997; Miller, 1997; Royed, 1996; Yergin & Stanislaw, 1998). Similarly, the UK has been a leader in embracing a market model for education (Chubb & Moe, 1992; Davies & Guppy, 1997; Fox, 1997; Levin, 1997, 1998; Moe, 1994; Wall Street Journal, 1996).¹⁰

The policy milieu that shaped this choice system comes from a particular ideological perspective on the state’s role in education (Levin & Young, 1999). Despite contradictions and schisms in the “New Right” alliance (and, consequently, its education policies), the Thatcher-Major governments advanced a definable ideological prescription regarding the political economy of education (Lawton, 1994). The Tories promoted markets in education as part of a broad agenda opposing the stagnation they associated with the post-war settlement—a consensus on the welfare-state that in education legitimized increasing state involvement from the 1944 Education Reform Act (ERA) onward. Changes in governments did not generally threaten the integrity of the welfare state approach to education and other social services. This consensus maintained a mildly socialist-egalitarian ethos that promoted comprehensive schools, particularly after 1965, supplanting traditional elite and selective grammar schools (Gardner, 1994; Ranson, 1990). Under the influence of Austrian-school economists, “New Right” politicians such as former Education Minister Margaret Thatcher held an aversion to state control and central planning—no matter how well-intentioned (Daugherty, 1997; Johnson, 1990). Taking to heart Hayek’s (1988) admonition that “deliberate arrangement of human interaction” inherently and necessarily perverts the organic, individualistic nature of social relations, reformers elevated the market as an alternative to central-state intentionality.

The Labour government preceding Thatcher passed the initial school choice plan in view of a school-aged population boom that had peaked, opening seats in various classrooms. This situation produced a demand on the part of some parents for access to those spaces. On the other hand, LEAs imposed “artificial” caps on enrollment at some schools in order to fill certain buildings (by enrollment numbers, not student interests), and closed schools in some cases (Hirsch & OECD, 1994; Walford, 1992). The incoming Conservative government framed the issue in public choice terms as case of “provider capture.” The theme of individualized rights to choose became more pronounced, as a response to the perceived “crisis” in state schooling.¹¹ Thatcher (1993, pp. 590-1) noted that

the starting point for the education reforms...was a deep dissatisfaction (which I fully shared) with Britain’s standard of education.... I knew from parents, employers and pupils themselves that too many people left school without a basic knowledge of reading, writing and arithmetic... (parentheses in original)

Thatcher placed responsibility squarely at the feet of the “educational establishment” as part of a general critique of the “nanny state.” As a “candidate for privatization,” education was one of the “crucial areas” for neoliberal reformers wanting to roll back provider capture (Young, 1989). Market mechanisms were imposed on mass education through explicit policies of decentralized autonomy (despite concurrent policies of centralization in assessment and curriculum). The hope was to create active consumers for what Thatcher like to call her “property-owning democracy,” where politics is subsequent to market economics (Ransom, 1996, p. 8; Reeves, 1997; Edwards & Whitty, 1992; Hargreaves & Reynolds, 1989; Raab et al., 1997).¹² By liberating consumer preference from a politically-controlled monopoly, it was argued, parents could escape the deadening uniformity imposed by the LEA “establishment.”

Three policy initiatives together shaped the choice conditions now evident in the UK. The Assisted Places Scheme (APS) was a constrained voucher-type program implemented in the early 1980s, intended to be merit- and means-based. The APS held symbolic importance for the Conservative Party as a way to extend to the deserving children of the working class the means for attending independent schools (e.g., Thatcher, 1993, p. 39).¹³ Furthermore, the APS established the precedent for expanding choice—as one official noted: “If choice is a good thing and variety a good thing, which I believe it is, then it should be open not only to the academically able children but to all children” (quoted in Whitty, Fitz, & Edwards, 1989, pp. 154-5). However, the APS was a consumer-oriented policy, and reformers did not promote it as an effort to increase the diversity and innovations of producers/providers. Nonetheless, it is significant here because of its role in helping to shape market-like conditions in the UK.

Choice reforms expanded later in the 1980s with the establishment of City Technology Colleges (CTCs) and Grant-Maintained (GM) schools, which essentially extended choice into the state sector for any parent. CTCs represent an effort to encourage educational innovation and

diversity of options for consumers (Hirsch & OECD, 1994). CTCs are newly created urban schools (exempt from the mandated national curriculum), and thus, do not opt out of the state system (Francis, 1990). They were intended to invite significant corporate participation in funding and governance, and feature an intensive curriculum in mathematics, science, business, and technology—part of an effort to create a more effective workforce for the needs of the new global economy.¹⁴

GM schools “opt out” of LEA control, and receive funding directly from the central government. Now “foundation schools” in the Labour government (Woods, Bagley, & Glatter, 1998), they are part and parcel of an open-enrollment system where funding follows the students. While legally accountable to their controlling board, GM schools elevate market accountability through consumer preference into state-funded education—schools are concerned with securing the necessary number of students, and, consequently, operating revenue. Therefore, they are free to establish their own mission or specialization in order to focus their efforts and establish a defining place in the education market. While relatively few schools embraced this approach, the supply side was further liberated by allowing new schools to be established (rather than simply letting existing schools opt-out) by independent and religious groups, and “opt-in” to state funding as autonomous schools. The 1993 ERA encouraged diversification in education by further decentralizing governance (within the context of a mandated national curriculum and assessment) away from LEAs to individual schools competing with each other for students and per-pupil funds (Vann, 1998)—satisfying the main concern of Chubb and Moe’s (1992) assessment of the UK reforms (see also Walford, 1997c). Taken together, these reforms center on a few simple elements: open-enrollment or “school choice” within the state sector, per-capita funding that follows the student, competition between schools for students, and the encouragement of diversification of provision so that families will have substantially different options from which to exercise their choice (Deem, 1990). Thus, although education policymakers such as Margaret Thatcher did not succeed in implementing a full-scale voucher program as they would have preferred, in effect, they succeeded in creating conditions that went a significant distance in that direction (Thatcher, 1993).

Findings.

The UK, then, offers a comprehensive and mature example of market mechanisms of choice and competition employed to liberate, stimulate and diversify education practice. In general, research indicates that the competitive environment in the UK has not encouraged innovation or diversification as reformers had anticipated. In fact, the opposite effect may be occurring as an unintended consequence of these reforms. That is, while schools may be standardizing practice,

the diversification that emerges tends not to be horizontal (based on equally valued but different interests), but hierarchical—based on differentially valued SES characteristics of students.

Overall, the research on the UK case demonstrates that schools are not using their decentralized autonomy to pursue classroom innovations in order to differentiate themselves. In comprehensive studies of schools in competitive environments, researchers report virtually no evidence that schools seek innovations in practice, even when policymakers explicitly intended that they pursue academic innovation (Glatter, Woods, & Bagley, 1997; Halpin, Power, & Fitz, 1997; Power, Fitz, & Halpin, 1994; Power, Halpin, & Fitz, 1994; Woods et al., 1998). Instead, studies find that, when given the freedom to shape their own missions, schools tend to emulate (or project the image of) elite and traditional education (or “re-worked traditionalism”) in discipline, curriculum, pedagogy, uniforms, or academic emphases (see also Fitz, Halpin, & Power, 1993).

Thus while there has been some diversification (see below), the UK has also witnessed a significant degree of standardization of provision around the dominant model of “good” schooling—a model sought by valued parents and, consequently, promoted by competing schools. For example, although CTCs were established to pursue innovative curricula, parents often choose CTCs not because of their technology-oriented curricular focus, but because active choosers are drawn to perceived similarities and associations with more prestigious grammar and independent schools (Carl, 1994; Whitty et al., 1993). This tendency constrains conceptions of excellence to traditional academic emphases, away from other alternatives (Edwards & Whitty, 1997a; Gewirtz et al., 1995; Whitty et al., 1998).¹⁵ In fact, school administrators have discovered that approaches falling outside the pale of “good” schooling can damage a school’s relative position in local markets—competitive hierarchies defined by a preoccupation with the common metric of league tables (Woods et al., 1998). Certainly, a significant degree of this standardization can be understood in light of the centralizing neoconservative policies of national curriculum and assessment (implemented, ironically, in a neoliberal rhetoric of decentralization). However, CTCs are largely free of the state-imposed curricula, yet still revert to market-informed standard. Furthermore, Whitty, Power and Halpin (1998) conclude that, even more than centralizing policies, the market effects of these reforms support standardization due to the choices of “active” consumers which, in aggregate, elevate a standard traditional model of education. Beyond the rhetoric of policymakers, “the reforms are resulting in a reduction in choice for many parents rather than the comprehensive empowerment of consumers which markets are supposed by their advocates to produce” (Whitty et al., 1998, p. 119).

Despite this standardizing trend, research demonstrates some degree of diversification resulting from these reforms. The diversification that has occurred has been on the basis of socioeconomic and racial/ethnic segregation; that is, rather than the horizontally “different but

equal” options promoted in the 1992 White Paper on choice and diversity (Department for Education, 1992), the competitive environment renewed vertical hierarchies of prestige and desirability between schools based on social characteristics of student intake and manifest in exam results (Edwards & Whitty, 1992; Edwards & Whitty, 1997b; Fitz, Halpin, & Power, 1997; Glatter et al., 1997; Gordon & Whitty, 1997; Walford, 1997a, 1997c; Whitty, 1997; Whitty & Power, 1997).¹⁶ Ironically—in view of market theorists’ presumptions about the exclusive authority of markets (relative to the public sector) in promoting diverse options—where real diversification has occurred, it has been the result of government intervention (i.e., the creation of the CTCs), not market forces of consumer demand (Glatter et al., 1997; Walford, 1997b).

