I. INTRODUCTION

Criticisms of education are being voiced widely and vociferously from virtually every quarter. The sounds of supposedly viable solutions, however, are seldom, if ever, heard and typically resonate solely from within the very tired and battered halls of education responsible for the problems in the first place. The most common voices these days clamor for "accountability," which virtually everyone sees as required but few seem to know how to measure. In fact, this concept has in many ways degenerated into the application of nationally standardized tests created and administered by government bureaucrats and educational thought police. Instead of a step in the positive direction, we view accountability in the form of standardized national achievement testing to be a further debilitation. "Solutions" of this sort will only move us further along in the deterioration of our already floundering schooling system.

In this paper, we view the challenges of education utilizing the Austrian analysis of bureaucracy, and make suggestions for improvement on the basis of it. From our perspective, the current malaise can best be addressed through a program of radical decentralization and privatization. We begin by addressing in Section II the underlying assumptions and practices of the current approach, and then in section III offer some potential solutions based on Austrian economic thought. We conclude with section IV.

II. DIFFICULTIES WITH THE PRESENT SYSTEM

The difficulties with the present system of public education are many and serious. They include crime, racial hostility, failure to educate, parasitical teachers unions and many others. In the present paper, however, we will focus on only one of these problems, compulsory national testing, a solution favored by some segments of the educational establishment.

National testing for accountability is based on numerous flawed assumptions, most of which relate to the history of public education in America. While there are almost as many opinions about this initiative as there are commentators, we focus on four of the most egregious assumptions that underlie the drive for national testing.

1. Schools should serve educational bureaucrats, who know more than local communities about educational requirements.

Before designing any productive system, a determination must first be made about which people or what purpose it is to serve. This is what, rationally, should determine the output of any system. A school is, at one level, nothing more than a complex system, set up to promote the goals of specific people.
If it is set up to serve its students, their demands will tend to drive performance. If the parents establish requirements, the educational establishment will be driven to meet these standards. In sharp contrast, if the goal is to meet government mandates, the institution of learning will serve civil servants instead. If the purpose of the school is to provide employment for teachers represented by the National Educational Association (NEA), it will seek to create working conditions consistent with the demands of the members of this organization. Of course, multiple constituents can be considered in setting educational requirements. This can be a daunting task, since many of the demands are mutually exclusive. Clearly, though, understanding the setting of requirements of a school is critical in understanding the output produced.

Historically, school boards established the requirements, and because they were private, they served the communities in which they resided. This allowed for a diversity of focuses that met the needs of the individual people involved. However, with the advent of public education at the end of the 19th century, standardized tests used for admissions to universities led to pressure to move toward a standard curriculum that met the requirements of the entrance exams, even though only a small portion of students could ever hope to enter a university. The content of these exams slowly began to drive the curriculum of every school district, and after being embraced by colleges of education around the country, the nation slowly developed a national curriculum, regardless of whether or not it served the needs of the students or the community.

The current race for nationally standardized testing assumes that there can be a uniform set of material on the basis of which an exam can be created that satisfies the requirements of every school in the country. Whether it is located in a farm field in Iowa or downtown Detroit, the same requirements must apply for a nationally standardized test to exist.

With limited resources and time, schools eventually come to serve the designers of standardized tests and the educational bureaucrats who enforce the punishments and rewards that accompany performance, rather than the community or consumers who pay to have their children educated. With these high stakes tests, school boards, principals and teachers come to understand that there is a single measure of performance upon which they will be ultimately and solely judged.

2. The type of knowledge taught should be controlled and driven by political purposes

The underlying premise of these standardized tests, of course, is that there is but one type of knowledge, that this sort of knowledge can be tested and that only this kind of knowledge can be tested. Educators determine the criteria upon which their students are going to be evaluated and then adjust their behavior to meet those criteria. With standardized national testing, educators nationwide have and will always alter curricula to meet the requirements of the test. This is so popular there is even a vernacular that has sprung up to describe this phenomenon: “teaching to the test.” With the federal government's threat to tie funding to test score and improvement, there is little doubt that educational bureaucrats will ensure that performance is evaluated and assessed first at the state level, then the district level, then for the individual school, and ultimately in each classroom. Teachers, who could tailor their curricula to meet the needs of the student population, will instead be driven to create this homogeneous, assembly line produced child, shaped by a cookie cutter created by government bureaucrats and educational thought police.

