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Enterprising Education: Doing Away with the Public School System

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Abstract. We critically examine the accepted notion that primary education is a legitimate and necessary function of the state. The notion is based upon three tenets: 1) public education is a necessary condition for democracy, 2) the market will not provide equal access and quality of education to all, and 3) education represents an external economy. Each tenet is addressed and evaluated according to its merits. In doing so, we also contrast the fulfillment of the ends implicit in the tenets under state and market provisions. We conclude that the state provision of primary education cannot be justified by these goals, and that market provision is a preferable alternative.

Keywords: education, public finance, libertarian studies

Besides national defense, no government-provided service enjoys as much exemption from scrutiny as the provision and subsidization of primary public education. Even presumed champions of the free market, such as Milton Friedman, support the government subsidization of education through high school:

> We have always been proud, and with good reason, of the widespread availability of schooling to all and the role that public schooling has played in fostering the assimilation of newcomers into our society, preventing fragmentation and divisiveness, and enabling people from different cultural and religious backgrounds to live together in harmony (Friedman and Friedman, 1979, pp. 140–141).

The very suggestion that government should be removed entirely from the realm of education is either taken as irrational and malicious or viewed as foolhardy and quixotic. This seems very peculiar when considering that the critics of the present state of public education appear on both sides of the political spectrum. Still, the overwhelming sentiment, ubiquitous in both the general citizenry and academia, is that while public education may need to be reformed, it still should be guaranteed ‘free’ to all by government.

This paper will advance the view that education, like any other service, cannot be provided more efficiently than via the market. Furthermore, unlike most modern arguments claiming to favor the 'privatization' of schools, this paper will not view the government contracting of private companies, the issuance of government vouchers for payment of education, or the direct subsidization of private institutions free market solutions.[1] Instead, the abolition of all governmental ties to primary education shall be explored.

First of all, let it be stated that primary education – i.e., that which begins in grammar school and continues up through high school – is a service like any other and can be allocated through the market and the price system. Parents, in general, would like to provide education for their children. Teachers, administrators, and owners of school buildings will provide this service to these children as long as they are compensated for their labors. When a parent approaches an institute of learning, he values the service offered. The school, drawn into the industry by the desire for profit,[2] incurs costs in providing its service. It will only accept a price greater than or equal to these costs. Likewise, the parent will only offer to pay a price less than or equal to his valuation of the education rendered. If a price is determined which is satisfactory to both parties, an exchange will occur and the child will be provided with the service. In this straightforward way, familiar to every economist and intuitive to nearly everyone else, the market can provide primary education just as it provides hair styling, automotive repair, and the innumerable other services which people bargain to provide and receive.

Despite virtually omnipresent dogma, there is no simple explanation as to why government provision of primary education must be substituted for private alternatives.[3] Education is a service, and innumerable services are being provided by the market at any given moment. For society to hold to, and tax from individuals the resources for, government provision of primary education, there must be a justification. If it can be satisfactorily articulated, then, and only then, would government provision of primary education be legitimate.

What are the arguments in favor of government-provided primary education? They are as follows: (1) it is a necessary aspect of democracy and, paradoxically, the citizenry must be taxed for that system to secure their own freedom, (2) the market would not provide an equal opportunity for and quality of primary education to everyone, and (3) education is an example of an external economy; market provision would therefore be under optimal. Let us consider each.

(1) The view that primary education should be available to all through a public system has been made inseparable from the concept of a repub-

lican society over the years. Pierce (1964, pp. 3–4) provides a historical demonstration:

> Herein originated a new concern for education expressed by Thomas Jefferson in his belief that people could not govern themselves successfully unless they were educated. . . . This concept has gone through several stages of evolution – from Jefferson's idea that if people were to vote intelligently they must be educated as a means of survival in a world of competing ideologies.[4]