Thus, while schools may not choose curricular innovation or differentiation as the surest strategy to survive and thrive in a competitive environment, two other innovations offer more certainty: selection and marketing. Due to the competitive nature of consumer demand for limited space in desirable schools, many parents do not get to choose their child’s school. Instead, when oversubscribed (as the “better” schools are apt to be), schools are effectively able to choose their “consumers.” That is, through covert and, now, formal means, the most popular schools can select which students to admit (Edwards & Whitty, 1997b; Fitz et al., 1997; Whitty et al., 1998).¹⁷ This translates into a situation whereby certain students—those most likely to make the school more attractive and improve its market position through standardized test scores and public image—are of more value than others who are perceived as liabilities (Bagley, 1996; Ball & Gewirtz, 1997; Gewirtz et al., 1995; West, Pennell, & Edge, 1997). Hence, schools in a position to control student intake emphasize academic orientation, and tend to select a student body that will support that image (Whitty et al., 1998; Woods et al., 1998).

Secondly, aside from selecting student intake (an option not available to all schools), a school can project an attractive image and improve its market position by improving its marketing and other forms of symbolic presentation (Power, Halpin et al., 1994; Woods et al., 1998). Certainly, the renewed emphasis on signals such as uniforms indicates such a strategy (Gewirtz et al., 1995; Whitty et al., 1998). Competition effectively forces many schools to pay attention to marketing, administration, and presentation, often diverting resources away from instruction (Ball & Gewirtz, 1997; Bowe et al., 1994; Deem, 1990; Gewirtz et al., 1995; Whitty et al., 1998).

The UK case suggests that consumer choice and provider competition may not, in and of themselves, create innovative and diverse options for students. While centralized state constraints on provider autonomy, in the form of curriculum and assessment mandates, limit many schools, this is not true in other schools designed specifically to pursue innovation in teaching and curriculum. Instead, efforts there focus on incentives and organizational behaviors such as marketing and selection unleashed by competition-oriented reforms. Furthermore, the influence

of active parents, elevated by these reforms, introduces an inherently conservative element to the demand-side of the equation. Thus, the evidence suggests that, in “substantive terms, the market itself thus seems to reinforce traditional norms rather than fostering the diversity claimed by its advocates” (Whitty et al., 1998, p. 90). On the other hand, some market theorists such as Chubb and Moe (1992) correctly note that the supply-side has been largely limited to pre-existing schools that opt-out of local control (although technically, independent schools can “opt-in” to public funding (Walford, 1997c)). Therefore, this analysis turns now to a reform specifically designed around a liberated supply-side, where new start-ups are the predominant providers.

North America: Charter Schools as Engines of Innovation

Charter schools represent one of the fastest growing education reform movements in North America. In the US, over two-thirds of the states have approved charter school legislation, and approximately 2000 such schools are in operation in the US and Canada.¹⁸ Democratic and Republican administrations have endorsed the idea, and the schools are popular with state legislators (Clinton, 1997, 1999; Ivins & Dubose, 2000; Penning, 1997; Schneider, 1998). Indeed, a diverse array of activists across the political spectrum embrace them as a way of deregulating and inducing competition between schools—thereby infusing innovation into public education (Nathan, 1996b; Nathan & Power, 1996; Rofes, 1996). Unlike vouchers (where the threat of exit is meant to increase academic achievement), magnet schools (for integration or to stem exit), or other forms of school choice in North America, charters are appropriate for this review because they are intended specifically to foster innovation.

Essentially, charter schools are public-private hybrids—publicly funded and privately managed (Lubienski, in press). Based on the tenets of consumer choice, liberated (extra-governmental) provision, and both private and public accountability, these schools are run by managers who have been granted a contract or “charter,” usually for a period of three to five years. Although details of the legislative acts vary, the schools are generally given a waiver from many regulations in the hope that the resulting autonomy will lead to experimentation and innovation in increasing student achievement (Garn, 1998; Nathan, 1996a; Wells et al., 1998). Perhaps no word is more closely associated with the charter school concept than “innovation.” As a policy approach, charter schools advance from the premise that “over-regulation of traditional schools has stultified educational innovation and responsiveness” (Levin, 2000, p. 3). The Hudson Institute’s research team on charter schools, Manno, Finn, Bierlein, & Vanourek (1998a), note: “Automatic exemption from nearly all federal and state laws and rules, and the streamlining of compliance-related paperwork, are necessary preconditions that policymakers must establish if innovative charter schools are to flourish.”

The popularity of charter schools emerges largely out of the perception that bureaucratically run district monopolies impose uniformity across the continent. Paul Peterson (1990) popularized this notion of a uniform public school system, and—along with former US Education Department official Denis Doyle (1994) and other proponents of market models for education (e.g., Harmer, 1994)—argued that diverse societal wants and needs require an entrepreneurial spirit which requires private sector participation in public education (see also Friedman & Friedman, 1980). Reagan’s Secretary of Education, Bill Bennett and his colleagues (1998) also castigate a “one-size-fits-all” system of public education. Speaking at the White House conference on choice in education, then-Secretary of Education Lauro Cavazos observed “a remarkable national uniformity in the methods and organization of our schools” (Paulu & OERI, 1989, p. 11). Coulson (1999, p. 318) describes an “almost total lack of innovation” in non-profit schools. Chubb & Moe (1990) also embrace this image of monolithic public schools as their basis for comparing public and private sectors; they believe that the lack of differentiated options can only be explained by institutional environments—that is, public schools are not responsive due to their location in the public sector (see also Lehman, 1997).¹⁹ Hanus (with Cookson, 1996) suggests that public institutions are preoccupied with equality, while (classically) liberal economic models for education can meet diverse preferences. Essentially, market advocates argue against the old common school as an antiquated approach in a society now characterized by pluralism and diverse parental perspectives on what constitutes good schooling (e.g., Coleman, 1990; Doyle, 1994).²⁰

The R&D Potential of Charter Schools.

Charter schools are intended as laboratories to improve options and learning for all students in the public school system (Nathan, 1997). The litany of such promises and predictions is almost overwhelming. For example, Wohlstetter & Griffin (1997, p. 1) point out:

...most importantly, charter schools are meant to encourage *innovation in teaching and learning* practices in order to improve student performance. A 1995 survey of charter school founders, conducted by the Education Commission of the States, reported that “better teaching and learning for all kids,” “running a school according to certain principles and/or philosophy,” and “innovation” were the top three reasons for starting a charter school. (see Education Commission of the States, 1995, emphasis added)

Consequently, charter schools are in a good position “to implement innovations in teaching and learning” because they are freed from accountability to the local district (p. 6). The neoliberal Democratic Leadership Council (DLC) observes that

The charter school movement is based on a set of simple principles. Public education must be expanded to offer more choices for students and parents. To create these choices, innovators must be freed from the bureaucratic restrictions of traditional schools. In return, these innovators must be held accountable for results and required to

measure up to the standards they set for themselves. (Halpern & Culbertson, 1994; cited in Vanourek et al., 1997, pt. 4, p. 1)

DLC chief Al From (1999) echoes a recommendation by the Education Commission of the States (National Commission on Governing America's Schools, 1999) to make all public schools into charter schools, seeing charter schools as “oases of innovation in a larger desert of monopolistic and cookie-cutter schools.” In Alberta—currently the only province with charter schools—these schools are established to “encourage innovative teaching” (Canadian Charter Schools Research Centre, n.d.). According to the Fraser Institute, they provide “innovations in successful education practice” (Raham, 1996, p. 36). After an extensive study of charter schools in several states, the Hudson Institute’s research team called them “genuine centers of innovation” (Manno, Finn, Bierlein, & Vanourek, 1998b, p. 490). Price and Hunker (1998, p. 41) contend that charter schools will “develop innovative curriculums designed to meet student-achievement goals set forth in their charters.” Hassel (1999b, p. 69) calls innovation in classroom practice “one of the core purposes” of these “laboratories” of the public system. Indeed, structural changes in governance liberate experimental and entrepreneurial tendencies, so the “charter concept invites innovation” (Vanourek et al., 1997, pt. 5, p. 9).

If charter schools are “genuine centers of policy imagination and educational innovation,” then the “major purpose of the charter movement...is to inspire the development of innovative and effective approaches to public education” (Vanourek et al., 1997, pt. 6, p. 1). Even teachers unions—a purported enemy of school choice—see potential for this “genuine laboratory from which schools and school districts can learn” (Arizona Education Association, 1998, p. 15). The Hudson team portrayed charter schools as the research and development laboratories for the public school system:

From the perspective of American education as a whole, a better analogy might be to an R & D center where new ideas are tried out. They won't all succeed, and some that do succeed might appeal to only “niche” markets. However, others are likely to be so good as to warrant wide dissemination. *This R & D potential is an important part of any policy-oriented appraisal of the charter phenomenon.* (Manno et al., 1998b, p. 490, emphasis added)

Charter schools have the flexibility to respond to a market of pre-existing and varied consumer preferences, in contrast to the old common school model or the “one best system.”²¹

This consumer-driven system creates diversity and widens choice. It starts with the conviction that the needs and priorities of the clients differ. The schools are created to fit the needs of families and students—not those of system planners, state and local regulations, or union contracts. Families (and teachers) are then free to choose the schools that best meet their needs. (Manno et al., 1998b, p. 497; see also Vanourek et al., 1997, pt. 6, p. 12)

Finn and Manno (1998, p. 19) refer to the “ripple effect” in maintaining that charter schools “give freer rein to creative, entrepreneurial, motivated educators...they spur conventional public schools to improve their performance.” “Part of the promise of charter schools is that, through

competition and choice (as well as innovative practices), they will affect their communities and neighboring school systems as well as the children and families enrolled in them” (Vanourek et al., 1997, pt. 5, p. 15, parentheses in original). Advocates of the for-profit charter school sector also advance this claim of charter schools serving as a laboratory for the good of all public schools. Edison chairman Benno Schmidt takes credit on behalf of for-profit endeavors for innovations in public schools: “We provide R & D, private sector capital, technology and training: all of which strengthen the state education system” (quoted in Bilefsky, 1998, p. 18).