The United States became a great nation in part because of its system of education, which tailored its offerings to the needs of the community, neighborhoods, families and students. Although originally instituted perhaps for more "lofty" goals, such as an informed citizenry, by the mid-1800s education was viewed primarily as preparation for entrance into a vocation, unlike most European nations, where education had traditionally been viewed as either required for religious training or government service. Because of its unique vocational nature, urban schools could focus on knowledge needed for industrial pursuits, such as engineering and technology. Rural schools would determine a curriculum suited for vocations in agriculture. In fact, land grant schools were required to ensure that agriculture and mechanics were taught, giving public universities a unique vocational nature. Even the scheduling of classes corresponded to community needs; for example, classes were not scheduled during the summer to meet the demands related to agricultural harvests. In spite of the apparent success of this vocational focus, over time the curricula became standardized to meet the demands of college entrance exams. Whatever material covered by
the College Boards exam came to constitute a single view of "truth" and what constituted a good education.

Rather than serving as an engine for community vocation preparedness, or disinterested knowledge, or science, the curricula was seen as an engine for social change and development, based on the definition embraced by the educational establishment. Increasingly, the curricula of public schools came to serve college boards and social engineers, rather than the citizens and taxpayers who paid the bills. School boards, rather than the community increasingly became implementers of a national agenda driven by social engineering. By the time this process was complete, the "tail was wagging the dog." Convinced of the inherent superiority of intellectual pursuits over such mundane pursuits as vocational education, social engineers began to impose their hierarchal structure on the curricula. Two distinctly different and competing dynamics were the result.

First, one purpose of educational institutions was to maximize the likelihood that a few bright people, who might have been inadvertently relegated to a life in a vocational trade, are screened into the intellectual pursuits to which they surely belonged. To carry out this agenda, an elaborate system of screening and filtering for intellectuals had to be created. As early as age 5, students were screened for promise of rising above their station in life. Virtually every school adopted "honors" or "gifted and talented" programs, and its integrity became measured in terms of the number of intellectual elites that emerged from its filtering systems. The number of National Merit Scholar Winners and Finalists became the badge of honor worn by school districts.

Second, curricula were designed to ensure a common allegiance to the state above family, ethnic group, region, religion, occupation, or any other institution competing with the government. By making the national curricula uniform, social engineers and political interests could ensure that all students were exposed to a common set of beliefs that allowed the needs of the state to supercede any others. From the time of Plato, the effectiveness of education in social engineering has been beyond debate. Similarly, a centerpiece of Communist doctrine is to control public education, so as to control the allegiance of the child to the state, over all other institutions in society.

The problem, of course, is that this system is incredibly inefficient and does not address the needs of those who pay for it, such as parents. Since less than a very small percentage of the student population has, by definition, the innate complement of talents needed for inclusion in the ranks of the intellectual elite, the overwhelming majority of them, who had to force-feed their education into their vocation, since the connection between reciting The Canterbury Tales in Middle English and computer programming is very far from being direct. Employers, in particular were less than satisfied, but their complaints were easily dismissed as socially repressive.

Consider the role of the social engineer. The United States clearly has more social mobility than any other nation at present, and even in the history of mankind. While social class, royalty, religious affiliation, or other contrived methods in most nations determine an individual's future, in the United States ability to generate economic wealth has been amply rewarded. Education, of course, was and continues to be an important engine of this wealth and mobility. Social engineers have been concerned for decades about the general lack of membership of certain types of people in the highest economic and social classes. To further their social agenda, it was necessary to increase the odds of certain groups in society migrating into these elite classes. Children, who would have normally been prepared for a career in industrial pursuits, were instead exposed to the national elitist curriculum for which there was little usefulness in industry. The best and brightest were filtered to follow intellectual pursuits, and the industry was robbed of geniuses, who, in previous generations, would generate innovations and improvements in mundane occupations. Now, these same people are more likely than not to study modern Nicaraguan lesbian poetry at some Ivy League school.

Combined, Industry suffered by being robbed of its the best and brightest members, the students who gravitated into these fields were unprepared, and those who were elevated into the intellectual elite journeyed into liberal arts disciplines, which were presented as somehow intellectually superior to more mundane pursuits, such as business and engineering.

3. Governmental bureaucrats are the real customers of the system.
As the test becomes more and more the standard that must be met, the entities that created it increasingly become the customer. Thus the school serves the government and its bureaucrats, not the students. Reduced is the sense of community and debt of obligation owed to the parents who provided the necessary resources at least in the case of private education. Allegiance is slowly moved toward an all-powerful federal government and its minion bureaucrats; after all, is it not the bureaucrats who must be served?