This view of education as catalyst for successful democratic government has metamorphosed through the passing of time into a view of education as a veritable necessary condition of freedom. For this expansion to occur, the meaning of freedom had to be modified. As Graham (1963, pp. 45–46) states, people might mistakenly, 'interpret freedom in terms of their right to criticize and to choose their masters – the men for whom they work, the politicians who direct their public affairs, the newspapers, books, speeches, and television programs that influence their thinking.' But a more correct definition, 'for a democratic society would recognize the need for authority in any social group and equate freedom with the right to participate in power' (Graham, 1963, pp. 45–46). To participate in the power (i.e., the representative nature of American government) citizens must have information, ergo to educate is a legitimate function of the state.[5]

This view of freedom is questionable though. Consider the view of liberty espoused by John Locke, one of, if not the, major philosophical influences of the American Revolution:

> The Freedom then of Man and Liberty of acting according to his own Will, is *grounded on* his having *Reason*, which is able to instruct him in the Law he is to govern himself by, and make him Know how far he is left to the freedom of his own will (Locke, 1978, p. 3).

Freedom is based primarily upon man's reason according to Locke. Because he possesses reason, man has the faculties and duty to rule himself. This Lockean concept of freedom was spread through early America in *Cato's Letters* (Rothbard, 1978, p. 4). This concept of freedom was also that of John Stuart Mill, who wrote later on in the 19th century: '. . . the same reasons which show that opinions should be free, prove also that [an individual] should be allowed, without molestation, to carry his opinions into practice at his own cost' (Mill, 1956, p. 23).[6]

Furthermore, while a cultivated citizenry might be more capable of exercising its influence in a republican government, there is something perverse

in the state itself educating the citizenry on how to operate the state. As Lieberman (1989, p. 11) notes:

> Simply stated, public choice theory asserts that the behavior of politicians and bureaucrats can be explained by the same principals that govern behavior in private economic affairs. In the latter, persons generally act so as to enhance their self interest … [Public officials] act either to get reelected or to enhance their pay, perquisites, and status.

If the purpose of providing public schooling is to create an informed citizenry capable of choosing those individuals who run the nation, then surely the power to determine what is taught and how should not be rested in the hands of the governing individuals.

As Boaz (1991, p. 19) observes: 'Even in basic academic subjects there is a danger in having only one approach taught in all of the schools.' The state-monopolistic nature of a public school system fosters undesirable conformity of curriculum. Williams (1978) correctly describes a public educational system as one which, 'requires a collective decision on many attributes of [education],' and that education is offered to all, 'whether or not [a parent] agrees with all the attributes or not.' [7] The individuals entrenched in positions of power in the state are those with control over what children are taught concerning history, government, economics, and so forth. The result is a citizenry educated by operators of the state on how to choose the operators of the state! Of course, those government agents who plan and direct the curricula are most likely well-intentioned people,[8] but, as Ludwig von Mises (1952, p. 47) correctly notes: 'No planner is ever shrewd enough to consider the possibility that the plan which the government will put into practice could differ from his own plan.' In other words, no matter how much such a person sincerely plans in the interests of others, ultimately the plans are still his own.

Furthermore, it should be realized that, for all the talk about the noble ideals of Thomas Jefferson, the foundation of America's government by the people, and the preservation of citizens' 'freedom,' the realization of public primary education in the United States was ushered in with quite ignoble motives. '[O]ne of the major motivations of the legion of mid nineteenth-century American "educational reformers" who established the modern public school system was precisely to use it to cripple the cultural and linguistic life of the waves of immigrants into America, and to mould them, as educational reformer Samuel Lewis stated, into "one people" '(Rothbard, 1978, p. 125). Particular targets of the American educational reformation were the Germans and the Irish. Monroe (1940, p. 224) articulates, with disarming benignity, the attitude towards these waves of immigrants and the cultures which they brought to America:

> More than a million and a half Irish and a similar number of Germans were added to the population. Great numbers of English and Welsh had also come, but the two former nationalities were sufficiently concentrated in location to cause their different racial temperaments and social customs to become new factors in our political, social, and economic life. . . . [These] elements as a whole made the educational problem more distinct, and by accentuating the tests to which our political and social structure must be subjected directed the attention of the native population to the significance of education.