Finally, the legislation that authorizes these schools also embraces the promise of charter schools as laboratories of innovation. Wohlstetter & Griffin (1997, p. 6) analyzed teaching and learning goals for charter schools in several states. According to their examination, California charter schools are to “Encourage use of different and innovative teaching methods.” Massachusetts established charter schools to “Stimulate the development of innovative programs in education,” “Provide opportunities for innovative learning and assessment,” and “Provide teachers with a way to establish schools having alternative, innovative methods of instruction, school structure and management.” Minnesota—the first state in the US to authorize charter schools—seeks to use them as vehicles to “Encourage use of different and innovative teaching methods.” Michigan’s legislation notes that charter schools will “Stimulate innovative teaching methods.” Central Michigan University—the agency that has established upwards of two-thirds of the charter schools in that state—requires of the schools it charters that they “be pillars of innovation in instruction” (Khoury, Kleine, White, & Cummings, 1999, pp. 7 & 25). The third goal of New York’s (1999) charter school law declares that they “Encourage the use of different and innovative teaching methods.” Hence, the promise of classroom innovations to be provided by charter schools is enshrined in law.²²

Thus, according to the theory behind charter schools, public schools are paralyzed and incapable of any real reform because true, risk-taking innovation is unlikely in a moribund, bureaucratic monopoly. Charter schools, however, are “innovative, lightly regulated” entities largely freed from bureaucratic constraints (Bolick, 1998b, p. 43). They are better positioned to pursue classroom innovation that will enhance teaching and learning for all public schools.

Findings.

The charter school movement represents an interesting case for studying the effects of choice and competition explicitly directed toward classroom innovation. Unlike the choice programs in the UK and New Zealand, the supply side is largely liberated due to the fact that most charters are start-ups, rather than pre-existing schools opting out of LEA control.

Charter schools, by their nature, have increased the diversity of options available to parents. However, while this diversifying role is inherent in their relationship with public schools, the

other function assumed in their design—of creating innovative classroom practices—has produced mixed results. Charter schools have developed and advanced some innovations. Anderson and Marsh (1998) found innovations in teacher employment, seniority structure, finances, requiring parental involvement, and in the “controversial” area of home-based instruction (see also Hassel, 1999b on charters and home-schooling). Others such as the Center for Education Reform (CER) point to innovations *caused* by charter schools (CER, 2000e)—changes made by districts in response to competition from charters, such as advertising (Gifford, Phillips, & Ogle, 2000; Glassman, 1998), entrepreneurial management practices and grant-seeking (Vanourek et al., 1997), or the addition or extension of programs such as all-day kindergartens (Plank & Sykes, 1997). (However, the “ripple effects” on public schools falls outside the scope of this paper, which focuses on innovations in autonomous schools.)

However, a closer inspection of reports from charter advocates questions the claims of innovation in *classroom practices*, where it was expected. For instance, while Finn, Manno, Beirlein, and Vanourek (1997, p. 49) call the choices offered by charter schools “dazzling,” their study does not portray a set of highly original schools. Despite repeating the assertion that charter schools “have taken the charge to be innovative and carried it to new levels,” the Hudson researchers show virtually nothing new in classrooms to support this claim (Manno et al., 1998a, 1998b, p. 490; Vanourek et al., 1997). Likewise, Rebarber (1997) reports that charter school reformers are “more focused on the potential of creating innovative learning opportunities.” But his extensive report shows next to nothing that is new to classrooms. Despite extensive observations in five states, Rofes (1996, 1998) reports innovations only in terms of programs that are also available in public schools, or with specific populations served. Charter schools offer parents enhanced options in such areas as technology-focuses instruction, year-round schedules, an emphasis on safety and order, and “alternative” options such as Montessori or a “back-to-basics” approach. But so do many public schools. Other innovations such as small class size (Kane, 1998), multiage grouping and integrated curricula (GAO, 1995), and character and citizenship training (Rosenblum Brigham Associates, 1998) are also already practiced in many traditionally governed public schools.²³ This does not mean that there are not diverse options from which parents may choose. Yet if these approaches are “innovative,” then their earlier existence in public schools undercuts the public choice premise of charter schools that innovations occur outside the regulated bureaucratic sector.

In fact, it appears that charter schools have been substantially unsuccessful in producing innovations in classroom practice—the key area of innovation promised by advocates to offer new (and more effective) ways of teaching and learning. A growing conclusion in the research indicates that, although charters are diversifying programmatic options to some degree for parents in local contexts, virtually all of these approaches have been tried before in the public

system. For example, a recent report by Good, Braden, and Drury (2000) found virtually no evidence that charter schools produced innovations in classroom practice. After teacher interviews and classroom observations in California charter schools, Anderson and Marsh (1998) reported very few innovations in teaching and learning. In Arizona and Michigan—the two states identified by charter advocates as having the “strongest” charter laws based on ease of entry and autonomy for providers (CER, 2000c; Price & Hunker, 1998; Schneider, 1998; Viteritti, 1999)—research questions the assumption that choice and competition lead to classroom innovation. Due to the perception that bureaucracy inhibits innovation, and unable to pass voucher legislation (Bolick, 1998a), Arizona took (and has held) the early lead in the charter school movement in terms of the numbers of schools and the autonomy they enjoy (Garn, 1998). Yet, in a comprehensive study of 75 Arizona charter schools, Stout and Garn (1999) found little to support the claims of charter school advocates regarding curricular innovations.

Likewise in Michigan, a state where inter-district choice and charter schools have substantially empowered parents as consumers and schools as quasi-autonomous providers, several recent reports cast doubt on presumptions of innovation. Although Khouri, Kleine, White, and Cummings (1999), Horn and Miron (1999, 2000), Arsen, Plank, and Sykes (1999), Reynolds (2000) and Mintrom (2000a) found diverse offerings in a broad array of charter schools, these reports demonstrate that charter schools are not achieving the expected classroom innovations. Horn and Miron (1999) began their study of Michigan’s charter schools assuming “that innovative practices would be frequent and widespread. However, such is not the case. We found unpredictably few clear innovations.... In fact, we found the charter schools to be remarkably similar to the regular public schools” (p. 77). After examining innovations reported by charter schools, they concluded in their final report that not much new was happening:

We began our study of charter school initiatives with certain expectations and assumptions that innovations would occur in charter schools, that their sheer development would be cause for innovation. Unfortunately, overall innovations are not occurring in Michigan charter schools. (Horn & Miron, 2000, p. 26)

Instead, they found schools reverting to traditional instructional practices.

Indeed, an examination of reports on the prolific charter school phenomenon suggests that there may be a trend toward standardization of practice—rather than innovation—in many of these schools. For example, Hassel (1998, p. 255) analyzed the curricular and pedagogical approach of 80 charter schools in several states, and found that 54% reported a “basics” emphasis, a vocational focus, a traditional subject orientation, or a “general” approach; 9% were specific culture-centric; another 36% were “alternative,” but featured familiar educational models. Furthermore, he cites studies of charter schools in California, Colorado, Texas, Minnesota, and Massachusetts that indicate charter operators are not breaking new ground in classroom practice, but embracing “well-known” curricular approaches (Hassel, 1999b, p. 85).

Price and Hunker (1998) echo these findings, noting that over 40% of the 261 charter schools surveyed reported a “back to-basics” or core-knowledge approach. Similarly, Arsen, Plank, and Sykes (1999) see choice and charters as having the effect of bringing more “traditional” forms of instruction back into use, rather than fostering innovations. Where innovations are appearing they tend to be structural or programmatic supplements, rather than fundamental changes in classroom practice. Perhaps most importantly, teachers in charter schools shared this perception of constraints on innovation. The percentage of teachers agreeing with the statement: “The school will support / is supporting innovative practices” declined significantly—down 25% from when they were surveyed on first joining a charter school (Khouri et al., 1999, p. 56).

In conclusion, charter schools are diversifying options in local contexts, but they do not appear to be particularly innovative regarding classroom practice in the broader context—despite the intentions and legislation for the schools. Instead, advocates now argue that diversification is itself an innovation (CER, 2000e; Hassel, 1999b; Manno et al., 1998a, 1998b; Vanourek et al., 1997)—based on the initial premise (see above) that public schools are uniform across the continent. Yet by conflating diversification with innovation, such arguments lower expectations for an “R & D center” or “laboratory” for innovative classroom practice for the whole public school system to the more attainable aim of providing more options for specific communities.

Moreover, some charter school proponents disavow the original promise of classroom innovation by instead focusing on organizational and governance issues outside the classroom.²⁴ Yet, as Richard Shavelson notes, “the real issue is whether what goes on in the classroom has substantially changed” (quoted in Jacobson, 1997, p. 12). If, as public choice theorists have argued, the problems with public schools are symptomatic of an anti-competitive bureaucratic culture in a monopolistic public education establishment, and if those problems appear in the classroom as stagnant and uncreative teaching and learning, then modifying that governance structure was supposed to spark creativity in the classroom. Said another way: charter reforms reconfigure school governance in order to create (1) a liberated environment and (2) competition as a catalyst for changing classroom experiences. The original argument justifying charter schools can be outlined as follows:

political governance > monop. status > stagnant classroom practice = poor academic achievement

THEREFORE:

autonomy & choice > competition > classroom innovations = more academic achievement

Nevertheless, some now evaluate this reform only as an innovation in governance, with little or no focus placed on the latter part of the equation—the expected consequent reforms in the classroom. This is ironic, as apologists point to the charter school experiment as an innovation in

governance—which it is. However, it is an innovation produced in the state sector by government intervention advanced primarily by public-sector policymakers, rather than by the market.

Discussion: Some Theoretical Observations on the Assumptions of Market Theory Regarding Innovation and Diversification in Schooling

Based on the review of the research on the cases in this analysis, it appears that some of the central assumptions of market theorists regarding reforms in education have been overstated. Market mechanisms of consumer choice and competition between largely autonomous providers have been more successful in promoting structural changes and diversification of provision than in inducing innovations in classroom practice.