As pressure is placed to conduct the nationally standardized testing on both public and private students, the government will find a way to infiltrate even the private and religious schools, which heretofore it has had some difficulty in penetrating. When the public sector becomes the final arbitrator of success or failure in education, even if the student is taught in an environment independent of the government, it becomes fairly clear that even those situations precisely who is being served.

4. Every school has the ability to perform at levels needed to meet the requirements of the standardized test.

Every school approaches performance with a different complement of resources. To an extent performance on the exam is a function of the resources of the school, that of teachers and the curriculum, as well, of course, of the intellectual capacity of the students. Standardized testing assumes in effect that no resource disadvantage is sufficiently severe to prevent the students from meeting the requirements of the exam. Schools will be held accountable for performance and punished commensurately, even if absenteeism and felony rates are high.

Since the early 1970s, educators have embraced the notion that nurturing student self-esteem is critical to educational success. The underlying premise is that, when students discover how incapable they are of meeting the standards, they withdraw further from the system and finally drop out. As long as students remain in the system and off the streets, the according to this "logic", hope remained for salvaging their education. So, extensive efforts were taken to prevent students from learning of their disadvantages, which led to people graduating who could not so much as read their own diplomas.

With the advent of standardized testing, it is possible that the self-esteem mantra will diminish. Schools already at a disadvantage will be informed of exactly how bad their performance is. The consequences of a school failing on nationally standardized test will suggest to the student that he is woefully inadequate for any pursuit in life, which is certainly not the case. All that a failing performance says is that on a standard developed by government bureaucrats and educational thought police, they are currently not performing well. This does not mean that he cannot have an excellent career as, say, an auto mechanic, in which he can earn twice as much as the most highly paid aforementioned scholar in Modern Nicaraguan Lesbian Poetry. Nevertheless, the damage done to a person's esteem by failing to meet the imposed view of what constitutes the "right kind of knowledge" will not likely ever be recovered, when it would have been virtually impossible to meet the standards, given the person's intellectual abilities.

III. THE IDEAL STATE

Although we have analyzed the drawbacks of national educational testing, we have done so mainly to illustrate how accountability has been relegated to satisfying government bureaucrats, social engineers and educational thought police. Every institution and every person should be accountable for performance. We could not argue that accountability is not important.

Accountability, however, becomes the vehicle through which the customer of the system is established. If it takes the form of survivability because of response/non-response to market forces and satisfying a set of customers who reward the institution with financial support, this is certainly socially beneficial. If accountability takes its current form, serving non-market forces, there are grave problems with it. Since public education serves bureaucrats, rather than consumers, its record has been abysmal, not promoting the interest of parents, employers, the community, the students or even the employees of the school. As has been amply demonstrated, only market forces and the power of self-interest lead to prosperity. Educational institutions are no different than any other in this regard.
There is an even more important underlying reality: the drawbacks of public, vis a vis, private school education. The latter benefits from the market's weeding out process of the inefficient: those firms that cannot satisfy customers suffer losses; if they continue the error of their ways, bankruptcy will be the inevitable result. It is no accident that our pizza and chalk industries are untroubled; that there is no "crisis" now or ever afflicting these industries. This is because the profit and loss system ensures this result, by seeing to it that firms who do not satisfy customers do not prosper, and do not survive either. It is only because this beneficent system is not allowed to work in the field of education that it is beset by so many and serious problems.

One of them, of course, is national testing. But this is only the tip of the iceberg. We go so far as to claim the contrary to fact conditional that had this institution arisen through the free market process, it would have been not only deleterious, but actually helpful. If it were not, firms embracing it would have lost market share, and eventually been forced to go under. Our overall solution is thus the complete and total privatization of education. This service should be produced under the precise conditions now prevailing in the chalk and pizza industries, namely, full free enterprise.

1. Eliminate national testing

Our first proposal, then, is to eliminate national testing, not because it is intrinsically problematic, but, rather, because it eventuated under a system of central planning for education. The source of the problem is not national testing, per se, but rather coercive national testing.

Rather than retain a nationally standardized curriculum enforced by a national testing system, all of which as been created by government bureaucrats and education thought police, we propose that schools should be allowed to innovate and create a curriculum tailored to their customers and that free market forces should be allowed determine the success or failure of each school. Those that specialize and use their resources to create a differential advantage over others will prosper and those that fail to satisfy their customers will be eliminated, thereby improving the overall status of the education system.

2. Allow for the establishment of resource advantage

Each school in every community approaches performance with an unequal set of resources. Some are blessed with very bright students from affluent families and have large, virtually unlimited, budgets. Others, in spite of efforts to equalize school funding, are attended by less than gifted students from single parent, illiterate families and have very small budgets. The notion that these schools should produce the same product is absurd on is face, except to those with a social agenda.