Notice how the English and Welsh, with cultures more compatible with predominant American beliefs, are mentioned only in passing, while the more exotic Irish and Germans are elements to which 'our political and social structure must be subjected,' creating an 'educational problem.' Further, the individual liberties which America granted to its citizens and 'led men to object to all form of governmental restraint caused such excesses that the success of self government was seriously questioned. Much of the responsibility for this condition approaching anarchy was popularly attributed to the untrained and unbridled foreign element. . . ' (Monroe, 1940, pp. 223–224). Immigrant culture was seen as a cancer on the United States society, incompatible with American liberty. Paradoxically, the solution which would allow immigrants to enjoy liberty was to deny them freedom of education and instead force them to pay for public schools whether or not they wanted to attend.

A study of problems with the existing school system by the Secretary of the Connecticut School Board in 1846 noted numerous defects: 'The tenth defect was the existence of numerous private schools' (Monroe, 1940, p. 244). The existence of private schools was seen as especially troublesome with regards to the Irish Catholics. As Rothbard (1978, p. 125) writes: 'It was the desire of the Anglo-Saxon majority to . . . smash the parochial school system of the Catholics.' Taxing indiscriminately for education, thus forcing those individuals who would opt for private education to pay twice (once in taxes, and again in tuition to the private school), was one method for discouraging private education. Even more blunt was the attempt in Oregon during 1920s to outlaw private schools (Rothbard, 1978, p. 126). A law was passed making private primary education illegal and compelling all children to attend public schools. Fortunately, in *Pierce v. Society of Sisters* (1925), the Supreme Court found the law to be unconstitutional.

(2) No matter what motives are revealed to have been behind the origin of a public system, however, there are those critics of the market who reply that presently government assures equal educational opportunity. The strongest of these critics even finds the lack of 'free' public education to all to be

unconstitutional (Pierce, 1964, p. 12). The fact that market provision would not guarantee this service to each and every individual is undeniable. Under a market system, education is not a right. If one does not pay for it then one does not obtain it.[9] As long as one pays for it though, one will receive it.

Therefore, to assist the market's critics for a moment, the real problem they are noting is not a lack of schooling for all. This is obvious because, under a market system of provision, all can afford *some* quality of tutelage, but they are not guaranteed a *high quality* service, nor one *equal to that which all other individuals receive*.[10] As the U.S. Department of Education claims: 'Our Mission Is to Ensure Equal ACCESS to Education and Promote Educational EXCELLENCE throughout the Nation.' [11]

This modified argument is still undeniable. A market system would not provide an egalitarian, high quality education for all; but in order to justify state provision it must be shown that state provision indeed provides a *more egalitarian* and *higher quality* education to all.

As far as egalitarian goals go, the state system does a horrible job. Even its most vehement supporters would scarcely claim that public schools offer equal quality of education across socioeconomic lines. Jencks (1985) declares, 'the annual expenditure per pupil in a prosperous suburb is usually at least fifty percent more than in a slum in the same metropolitan area ... taxpayers typically spend less than $5,000 [per pupil, per year] for the formal education of most slum children compared to more than $10,000 for many suburban children.' Also, the statist system has failed to equalize primary education along racial lines. Coleman and Hoffer (1987, p. xxiv) found in private schools less racial segregation than their public counterparts.

Furthermore, public education, even on average, is far from high quality. The National Assessment of Educational Progress reports that 50 percent of all high school seniors in America could not answer this question: 'Which of the following is true about 87% of 10? (a) It is greater than 10, (b) It is less than 10, (c) It is equal to 10, (d) Can't tell' (Boaz, 1991, p. 2). The NAEP also reported that a mere 7 percent of America's 17 year old individuals, 'have the prerequisite knowledge and skills thought to be needed to perform well in college-level science courses' (Boaz, 1991, p. 3). Further, a 1989 National Endowment for the Humanities survey discovered that 54 percent of college seniors, the vast majority of whom came from the public school system, could not identify the half century during which the Civil War occurred, 58 percent could not name Plato as author of *The Republic*, and 23 percent made the mistake of placing Marx's 'from each according to his ability, to each according to his need,' in the text of the U.S. Constitution (Bacon, 1989).