Yet, the research surveyed here questions the value of the diversification inspired by these reforms. While state-directed policy can also target options to special-needs populations and ethnic minority communities, for instance, the less-regulated diversification of provision emerging from these reforms appears to be based substantially on sorting of students by social characteristics. That is, the assumptions of market theorists imply that schools will be arranged on a horizontal basis through a neutrally valued distribution of preferences across distinct but equally valued programmatic or pedagogical options. However, the evidence from several cases reviewed here suggests a horizontal or hierarchical ordering based on quality or, more specifically, on selectivity of each school and the SES of its clientele. Thus, an underlying consideration is whether this type of school diversity is desirable in liberal market democracies.

It is somewhat ironic that, in view of the expectations of diverse and innovative options in classroom practice, a significant theme in the research suggests a contradictory trend of standardization caused by the constraining effects of competition and market discipline. But, even more paradoxical is the fact that, while public choice theorists assume that the private sector is better situated for producing innovations, in several cases cited here, government bureaucracies were more successful in encouraging innovations through public policy interventions.

In the discussion that follows, this paper examines in more depth some of the assumptions of market theory regarding innovations in education. In view of (1) the relative lack of classroom innovation resulting from competition and choice, and (2) apparently unanticipated standardizing tendencies in choice systems, this theoretical analysis seeks to come to a greater understanding of how markets work in education. The discussion focuses specifically on the perceived relationship between choice and competition, on the one hand, and innovation and diversification, on the other. To that end, it examines the dynamics of how markets work in education as well as in consumer goods sectors (a model for some market-oriented education reformers).

While no one of the following considerations is an overarching explanation for the current trends in education markets, taken together, they indicate that the outcomes regarding educational

innovations are not as unpredictable as some have suggested. Thus, this analysis problematizes the easy application of simplistic assumptions regarding how markets would work in the education sector. Furthermore, it raises more complex questions about the conditions that aid or inhibit the role of competition and choice in encouraging educational innovations.

Quasi-Markets, Pathologies and Incentives for Innovation

The most obvious explanation for the apparently unexpected record of market-oriented reforms in fostering classroom innovations is that market-style school choice policies are not markets. Thus, what may work in “markets” may not work in education. Although consumer choice and provider competition (with autonomy assumed) are tenets central to market dynamics, they do not, in and of themselves, create pure market conditions. Yet, while market theorists increasingly oppositionalize markets and governments in relatively stark dichotomies (e.g., Chubb & Moe, 1990; Coulson, 1996, 1994, 1999; Friedman, 1994, 1995; Lehman, 1997), this is not simply an “either-or” proposition. Politics and markets do not operate in isolation from one another, but interdependently (Cohen, 1982; Kuttner, 1997). Moreover, policymakers attempt to address a range of issues through political and economic channels. For example, some reformers in these cases promoted centralizing policies—such as national curricula, inspection, and assessment—in addition to, or in conflict with, their rhetorical allegiance to market principles of decentralizing autonomy.²⁵ Obviously, policies like the focus on Maori education reflect political and cultural goals—not simply market demand. Similarly, efforts at decentralization in Chile run up against an entrenched cultural tradition of bureaucratic centralism (Gauri, 1998; Parry, 1997a).

Thus, continued state presence in education perverts the pure market ideal, and diminishes the assumed potential of markets for public and private schools in areas like innovation: “Even if in a post-welfare scheme a state manages to restrain its regulatory impulses, the threat of the loss of that restraint will lead to suboptimal investment and innovation on the part of private and quasi-private providers” (Gauri, 1998, p. 101). So, as most market advocates would note, the choice programs in these countries are not pure markets in the strict *laissez faire* sense because of continued public funding, state regulation (or possibility thereof), compulsory consumption, the *semi*-autonomous status of schools, etc. (Bottery, 1999; Tooley, 1994). Hence, market-style systems in education are often referred to as “quasi-markets” (Bartlett, 1993). The “market” is simply a metaphor (Henig, 1994; Margolis & Parker, 1995) on which some wish to model the provision of education because of its perceived advantages in areas such as innovation.

It is important to recognize the quasi-market nature of education in understanding innovation in these cases because of three pathologies inherent in education quasi-markets. **First**, unlike businesses in an idealized market, schools are in an ambiguous position for sensing and responding to market-style signals (Hirschman, 1970).²⁶ Particularly when bound by obligations

such as open access, equity, etc., schools often do a poor job of acting like private providers in many respects, including innovation. Whereas a typical business may innovate in response to the exit of patrons, public schools fail to take such action in the face of consumer dissatisfaction, according to critics. Thus, the remedy provided by market theorists is to force these schools into business-like status in terms of competition and consumer choice. However, as noted, schools in choice systems are not in pure markets either, and therefore may be limited by the same pathologies and institutional constraints as schools in state-administered systems. For instance, popular schools in the UK and New Zealand did not expand their operations, despite their autonomy and the obvious consumer demand (Whitty et al., 1998). Some may see such non-market-like behavior as indicative of an inherent inability of publicly funded schools to pursue business-style activities such as innovation (e.g., Lehman, 1997; Payne, 2000).

Since innovation appears to be a goal, many policymakers—unable to directly mandate innovations in classroom practice to respond to local market demands—rely on structural reforms in order to try to create market-like conditions which would induce innovation. For example, reformers in New Zealand and Chile focused on administrative flexibility rather than pedagogical reform. Regardless of specific policy details, market theorists implicitly or explicitly assume that if they could move schools into competitive environments, classroom innovation and improvement would follow without—or, actually, *because of the absence of*—direct interference from policymakers. The research on the outcomes in these cases suggest otherwise. Yet, since policymakers cannot create pure market conditions for education, one could make the hypothetical argument that purer markets would lead to more innovation.²⁷ Conversely, however, one could argue that a purer bureaucratic system not threatened by the market discipline of resource constraints, competition with the private sector, and employability of graduates would also be free to attempt more innovation.

Secondly, in education the identity of the consumer is ambiguous, and confounded by the production process. Students most immediately “consume” education, but usually are not themselves the “customers” choosing between different options in an education market system. Parents are the “proxy-consumers” in choosing for their children, but they do not “consume” in terms of enjoying the individualized capital effects of education in terms of direct personal benefit (Brighouse, 1997). Others see the community or society as the ultimate consumer of education due to the externalities of widespread provision involve general social effects (Labaree, in press)—impacting crime rates, fertility rates, social capital, and so on. Yet many neoliberal and neoclassical economists dispute the idea that society is the consumer because societal benefits are external or subsequent to the purpose of education, in their view, which is directed at individuals (e.g., Gintis, 1995). Finally, there is an underlying theme—particularly in the US and UK where reformers are preoccupied with national economic competitiveness—that employers

are the primary consumers of the “product” of education: skilled graduates (e.g., Gerstner, Semerad, Doyle, & Johnston, 1994; Kearns & Doyle, 1988). Yet without a clear sense of the consumer—a lead character in a market system—the beneficiary of (and, therefore, motivation and purpose for) innovation is uncertain.

A further obstacle for market theory is that education inherently conflates the consumer with the product. Market theory assumes rational individuals acting to maximize self-interest. In education quasi-markets, this usually means seeking entry to an institution that would provide the most “value-added” to a student’s academic achievement. Of course, research from the UK and elsewhere demonstrates that parents often look at other factors, such as proximity to home or work, the child’s desires (being with friends, comfort, etc.), image of schools, etc. (Ball & Gewirtz, 1997; Carroll & Walford, 1997b; Meadmore & Symes, 1997; Walford, 1992). Nevertheless, the relevant concern in market theory—the potential of a school to enhance a student’s academic performance—is a very indistinct and complex consideration. The academic achievement of a school is most readily evident for parents (note that achievement is an indicator of the students’ academic performance, and does not shed light specifically on the influence of the school in enhancing that performance). But in lieu of evidence on a school’s value-adding potential, achievement is often perceived in terms of the SES of a school’s students. Indeed, research in several of these cases demonstrates that parents often look at accessible surrogates for indicators of academic enrichment—particularly evidence of the social characteristics of a school’s intake such as racial composition, uniforms, physical appearance (hence the emergence of marketing).

The problem here for market theory is that one of the most important factors for consumers in adding value (in production processes) at a school is the SES of fellow students (as consumers *and* products). While this “peer effect” in essence justifies the rational parent’s attention to social characteristics of students at a school, rather than value-added potential, it also confuses the consumption process with the product. That is, a consumer’s choices influence the attractiveness, market value and value-adding potential of chosen and spurned schools and, therefore, the value of their products—other students (Goldhaber, 1997, 1999; Lubienski, 2000). Thus, rational parents would be wise to shop for schools based on indicators of social characteristics in intake as represented by other consumers, rather than the “output” that consumers usually evaluate in market systems (Carnoy, 2000). In this sense, a shrewd consumer focuses on the potential effects of fellow consumers, rather than an institution’s ability to find innovative ways of adding more value to students. Furthermore, as in the UK and New Zealand, schools are wise to concentrate on selecting higher SES students, rather than diversifying or innovating, since the consumer-product, rather than the process, is more closely associated with academic success and market position.

Thirdly, there is not a clear distinction between the purchaser and the consumer—another conflation of market characters, with implications for innovation. Market logic usually advances from the premise that the purchaser is also the consumer—which is not the case when a parent chooses a child’s school at public expense. Because funding in these cases is public, it removes a crucial market dynamic in school choice systems. Although parents may effectively serve as “proxy-consumers,” they are acting on behalf of the child-beneficiary, not the public-purchaser. While market theory expects consumers to choose rationally between options partially on the basis of cost-effectiveness, the cost side of this equation is absent from the consumer’s perspective in a system of fully-funded school choice. This lack of immediate consumer pressure on costs corrupts incentives for providers regarding their costs up to the threshold of funding paid by public authorities. Of course, there is an incentive for the producer to control costs in order to increase profit margins. But that does not directly influence the cost efficiency of the funder—in this case, the public—as is necessary in a pure market context (Lehman, 1997). This skews incentives for innovation and experimentation in many cases, as some market-purists note (e.g., Coulson, 1999; Lieberman, 2001). In fully-subsidized school choice programs, consumers do not have the incentive to shop around for lower costs, while for-profit providers can only realize a profit incentive by enlarging their customer base or reducing costs associated with quality or R&D—discouraging innovation. Without the ability to charge customers more for new options, the incentive to innovate can be de-emphasized for producers.