We do not argue that just because one comes from a single parent, illiterate family that one should be instantly sentenced to a similar life; after all, social mobility is a cornerstone of our society. We maintain, instead, that schools should be allowed to create a curriculum that is realistically focused on satisfying the needs of their students. Families which desire to have their children educated for intellectual pursuits should be allowed to seek out schools that can provide the appropriate training. Likewise, families desiring to have their children educated for industrial pursuits should be allowed to seek out schools that can provide that kind of training. The notion that every school should teach the same curriculum is as ridiculous as the notion that every retail store should stock the same merchandise.

All institutions, when placed in a competitive environment, will seek to find a source of differential or competitive advantage. If families were able to select from several schools, the one with the greatest source of differential advantage would naturally get the patronage. If parents were able to control educational funds through their own private funds, schools would naturally seek to attract parents, so that revenues for operations could be garnered. Schools not responsive to the needs of the immediate community would be eliminated quickly in a competitive marketplace.

With freedom to choose schools, parents will naturally gravitate to those that offer the best prospects of their children, given their desires and circumstances. However, it is of the utmost importance that voucher plans be rejected. It is tempting to resort to this initiative, since, whatever else might be said about it, it cannot be denied that at least the plan
incorporates parental choice. However, it does to at the cost of even further entrenching government into the vital field of education. In some sense competition between governmentally owned and controlled educational institutions would at least instill a sense of rivalry within the industry. This will have salutary effects.

But do we really want a governmental system incompatible with the free enterprise system in the first place, to become more efficient, if this were indeed the result? This is hardly compatible with that political philosophy. Further, there are good and sufficient reasons to believe that schooling would become less efficient under the voucher plan; for when the government takes over the financing of previous private operations, there is little doubt that this will bring in its wake greater bureaucratic control over a previously relatively free part of the economy. "He who pays the piper calls the tune," is as relevant in this industry as in any other.

Another argument in favor of vouchers is that at present, government both finances and provides education; the supposed benefit of vouchers is that the latter role would be completely eliminated. However, suppose the state were now both funding restaurants and grocery stores, and providing them as well; and that a plan were offered which would allow it to continue the former, but to discontinue the latter. Surely, the reply from advocates of free enterprise would be, Why not eradicate both? That is, why not allow people to spend their own money on food, and to purchase it from private vendors? Why this line of reasoning should not be applied, also, in the present context is difficult to say. If parents are to be given the freedom to select the school for their children, and market forces to dictate the selection of schools from which to choose, then no tax money at all should be used in education. There should be as much separation between the school-house and state as there is now between government and paper clips.

What should be done with extant public schools, their buildings and grounds? Using the "recovering money already stolen" approach, public schools should be converted into private property, and then to be used as for-profit educational entities, or indeed, for whatever purposes their new owners wish. Nor should there be an auction of these properties, with the proceeds going to government bureaucrats, with which to do as they wish. No, the state already has far too much money, and the people far too little. Rather, these lands and capital goods should be given to those who have financed them through compulsory taxation, or failing that, to those who have homesteaded them.

Hoppe urges that the "repossession of socialist property to the original victims. (e.g., the taxpayers) must take place without their being required to pay anything. In fact, to charge a victimized population a price for the reacquisition of what was originally its own would itself be a crime Regarding socialist property that is not reclaimed in this way, syndicalist ideas should be implemented; that is, the ownership of assets should immediately be transferred to those who use them the farmland to the farmers, the factories to the workers, the streets to the street workers or residents, the schools to the teachers, the bureaus to the bureaucrats, etc."

Needless to say in the present context, current educational funding, that is, the money now being mulcted from the long-suffering taxpayer and being spent on public schools, should stopped being taken from, and then returned to its rightful owners.

3. The Role of For-Profit Organizations in the Future of Education

We should not discount the potential role that for-profit businesses can play in instilling market forces into education. Far from it. The clamors of discontent with the current output of the education system are widespread. Driven by the need to excel in a competitive marketplace, for-profit businesses are led by Adam Smith's "Invisible Hand" to serve consumers, and to find employees prepared to work in this capacity. In a competitive marketplace, these firms will tend to excel in preparing workers for employment, or satisfying whatever educational needs they have. Such firms will be driven to develop partnerships with other educational institutions, as they do with all their other suppliers. These relationships will be highly fruitful and financially rewarding to the schools, students and firms.