Not only is the quality of the public school system horrendous, but its cost is extraordinary. America's public primary schools spent $5,246 per pupil on

average during 1989.[12] That is $130,000 for a classroom of 25 students.[13] Furthermore this is above that of many private schools. Of the approximately $212 million spent on education through high school in 1989,[14] only 40 percent went towards teachers pay (West, 1983).[15] Where did the other $100 billion plus go? Far too much goes to administrators and bureaucrats. Boaz (1991, p. l7) writes:

> Such massive bureaucracies divert scarce resources from real educational activities, deprive principals and teachers of any opportunity for authority and independence, and create an impenetrable bulwark against citizen efforts to change the school system.

Graham (1963, p. 57) claims that, 'Modern education's chief contribution to preparing children for life in a democratic society is its emphasis upon cooperation in solving problems,' (Graham, 1963, p. 57) but when a system spends more than twice as much on bureaucrats than on the actual teachers, there cannot be much cooperation going on, and the problem that is *not* being solved is the unconscionable waste of taxpayer resources.

The solution to this massive waste of resources being thrown at goals which do not materialize, is the market. The public education system wastes resources because, like all socialistic endeavors, it cannot rationally calculate in the absence of prices and private property rights (Mises, 1981; Hoppe, 1989). Under a market system, businesses receive signals from consumers in the form of their choice to buy or not to buy. Public education, on the other hand, gets partial signals from consumers (as voters) electing some officials every few years. Furthermore the signals are muddled by the fact that voters elect officials based upon a plethora of issues other than education. On the other hand, consumers of a private service send a scintillatingly clear, immediate signal when they choose whether or not to enroll their children.

The clear, immediate signals which a market system provides are necessary for educational (or any other) firms to be motivated towards increased productivity. In a private system, teachers, principals and administrators are accountable to the consumers. Boaz (1991, p. 28) writes, '[in the public school system] no principal or teacher will get a raise for attracting more students to his or her school.' Just as critical, principals and teachers are rarely fired or reprimanded for not providing education excellence in a public system. Lieberman (1989, p. 62) notes such in California:

> If a district wants to suspend a teacher for as little as one day, the procedure that must be followed is the same as for firing a tenured teacher. The district and the employee each appoint someone to a three-member commission to conduct a hearing on the suspension. (The other member is a state-appointed hearing examiner.) If the school district loses, it must

> pay any compensation lost by the employee and the employee's hearing expenses as well. Not surprisingly, only about one teacher in 10,000 is suspended annually in California.

Civil servants lack both positive and negative incentives to educate children in a manner satisfactory to the parents who foot the bill (i.e., pay the taxes).

There is no automatic feedback mechanism encouraging government hirelings to design productive, cost-effective schooling which fits the distinct tastes of their 'customers.' For example, perhaps poor families would forgo the cost of hiring teachers for basic physical education and art classes which often consist of no more than the activities children pursue outside of school on their own time. Under the public system, however, administrators have no incentive to challenge predominant school structure. If they do, there is no immediate effect on the tax structure, so parents would only see their children as losing services with no decrease in the price of education; also there would be no increase in salary for the inventive administrator. Supporters of the public school system, once having abandoned market forces as schools' drive toward productivity, can only point at a district, state or federal bureaucracy to take their place.

There is only one way to restore the proper incentives toward a quality educational system. It is to take control away from the state. As Von Mises (1952, p. 45) observes, it is a question of either letting 'individuals choose how they want to cooperate in the social division of labor and … what the enterprise should produce,' or letting 'the government alone choose and enforce its ruling by the apparatus of coercion and compulsion.'