Thus, the application of market theory in school choice policies has tended to be simplistic and dogmatic, failing to take into account the peculiarities of providing a public good such as education. As a universal explanation of human interactions, market theory has been advanced in a manner that ignores the ways that schooling may or may not fit into a market paradigm with a pre-specified cast of characters and institutional arrangements. Rather than applying idealized market models to education, reformers may do better to consider questions regarding *under what conditions* choice and competition encourage innovation.

Consumer Markets and Education Markets

Nevertheless, despite the limitations inherent in applying “pure” market dynamics to education, many reforms still model education after markets for consumer goods. Indeed, assumptions regarding diverse and innovative options are often premised on perceptions of innovations in markets for toothpaste, cars, or luxury items, for instance (Gintis in Glass, 1994; McGriff, 1996). For example, in the US, one state Board of Education president promoted charter schools by pointing to competition in such markets: “I prefer to buy from Ford, General Motors, Chrysler, or from a host of other companies that succeed—or fail—based on how well they satisfy the customer” (Durant III, 1997, p. 362). Bill Bennett et al. (1998) also draw lessons for

schools from the US auto industry. They characterize the “big three” US auto manufacturers as a “monopoly” to show how these companies were forced to respond to competitive pressure from Japanese imports in becoming more responsive to consumer demands. Coulson (1999, p. 217) claims we now have a “huge range of transportation choices” thanks to the market.

Coulson’s solution to education stagnation is a free market as evident with consumer goods:

The free-market innovations process may offend the sensibilities of educational egalitarians, due to the fact that innovations are usually enjoyed first by the wealthy and only afterward by the general public. Nonetheless, it is the only process that has a proven record of stimulating valuable improvements in technology, and of eventually making those improvements available on a grand scale. (p. 344)

This position echoes Friedman’s (1995) insistence that innovation flows from free market forces, since that is the case with consumer goods: “As in all cases, the innovations in the ‘luxury’ product will soon spread to the basic product.”

Nevertheless, this allusion to luxury goods ignores crucial differences between idealized markets for consumer goods and real quasi-markets for education services. Inasmuch as the predominant “innovation” of selection is based substantially on sorting students by SES, it is one innovation in a “luxury product” that cannot, by its nature, filter down to lower-SES communities and schools. Furthermore, the consumer market metaphor perverts the theoretical dynamics of competition as it might manifest itself in the emergence of innovative, experimental, and diverse options for consumers. For example, the guarantee of a certain level of funding on a per student basis means that providers will compete with each other on the basis of how many consumers will choose a given school. But providers cannot compete in terms of attracting more business from any one consumer—particularly “higher value” consumers—since all students bring essentially the same public funding.²⁸ Hence, in a physically constrained setting such as a school building (especially a smaller scale operation not associated with a US for-profit EMO chain) revenues available for experimentation and development are necessarily limited by the set per-capita funding level. Only operations that are inherently expandable or are easy to duplicate can further profit from successful innovations, since they can increase the number of students-consumers they reach through cloning, franchising, or extending the reach of their services. This gives an advantage in innovating to large-scale operations over “mom and pop” schools.

Implications of “Corporate Capture” for Innovation in Education

Since providers of consumer goods attempt to increase market share, it is reasonable to consider whether using this model for schooling will bring the corporatization and consequent consolidation evident in many other sectors as well (see Taub & Weissman, 1998). In the US, venture capitalists are increasingly interested in opening the \$300 billion-a-year K-12 market to investment (Hill, 1999; Milken, Michaels, & Berman, 1992; Symonds, 2000; Walsh, 1998b;

Wyatt, 1999). Likewise, policymakers in other nations are interested in the possibilities of private sector participation in education (Bilefsky, 1998; Dobbin, 1997).

This potential for corporate involvement is most apparent in the growth of for-profit management companies in the US. Corporate EMOs now manage a substantial proportion of the charter schools in states that market advocates favor for their “stronger” legislation. In Michigan, EMOs run about three-fourths of all charter schools, which tend to be larger than the remaining small-scale, independent “mom-and-pop” providers that were to generate innovation and diversity of options (Horn & Miron, 1999). (In fact, some state chartering authorities now require that in order to obtain a charter, school sponsors must first sign a management agreement with an EMO.) Furthermore, groups like Edison hope to expand worldwide, taking advantage of opportunities such as the UK Labour government’s plan to bring private managers in to run failing schools (Clare, 1998a, 1998b; Lightfoot, 1999; Walsh, 1998a).

One idea behind private management is that corporations can bring private capital to R&D efforts (Chubb, 2001), as they do in the innovative sector of information technology, for example (as opposed to, say, the less stellar results of investment capital in fostering innovation and diversity in the entertainment of fast food sectors). However, in many cases, corporations are swayed by the incentive toward standardization of a product or service due to enhanced economies of scale. This is an advantage available to public schools through the LEA. Charter schools can also access these advantages as a part of an EMO—in effect, privatized super-LEAs not bound by geography. But in some circumstances, corporations have an economic incentive to limit the diversity of a product to some extent because of research, development, production, distribution, and support costs; as Terry Moe notes, “innovations cost money. Sometimes a lot of money” (cited in Molnar, 1996, p. 72).

Thus, while critics claim that the hated “one-size-fits-all” approach to education is inherent in public control, such standardization is also possible through the private cost-savings in the “cookie-cutter” approach. In the US, these standardizing tendencies in large-scale operations are becoming more evident with the growing presence of corporations which try to increase their share of the market—all of which have a set approach to educating children (Hofman, 1998; Poole, 1998; Rhim, 1998; Toch, 1996). In the UK and US, research shows that autonomous schools shy away from using their new-found flexibility for finding ways to educate students with special needs, even when extra subsidies are available (Bagley & Woods, 1998; Feintuck, 1994; Horn & Miron, 2000; Lewin, 1999; McKinney, 1996; Zollers & Ramanathan, 1998). It appears that some schools are using their business-like autonomy not to pursue innovations, but to select consumers (or products) that most efficiently fit into a standardized and thus profitable form or provision. Indeed, Dykgraaf and Lewis (1998) found strong central control exercised by EMOs over their schools, and little openness about their activities, which hinders public

assessment of pedagogical and administrative practices. Horn and Miron (2000) show that charter schools act like private schools in a number of ways, including student selection and conditions of employment. This “isomorphism” is not only evident in the types of offerings provided by autonomous schools (Bulkley, 1999), but in the types of institutions themselves (Whitty et al., 1998, p. 52). Ironically, applying a business model for public-sector institutions such as public schools represents an overall standardization of options as institutions revert to one model—undermining unique aspects of public schools as public agencies, and forcing them to conform more to the dominant “efficiency” model of a private business (see Oettle, 1997).

The likely growth of the corporate market model also raises questions regarding the expectation that autonomous schools—including those designed as R&D centers—will share any insights and innovations. That promise was motivated by a perception that district schools are plagued by a deadening uniformity (Peterson, 1990), and require interventions from the private sector (West, 1995).²⁹ In fact, while autonomy and competition were meant to lead to innovations, the demise of central bureaucracies and the rise of adversarial relationships downgrades the capacity for schools to share innovations with each other (Bosetti, 2000; Rosenblum Brigham Associates, 1998; Wells et al., 1998). Nor is there much incentive to share an innovation with a competitor. On the other hand, if there were adequate channels set up to disseminate innovations, the “free-rider” problem suggests that many schools would not assume the costs of innovation if other schools will do so and freely share their insights.

Position, Emulation and Duplication in Competitive Markets

The consumer-choice premise of competitive schooling assumes market-like conditions, but these conditions may both encourage and limit innovation. While reformers assume that markets for consumer goods create a diversity of options, an examination of the political economy of consumer markets indicate that these assumptions ignore some standardizing effects of competition. Depending on the circumstances, a competitive market can also have constraining effects on experimentation, and foster duplication instead of diversity. In a system of consumer choice, the logic of markets dictates that providers should stake out positions of advantage in order to command the patronage of the largest possible group of consumers. If a provider moves to corner a segment of the market, there is some incentive also for other providers to move in that direction as well, although not quite to the same extent, in order to capture all remaining business up to and possibly including some of the market share of their rivals (Hirschman, 1970).³⁰ This can have the effect of standardizing options available to consumers.

While simple logic indicates that tight competition can inhibit innovation for existing providers by limiting resources available for experimentation (which is risky and may entail a loss), evidence also suggests that a confluence of competitors’ interests and efforts can also limit

smaller-scale innovation and options. Dunleavy (1997, p. 33) notes these standardizing tendencies for consumer choices (from “hamburgers or computers”) in what he terms global “McWorld” economics: “The scale of markets and competition has decisively escalated in some areas, screening out local solutions and corporations in favour of transnational companies, dominant brands and standardized solutions.” While he notes a diversity of options in some areas, the general “result is that single-market choices expand, but the overall range of choices across different countries’ markets may reduce.” In his discussion, he points to the restaurant industry as an example of globalization that standardizes not just food choices, but “how customers are served.” Ritzer (1996) writes of the “McDonaldization” of market society as market forces pursue and impose a predictability that reduces all human needs, desires, and relationships to a common economic calculus. Other observers note the “Disneyfication” of culture that undercuts global diversity (Hannigan, 1998; Seabrook, 1998; see also Harty, 1994). Similarly, in the “marketplace of ideas,” several authors note the constraining effects of private control of the media in a competitive consumer market. Mazzocco (1994, p. 5), for instance, writes that the narrowing competitive field limits the scope of what is considered reasonable by the news media, and thus what is legitimized as pertinent for popular discussion and debate (see also Bagdikian, 1997).