Educational bureaucrats and social engineers scoff at the notion that businesses should have any influence whatsoever in education. Contending that businesses would create robotic, unthinking, machine-like people, or otherwise "exploit" the student, the current masters of the educational system focus on the "whole person," a code word for
liberal-socialist thinking. With some honorable exceptions, students are today taught by the non profits that everything wrong in their lives in the product of some sort of malicious conspiracy of social repressors the familiar trilogy of racists, sexists and homophobes, capitalists all. The result of this educational process is evident in the output of the current system: students unprepared for any career in need of years of additional training and development.

Suppose for argument's sake that for-profit businesses were a key component in setting the priorities and determining the outcomes of schools. Would the resulting students be robotic, unthinking, and machine-like? What exactly is that for-profit industries would demand? The table below is typical in this regard:

**Knowing the business**
Act with "common sense" in the work context. This means acting in a way that is sensitive and responsive to customer expectations and needs, dealing effectively with customers; talking and writing in a way that is relevant to the organization through knowledge of the business and its activities; identifying with the company.

**Exploiting information technology**
Be willing to learn new uses of information technology.

**Behaving appropriately**
Act ethically and with integrity; be productive, cooperative, accountable, responsible, flexible and positive (especially about change).

**Speaking and listening**
Receive, comprehend and interpret complex instructions; talk with, provide to and seek and clarify information from co-workers, customers, clients and those in authority, in person and by telephone.

**Writing**
Write clearly, concisely and to the point, consistently conforming to grammatical conventions and using correct spelling.

**Maintaining personal standards**
Be concerned with personal well-being; maintain standards of hygiene and dress which conform with an organization's expectations.

**Handling numbers**
Extract and record numerical data and carry out calculations with high levels of accuracy, involving addition, subtraction, multiplication, division and the use of percentages.

**Responding to problems**
Be alert to what is happening at work and be able to identify, investigate, and evaluate potential and actual problems; be able to report them concisely and clearly orally and in writing.

**Continually learning**
Take responsibility for own learning and learn through working with others, from manuals and from mistakes.

**Planning**
Manage the use of time; master, plan and undertake a number of activities which are inter-related or overlap in time.

**Working in teams**
Work within and contribute to the effectiveness of a team, respecting differences; take responsibility and be willing to make decisions.

**Using equipment**
Set up and operate equipment that can require selection from options or different settings.

**Reading**
Read to extract information and to interpret instructions from short notes and prose.
If schools sought to satisfy the businesses seeking these sorts of graduates as employees, what attributes would the students have? Are these standards more or less rigorous than those demanded by educational bureaucrats?

A careful examination of this and any other similar list will lead the reader to conclude that a student with these skills are much more prepared for the real world than the typical curriculum developed by the educational bureaucrat particularly in subjects such as sociology, philosophy, literature, theology, anthropology, history, law and other liberal arts and social sciences. Students in business based educational firms would learn to master mathematics, embrace technology, work effectively with others, solve problems with the use of critical thinking, and embrace the notion that learning is a life-long endeavor. Unlike the current system that produces legions of illiterate victims, a system designed to satisfy student customers and employers would more likely create graduates prepared to address the demands of the employers. If a school failed to produce students adequately prepared, they would lose out in the competitive struggle. Students would naturally take their funds to schools better able to produce the desired results. Market forces would lead to the overall improvement of education and the greater preparedness of the student body.

IV. CONCLUSION

In this paper we have focused on national testing as a symptom of the problems that plague education, in particular public education. The removal of market forces and the centralized control of curriculum have led to our current crisis in education. The installation of market forces is ultimately the only solution. The total removal of all tax money and governmental oversight will ultimately lead to an education system that serves all the members of our society, as well as the industrial infrastructure upon which the wealth of the nation is based. Only when schools can create a source of differential advantage by serving rational economic forces, rather than government bureaucrats and education thought police, will a system emerge that meets the needs of our society.

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Another impetus in the drive for public education was the demand, mainly on the part of Protestants, that Catholic children be "civilized" away from their religious beliefs. Catholics had a penchant for religious private schools; forcing them to pay for education once in tuition, and a second time in the form of taxes, it was thought, would diminish this tendency. See on this Liggio, Leonard P., and Peden, Joseph R., 1978, "Social scientists, schooling and the


Actually, there should be an even greater disconnect, as paper clip manufacturers are now taxed, subject to labor, zoning laws, etc.


It is more than passing curious that at a time when for profit businesses have intellectually conquered the hold world, with the exception of Cuba and North Korea, the notion is popular within academia that such institutions have no legitimate role to play in the educational system.

Source: http://www.sunshine.net/www/200/sn0253/fdb/ess5.htm; 2/22/02