And, of course, success breeds emulation. If something is found to “work” in terms of attracting consumers, competitors will try to duplicate that success by duplicating whatever brought on that success—particularly if such a strategy is easier than engaging in one’s own costly R&D. As noted earlier, this emulation is readily apparent from the research on the re-emerging traditionalism in the competitive school environment in the UK (Fitz et al., 1993; Glatter et al., 1997; Halpin et al., 1997; Power, Fitz et al., 1994; Power, Halpin et al., 1994; Woods et al., 1998). In North America, charter schools are similarly judged on academic achievement. Joe Nathan (1998, p. 502), a leading proponent, advises charter schools “to look at carefully evaluated, proven approaches.” One of the fastest-growing EMOs, National Heritage Academies, does not focus on innovation, but uses practices from religious schools (Golden, 1999; Schnaiberg, 1999; Walsh-Sarnecki, 1999). This points to the inherent tension facing schools with the freedom to innovate, but the requirement to be accountable for results as judged on a uni-dimensional standard of academic achievement and consumer approval. Innovation presupposes freedom to experiment (and fail). Larger operations can better afford this, but even there the predominant profit incentive which provides a reason to minimize costs.

Part of the problem may be the assumption that consumer demand shapes provider response. Indeed, in some markets, producers or providers can select their consumers. In education, this means that schools may sometimes choose students by embracing exclusive or narrow missions. This has been the case in New Zealand and the UK, as schools set out criteria for prospective

students to meet in order to better pursue the school's mission or philosophy (Edwards & Whitty, 1997b; Fitz et al., 1997; Walford & Pring, 1996; Whitty & Power, 1997). While this is now officially encouraged in the UK, it was initially done through covert-selection techniques—e.g., parent interviews, required allegiance to discipline codes or a school's specialized mission/philosophy, and symbolic trappings of traditionalism (Francis, 1990; Glatter et al., 1997; Walford, 1997a; West et al., 1997). There is no reason to assume that the same trend would not occur in other choice systems, as many independent schools now require parent or student contracts, volunteer hours, adherence to mission statements, or other means that encourage self-segregation by parents that obscure selection of students by schools (Farber, 1998; McGhan, 1998; McKibben, 1999; McKinney, 1996; Rothstein, Celis, Corson, Cooper, & Farber, 1998). It seems likely that regulations to block overt selection will be challenged, as market competition implicitly encourages parents and schools to find ways of sorting themselves.

Other Considerations for Further Research

Two other related considerations regarding the use of choice and competition to spur innovation are noted here as areas for further investigation (both of these issues are discussed in more detail in Lubienski, under review). **First**, assumptions of market theorists in education appear to neglect the less recognized standardizing influence of consumers in some markets: as applied to education, this means that the choices of parents as consumers may have a limiting effect on curricular options—a phenomenon readily evident in all the cases in this analysis. Whereas market theorists assume rational actors work to maximize advantages in areas such as academic achievement, the cases here challenge dogmatic applications of such assumptions. In Chile, for instance, parents were “relatively uninformed” about school quality in terms of academic achievement—much less the value-added potential that schools could offer their children (Gauri, 1998, p. 102). Indeed, evidence from different contexts indicates that parents often employ other considerations besides potential academic added-value when choosing schools (Carroll & Walford, 1997a, 1997b; Glazerman, 1998; Paris, 1998; Petronio, 1996; Smith & Meier, 1995). Furthermore, as “parents often do not choose schools for educational reasons,” innovation—classroom or otherwise—may not be the high priority for many parents that it is for many reformers (Gauri, 1998, p. 104).

In fact, many parents view public schools as *overly innovative* because these schools embrace many fads and progressive reforms (Ravitch, 2000; Whitty et al., 1998). Thus, in this respect, Harmer (1994, p. 172) defines school as innovative if they “emphasize reading, writing, arithmetic, and geography.” Additionally, the author of California's charter school law intended to create schools where “only the academic basics are taught” (p. 67). Indeed, it is not clear that

parents in the UK want more diversity than is already available (Woods et al., 1998). As has been evident in past efforts at reform, schools have to limit experimentation in response to what consumers consider to be a “real school” (Tyack & Cuban, 1995). If consumers equate “good” education with discipline, rote memorization, and high test scores, then in a competitive environment that equation restricts room for innovation—particularly when consumers are informed primarily through test scores, which elevate a uniform standard goal for schools. Instead, much of the evidence indicates that parents are often more concerned with “academic basics” than innovation. Kohn (1998) claims that affluent and ambitious parents in the US do not want innovations in their children’s education, but, instead, want what are commonly seen as solid, tried-and-true educational practices (see also Arsen et al., 1999; Lauder et al., 1999). Gordon and Whitty (1997) note that while parents in New Zealand support academic and social goals, academics means basics, not innovation. Indeed, “If anything, parental pressure is making it difficult for such schools to be different” (p. 459). This is the case in the UK, where popular conceptions of education mean that more traditionalism may be the only “innovation” welcome in the marketplace. Inasmuch as the definition of “good” schooling is obscure, varied, and difficult to assess, the point of educational innovation is also obscure, varied, and, therefore, difficult to assess. Nevertheless, insofar as parents want academic “basics,” the space for innovation in a competitive environment is limited. Perceptions of a “good” product or service—whether for material goods or schooling—provide incentives for standardizing options.

Therefore, presumptions about the deadening conformity in public schools that have motivated many market advocates to call for choice may, in fact, have it backwards. Indeed, the popularity of “traditional,” “basics,” and “core” curricula in autonomous schools may indicate that many parents are fleeing what they see as overly innovative public schools for tried and true approaches that they feel are more appropriate for their children. Thus, it may be that if reformers want to empower parents as consumers, then either (1) consumers do not want innovation, despite reformers’ wishes; or (2) consumers cannot be trusted in their preferences because there is a real need for innovation—so reformers were wrong to empower parents as the driving force for innovation (Berliner & Biddle, 1995). In that sense, it may be wise to consider whether reforms promote innovation for its own sake (and where does that lead)?

Secondly, one innovation in schools in these cases regards how they are marketing themselves to both respond to and shape consumer preferences. This trend toward symbolism may also be associated with standardized curricular options and less substantive innovation. In view of the marketing and image management evident in these cases, there is the potential that schools will emphasize relatively minor differences, while obscuring overwhelming similarities—thereby undercutting incentives for innovation. Furthermore, reformers apply market theory to education under the assumption that schools will emerge in response to a pre-

existing landscape of the varied consumer preferences (e.g., Friedman, 1980). But that presumption ignores the degree to which providers shape consumer preferences through marketing. Indeed, quite often, producers actively cultivate consumer demand.

In general terms, there are two ways to survive and thrive in a competitive market: first, innovation in order to attract consumers with a better value on a better product; or second, better marketing. While not mutually exclusive, in some cases, the cost effectiveness of one option trumps the other. Instead of focusing on quality or cost-effectiveness as rational-choice theorists would prefer, competitors in consumer markets often emphasize questions of style, attitude, loyalty, and association in appealing to customers. While small differences and bells-and-whistle innovations may be useful and cost-effective for producers, it is sometimes the very effectiveness and cost efficiency of marketing that deters the incentive to offer real improvements or undertake costly innovations in a product line. Unfortunately, marketing is often designed to obscure whether a change in a product is a substantive improvement or simply a symbolic alteration.

This aspect in the logic of markets would also be present for schools competing for per-student funding. Indeed, many of the schools in these cases appear to be embracing the latter strategy in view of the risks and real costs associated with the former. As schools become more involved in marketing themselves to potential consumers, it will be important to note the extent to which perceived differences are a matter of true curricular or pedagogical innovation, or simply repackaging of older ideas (see, e.g., Rosenblum Brigham Associates, 1998). As noted before, a school's relative potential to add value to any given student is an exceedingly complex question. In lieu of easy indicators of such potential, parents notice proxy indicators of the academic achievement at a school—usually SES characteristics of the school's intake. Schools attempting to shape these perceptions will focus on symbolic presentation in terms of uniforms, school crests, English-sounding names, pamphlets, and so forth.

Conclusion

Market mechanisms of consumer choice and competition between autonomous providers are integral to market-based education reforms for several reasons, including liberating parents in their "right to choose," promoting institutional efficiency, and raising academic achievement. Yet these goals assume a diverse range of options from which parents may choose in order to infuse meaningful substance into those choices. In view of state education systems thought to be inherently standardized by their "captured" status as a public sector bureaucratic monopolies, reformers argue that choice and competition will create conditions and incentives for autonomous schools to develop new classroom innovations that give parents real options while promoting more effective teaching and learning. Based on the four cases reviewed here, this analysis challenges those assumptions.

Evidence from New Zealand, Chile, the UK and North America offers insights that go beyond the hypothetical application of market theory to education. Together, these different systems include state and non-public schools, established schools freed from bureaucratic authority and new schools created outside LEA control. While state mandated regulations (such as national curricula and assessments) limited innovation in some instances, similar patterns of standardization were evident in other cases where such mandates were not a consideration. In fact, the analysis of this evidence and of market dynamics suggests that economic forces likely played a larger role in promoting uniformity than reformers initially recognized. Thus, particularly in one instance here—but possible in others in the future—“corporate capture” appears to be closely associated with uniformity.

There are a few ways to interpret the evidence from these four cases. First, market-style reforms appear to be more successful in creating innovations in organization than in classroom practice. Likewise, they contribute to a diversity of options. But this diversification appears to be based on social characteristics of student intake and, thus hierarchical ordering of institutions, rather than a horizontal range of equally valued, but substantively different, curricular and pedagogical approaches. Even where autonomous schools embrace alternative classroom practices (as with some charter schools), these tend to be practices already developed or used in LEA-run schools—thereby undercutting public choice presumptions regarding the ability of the bureaucratic public sector to produce innovations. Furthermore, the fact that public sector policy interventions led to innovations in practice in Chile and the UK, and to the development of charter schools in North America, represents a significant irony for market theory. Therefore, this review suggests that market mechanisms of choice and competition cannot alone induce classroom innovations without other public policy interventions. In view of the standardization evident in these cases, the discussion of markets in this analysis suggests that (1) reformers misread how markets work in sectors for consumer goods, and (b) they misread how markets would work as applied to education.

Thus, secondly, it appears that market-oriented reformers advanced from an overly simplistic and optimistic view of markets, or an overly ideological and dogmatic faith in markets. This allegiance is particularly problematic when applied to an area as complex and contested as education. There, unclear and conflicting goals for schools obscure the reasons for innovation. Unfounded assumptions of market theorists appear in several areas:

- Many consumers, empowered by reforms, appear to disagree with reformers regarding the need for innovation and a diversity of options.
- As both the evidence and the theoretical discussion of markets here suggest, there are standardizing tendencies inherent in market mechanisms such as competition and consumer choice in education as in other sectors. Thus, while not disputing the economic incentives for

innovation and experimentation embedded in the logic of markets, this discussion indicates that there is a less recognized tendency of standardization and emulation that may counteract the ability of choice and competition to encourage innovation and diversification.

- Markets models usually assume a set cast of characters with pre-specified motives and roles. However, as the discussion above shows, those assumptions do not necessarily transfer over into education quasi-markets.
- Choice advocates assume a dispersed distribution of preferences, when, in fact, it appears to be more modal: schools often compete for a certain type of student (based on SES characteristics), and standardize as such to attract that type.
- Reformers assume that markets would respond to consumer preferences, when, in fact, providers can shape consumer preference through marketing. That is, markets are not just consumer-oriented, but can be producer-oriented.
- Innovation may be substantive (as in classroom practice), or they can be symbolic (as in marketing). Providers can attract consumers by developing innovations for a better (or cheaper) product, or by marketing. Conditions and relative costs influence which strategy is more attractive for producers.
- In view of the relative dearth of classroom innovation, some North American reformers have lowered their expectations for innovation to focus on governance issues. Paradoxically, like the CTCs, this reform is accomplished by public authority, not market mechanisms.
- However, by re-focusing on policy innovations alone, reformers assume that changes in governance substantially impact (or even “trickle down” to) classroom practice. In fact, such assumptions ignore significant literature on the weak association of governance policy to classroom practice, and the considerable resistance of education systems to substantive reform (e.g., Cohen, 1988; Cohen & Spillane, 1993; Cuban, 1984; Levin, 1997; Levin & Riffel, 1997; Spillane, Thompson, Lubienski, Jita, & Reiman, 1995).
- Stark simplifications about propensities inherent in public and private sectors ignore evidence of the innovative powers of public sectors, constraining factors in private sectors, and the folly of automatically oppositionalizing them.

In short, as Lauder et al. (1999, p. 135) note of neoliberal reformers in New Zealand, “it is clear that the world is a far more complex place than they envisaged.”

Finally, this analysis on the limits of market mechanisms in inducing innovation in education challenges the causal link between the choice/competition dynamic and classroom innovation that continue to motivate calls for school choice. Insofar as reformers do not recognize the trends as indicated by the weight of evidence on this issue, continued policy movement in the market direction is likely to enhance the exit option for dissatisfied consumers. Indeed, the more limited state sector choice plans in places like the UK and Arizona were implemented after reformers

were unable to secure fuller-scale voucher programs (Bolick, 1998a; Thatcher, 1993). Yet, as noted in this analysis, vouchers in Chile have not led to more innovations. However, inasmuch as the evidence here suggests a discongruence between stated goals of reformers, the “basic” preferences of parents, and the standardization resulting from the reforms, innovation may be largely beside the point.

However, insofar as innovation truly is the goal of market-oriented education, reformers may do well to consider the conditions in which competition and choice lead to innovations and diversity in provision and product. That is, in spite of the defensive reaction of some market advocates on this issue (e.g., CER, 2000d), it is not so much a question of whether or not markets lead to innovation in education, but—in view of the complexities surrounding this issue in various consumer markets—how to foster innovation in education. For example, schools in New Zealand and Chile do not seem to be targeting or developing niche markets (except, of course, by SES). In the UK there is increasing interest on the part of independent schools in opting-in to state funding. But the charter school movement in North America seems to have gone the greatest distance—albeit still to a limited extent—in pursuing niche markets (however, even in this case, it is often based on ethnicity). Reformers may want to consider in more detail how these patterns might be related to the role of national curricula and assessment, private capital and corporate management. More research needs to be done on how the structure of school systems promotes or inhibits innovation. For example, Hirsch (1994, p. 51) believes a “greater chance that educational innovation will result under a diversified system than a hierarchical system of choice.” Yet others feel that schools failing on the uni-dimensional scale of “academic excellence” are best positioned to try something out of the norm (e.g., Whitty et al., 1998). While the neoliberal Education Commission of the States (National Commission on Governing America's Schools, 1999) argues that, in order to encourage innovation, all US public schools should be turned into charter schools, Fiske and Ladd (2000) argue that North American charter schools will be more diverse and innovative if they remain a minority model on the periphery of the education system. Furthermore, in modeling education—correctly or not—after markets in consumer goods, reformers should consider how innovation is encouraged and constrained in such markets. For example, Gauri (1998, p. 105) observes that “Exit signals and the post-welfare model seem to be more effective in promoting innovation in health care, where there is greater agreement on what medicine is supposed to achieve.” Similarly, leading figures in public choice theory such as Tullock (1996) point to pharmaceuticals as an example of an innovative, profit-driven sector (see also Lieberman, 2001). If both education and public health are public goods, what can we learn by comparing them?

This paper is intended to offer insights into policies on school choice. It seeks to inform debates by exploring one of the primary assumptions underlying reform efforts—in terms of both research evidence and theoretical analyses. The experiences in the UK, Chile, North America and New Zealand provide important evidence on the role of markets in education, and offer a compelling reason to interrogate the economic logic of reformers in examining expectations of innovation and diversification for autonomous schools. A deeper investigation into markets illuminates the tendencies of markets toward standardization, and problematizes claims of diversification.

Based on cases reviewed here, it appears that there is no simple, direct, automatic, immediate, or causal relationship—as has been assumed by market advocates—between bringing markets to education and inducing educational innovation. In fact, the very causal direction is in question in view of the fact that government intervention, rather than market forces, has often led to innovation. Accounting for these tendencies not only helps us understand the record of autonomous schools in promoting classroom innovation, but helps us evaluate the potential for other market-oriented plans to cultivate new approaches to teaching and learning, or for standardizing provision and product.

ENDNOTES

¹ For example, in his study of policy innovation, Mintrom (2000b) cites Rogers (1995) and others tending toward the more contextually-dependent sense of an innovation as something that is *perceived* to be new when adopted at a local or individual level. However, in regard to the present question, this definition from Rogers does not account for efforts by policy entrepreneurs to import or apply practices from one context into another through franchising or otherwise expanding one practice in the broader market—which is clearly happening in some of the cases reviewed in this analysis. While such changes may appear to be innovative to a local parent, for example, they are not new to the franchising agency or to observers of the broader context who would see this as a provincial diversification of options for those local parents alone. Since several of the school choice policies examined here seek to induce *new* innovations that can benefit the education system as a whole by making teaching and learning more effective overall, simple diversification (as in bringing an established practice from one locality to another) is insufficient in terms of the stated goals of policymakers. Thus, Rogers' definition is too blunt for the present purposes.

² For more detailed descriptions of the specific school choice policies in New Zealand, see Picot et al. (1988), Lange (1988), Lauder, Hughes et al. (1999), and Fiske & Ladd (2000).

³ Of course, critics of the Treasury's influence on the Labour and National governments' neoliberal policies maintain that "new public management" reduces all relationships and "goods" (in the broad, non-material sense of the word) to commercial transactions—"to reconstitute social relations along market lines"—in order to understand them and assess value in them (Hirsch & OECD, 1994; see, e.g., O'Neill, 1996; see also Oettle, 1997; Riley, 1988). Furthermore, other critics, such as Cameron (1997), note that neoliberal policymakers in 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 Berg & Berg, 1997).

⁴ For example, in the years before *Tomorrow's Schools*, the Labour government tried to focus on curricular reforms, but set aside that approach in favor of Picot's administrative recommendations on organization and governance (Fiske & Ladd, 2000).

⁵ For more detailed descriptions of Chile's education reforms, see Gauri (1998), Parry (1997a), and McEwan & Carnoy (2000).

⁶ Immediately preceding the reforms (in 1979) 82% of primary level students in Chile were in state schools (Carnoy, 1998b). By 1996, that figure had declined to approximately 58%, while about another 12% were in

religious schools that accepted vouchers (the vast majority of which were Catholic), over 21% were in private, secular, proprietary schools accepting vouchers, and about 8% were in elite private schools that did not accept vouchers (McEwan, 2000; McEwan & Carnoy, 2000).

⁷ Parry (1997b), considers innovation largely in terms of range of programmatic options along with individual schools' plans for reform (usually submitted in response to government-sponsored reform grants).

⁸ Cited in Gauri (1998).

⁹ Sexton quoted in Whitty & Power (2000, p. 3). More specifically, I am referring to England and Wales. Despite devolution of governance to Scotland and its distinct institutional history regarding education, there are more parallels than incongruities between Scotland and Northern Ireland and the rest of the UK (Raab et al., 1997; Sunday Times, 1993a, 1993b; Walford, 1992; Willms & Echols, 1993). Thus, because the impact of market-orientation in London has been so great throughout Britain, I will continue to use the term "UK."

¹⁰ For more detailed descriptions of the specifics of education reform policies in the UK, see Gewirtz, Ball & Bowe (1995), Rogers (1992), Walford (1994), Walford & Miller (1991), and Whitty, Edwards & Gewirtz (1993).

¹¹ However, not only are claims of widespread concern debatable, but there is evidence of ambiguity regarding implementation of these policies. The 1986 *British Social Attitudes* report showed heavy support for more spending on education, an area where the Thatcher "government had spent a lot of effort trying to persuade the country that money was not the problem." Moreover, according to a Mori poll: "the total state funding of schools, without ambiguity or qualification, was backed by more than seven to one." (Sunday Times 12 June 1988, cited in Young, 1989, p. 529). Furthermore, much support that does exist for choice has not come primarily—as proponents would have liked—from poor and minority groups "trapped" in public schools, so much as from white parents "choosing" to pull their children from schools that they perceive as predominantly minority (Bagley, 1996). The most identifiable source of support (aside from think tanks and business groups) in terms of socioeconomic categories appears to be articulate and active middle-class parents who could bring their well-developed consumer skills to bear in using public money to pursue the most advantageous education for their children (S. Carroll & G. Walford, 1997; Crozier, 1997; Whitty, 1990). However, support for "choice" has been tenuous when it means allowing poor and minority children—regardless of merit or consumer "rights"—to choose to attend an affluent community's schools, support for "choice" drops or turns into opposition. Carroll & Walford (1996) offer a particularly fascinating case study on this phenomenon.

¹² On making parents into consumers and public goods into commodities in the UK, see Donald (1992, p. 122) and Thatcher (1993, p. 278-9). Such a push was evident not only in the legislation, but in popular policy rhetoric such as *The Parents' Charter* (Bowe, Ball, & Gewirtz, 1994). National curricula and examinations were significant exceptions to the rhetoric of de-centralization (see, e.g., Black, 1994; Daugherty, 1997; Hughes, 1997; Hymas, 1993; Thatcher, 1993; Whitty & Power, 1997; Young, 1989). Mandated tests, with the results published as league tables would, reformers argued, provide the common metric from which the rational consumer could make an informed choice of schools—in addition to providing an over-all measure of the system's performance. On the ideas of parental choice in the state system as a "stepping stone" to a purer voucher system, and "blurring" distinctions between sectors, see Chitty (1997), Thatcher (1993) and Flude & Hammer (1990).

¹³ Researchers note that the program benefited middle-class families, rather than the children targeted in the rhetoric to justify the program (Carl, 1994; Whitty, 1990). The APS was almost immediately dropped after the election of Blair's Labour government (Hodge, 1997).

¹⁴ Observers see the attempt to encourage private/corporate financing of the CTCs as a failure (Carl, 1994; Dean, 1991, 1995).

¹⁵ Of course—to counter "loony left" capture of education agencies (for "social engineering" purposes)—Conservatives deftly employed market forces that elevate an inherently conservative clientele (Whitty et al., 1998, p. 90) desiring a "basics" academic curriculum.

¹⁶ One of the most important academic debates in the UK in recent years began when Gorard and Fitz published their findings on a large-scale study of social segregation and school choice in England and Wales (e.g., Fitz & Gorard, 2000; Gorard, 1998). They found that social segregation had decreased since the 1988 ERA, but it was unclear whether the market was responsible for that decrease. Their findings have since been contested (Gibson & Asthana, 1999; Noden, cited in Whitty & Power, 2000). Furthermore, Gorard & Fitz's most recent update indicates that social polarization is again evident (Whitty & Power, 2000).

¹⁷ Whitty (1990) describes as "ingenious" the government's early claim that parental choice would not lead to schools choosing children and, therefore, socioeconomic hierarchies in schooling. Edwards & Whitty (1997b) document the contradictions, ambiguities, and reversals in the Conservative governments' policies on these issues. They see a "calculated collective amnesia" on the part of Tory and New Labour policymakers as to the rejection of selection (schools choosing students) in earlier decades.

¹⁸ For more detailed discussions of charter school policies, including differences in authorizing legislation, see, in the US, the CER (2000b, 2000c), Nathan (1996a), Vanourek, Manno, Finn & Bierlein (1997), and Hassel (1999a); and, on Canada, Bosetti et al. (1998) and Dobbin (1997).

¹⁹ The premise underlying this assumption—that public schools are more limited than private schools in their autonomy because they are positioned in the public sector—is challenged by Glass (1997).

²⁰ Although observers like Ascher, Berne, & Fruchter (1996), Cookson (1994), and Tyack (1990) dispute the assumption of a lack of innovation and programmatic diversity in public schools, charter school proponents embrace that critique. For example, the Hudson team contends that “This country is too big and diverse to expect one school model to fit everybody’s needs” (Vanourek et al., 1997, pt. 6, p. 12). Finn (1997) insists that the non-economic structure of public education discourages innovation, and thus, he and Gau (1998, p. 79) repeat this notion of uniformity, noting that, under the public school system, “every school...was essentially identical to every other.”

²¹ Tyack’s (1974) use of the term “one best system” was, of course, not meant as an endorsement of progressive era reforms that reconfigured educational administration on a hierarchical business model—although it has been repeated as such.

²² The most likely explanation for the near verbatim similarities in the various pieces of legislation regarding innovation is that legislators from different states took their model from the legislative template provided by the American Legislative Exchange Council, at www.alec.org. This model quotes the language from the original law in Minnesota, which then appears verbatim in the legislation from California and New York, and is essentially the same in Massachusetts, Michigan, and other states.

²³ The Rosenblum Brigham Associates (1998) report contends that charter schools are re-combining pre-existing practices, rather than developing new practices: “specific practices are not the key innovation implemented in charter schools, but rather the integration of practices around a central vision, and the balance of autonomy and accountability that allows the schools to match practices (including hiring) to the vision.” However, few if any of the “innovations” they cite are not already in practice in public schools. Perhaps the most comprehensive list of innovative practices in charter schools comes from the Center for Market Based Education’s report on Arizona charter schools, with examples drawn from case studies (Gifford et al., 2000). However, again, while the authors list a number of “unique” characteristics of various schools, virtually every aspect is either already practiced in public schools, represents changes in administration or governance (not classroom) practice, or has to do with advertising.

²⁴ For example, Rofes (1998) claims that the innovations best achieved by charter schools are primarily in the area of governance, not instruction (Manno et al., 1998a). While noting that stronger laws enhance the potential of charter schools to be innovative, Hassel (1998) now distances himself from the original “laboratory thesis” of charter schools altogether, instead falling back on the governance argument (see also Hassel, 1999b; Hess, 1998). Some groups, like the CER, are almost blinded by their insistence that charter schools are innovative. In the wake of research reporting a lack of “classroom innovation” in charter schools (Good et al., 2000), the CER responded by falling back on the diversification argument (“local variations”). The only innovation the CER cited was the innovative nature of the original legislation in Minnesota—missing the point about classroom practice (CER, 2000a, 2000d, 2000e).

²⁵ See Carl (1994) on the conflicts between neoliberal and neoconservative elements of the UK’s New Right.

²⁶ Under Hirschman’s (1970) framework, public education is structured to respond to political pressure as a public good—voice expressed through political processes. Public schools are generally not designed to be directly responsive to exit, since (as critics note) they have a semi-monopoly status. But they often incite dissatisfied users to exit or “vote with their feet” (Tiebout, 1956). Thus, pathology results. Indeed, as Hirschman notes, as a lazy-monopoly primarily responsive to political pressure, schools may *prefer* or even *encourage* dissatisfied and vocal parents to exit in order to get rid of “difficult” individuals.

²⁷ Homeschooling may be the best example of state-free education sector, with a wealth of diversity of approaches. However, as with religious and other non-profit schools, this sector would not be an appropriate area to examine the role of market forces in innovation, not just because of the absence of a profit motive or the presence of religious (not pedagogical) motives, but because many homeschoolers flee public schools that they see as overly obsessed with faddish innovation (Lubienski, 2000).

²⁸ The exceptions here are (1) that a choice program can be partially subsidized, allowing providers to charge fees in addition to the state-funded amount (as is the case in New Zealand, and which can be arranged with the state in Chile), and (2) that some students cost more to educate than others—so, consequently, lower-cost students are more attractive to providers (Ball & Gewirtz, 1997; Gewirtz et al., 1995).

²⁹ However, such a critique does not explain how a perceived lack of competition necessarily imposes uniformity across separate LEAs (Cookson, 1994). Nor does it recognize that there are often more differences *in* various sectors of schooling (public, religious, proprietary) in curriculum and instructional practice than *between*

sectors—which (despite the premise of public choice theorists) overlap so much that they are largely indistinguishable from one another (Levin, 2001). In fact, the argument could be made that, inasmuch as classrooms now appear similar across different contexts, uniformity may be due to *market* influences on the curriculum, private sector control of employment possibilities for graduates, individual economic ambition, and other market effects in standardizing schools (Hogan, 1992; Labaree, 1997). Furthermore, the narrowness of the public choice perspective slights the many innovations produced in the public sector, and, moreover, is premised on a highly hypothetical presumption of inherent selfishness of human nature that posits that innovation springs primarily from the possibility of self-enrichment (e.g., Chubb, 2001; Lieberman, 2001).

³⁰ Hirschman's (1970) analysis suggests similar tendencies in the political arena as well. Many commentators from different ideological vantage points have noted that opposing players the "political marketplace" offer voters options that are often indistinguishable in their substance. In Hirschman's framework, isomorphism of established parties will lead to discontent of peripheralized consumers/voters. But duopolistic or even polyopolistic power systems can constrain that discontentment through effective cooperation exercised by "competing" parties. A confluence of interests may lead to intentionally concerted efforts or collusion caused by the effects of the major players' common goal of maintaining an effective oligarchy. That is, even bitter rivals may cooperate in essence in order to prevent others from also joining the game. Thus, major parties and producers have a common interest in sustaining the peripheralized status of third parties. While at times they might look for a minor-party ally in order to tip the balance of power in their favor, they also have a common interest with their opponent in remaining the primary partner in any coalition.

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