(3) The final argument put forth in favor of government-provided primary education is that primary education is a public good. A public good is one that is nonexcludable and/or a collective-consumption good (Holcombe, 1997). Nonexcludability means that there are prohibitive costs to keeping people from consuming the good once it has already been produced. A collective-consumption good is one that, once it its produced for an individual, additional individuals can consume the good at no additional cost. Primary education, according to the public good argument, is nonexcludable. Externalities are associated with primary education which cause benefits to be realized by individuals who are not the primary (i.e., paying) consumer of education.[16] Peterson (1991, pp. 345–346) writes:

> At the family level, the education of the parents should benefit the children. . . . Children of [educated] parents are more likely to attend college. . . . There is also a tendency for at least part of the knowledge gained by parents during their school years to be transmitted to their children. . . . At the community level, the education of individuals makes

> the community a better place to live for all. For example, one's chances of getting mugged are greater in neighborhoods where people are poorly educated and have low incomes than in places where the majority is highly educated and affluent. . . . An increase in the educational level of people also reduces the amount of fear and suspicion that people have of one another . . . it helps us become more tolerant of persons who are different than ourselves.

Because schooling is nonexcludable, it will be provided at a sub-optimal level. Individuals who benefit from the primary consumer of education *free ride* on the provider's (e.g., the school's) service. Since these free riders are not paying for the tutelage, educational providers are not receiving payment from the full scope of schooling demand. Ergo, educational providers will provide too little schooling. The solution, according to the public good argument, is that free riders must be made to pay for primary education (i.e., citizens must be taxed for it) so that it is optimally provided for.

There are many problems with this public good argument. The most glaring problem that should be noted immediately is that, assuming that education indeed cannot be provided optimally by private means, what in the world would move someone to believe that government can better determine the optimal amount? Buchanan (1975) correctly notes that many economists, as soon as they believe that they have diagnosed a public good, fail to consider critically the role which government can play: 'It was as if the alternatives for public choice were assumed to be available independently from some external source; there was no problem concerning the behavior of [government] suppliers and producers.' Furthermore, Tideman and Tullock (1976), who labored to design a process for social choice, admit that, 'the process will not cure cancer, stop the tides, or, indeed, deal successfully with many other problems.' Keeping that in mind, let us also ponder how many times the political process successfully translates economic theory into policy reality. In the political world of campaigns, interest groups and compromise, the answer is: very seldom if ever. Therefore, we can not assume that government has the ability to determine efficient allocations.

Another problem with the public good argument – one which is not entirely independent from the above problem – is that it is doubtful that the only motive of the state in operating schools is one of concern for optimal provision. Above it has been demonstrated that public schools were founded as a means to attack the culture of certain immigrant groups. Also, as Holcombe (1997) observes: '. . . the government has the incentive to create the impression among its citizens that its actions are legitimate. . . . [It can do so by] creating propaganda that brainwashes citizens to respect government institutions and processes.' Government desires to educate because it can fos-

ter an obedient and loyal citizenry. 'One has no trouble understanding why dictatorships demand government control over mass media, or why freedom of the press is viewed as a fundamental check on government's power. . . . Governments can still control the flow of ideas without controlling the mass media if they control the education system' (Holcombe, 1997).

The public good argument for public schools lacks any strength when examined. It assumes that government can provide optimal levels of a service without any justification for such an assumption. Also, the argument assumes that the state is motivated solely by creating an optimal provision. However, government has ulterior motives which work against any presumed motive towards optimality.

Thus all the arguments in favor of a public provision of primary education prove to be unfounded and/or incorrect. The failure of the state to provide a high quality service to all (its explicit goal) has rendered public primary education illegitimate; and the immeasurable waste of resources and rejection of consumer desires has left public education borderline immoral. As well, if an educated citizenry is to be considered necessary for the operation of the republican government, then it is an inexcusable conflict of interest when elected officials are the ones in charge of providing that education. Furthermore, the argument of externalities and nonexcludability fails to buttress the case for socialist education. The only ethical, reasonable system for the provision of primary education is the free market.

Notes

1. For a discussion of these and other pseudo-privatization reforms, see Lieberman (1989, pp. 6–9).
2. A point which is always overlooked by the market's critics and champions alike, though replete with practical applications in the workings of the market, is that proft need not be simply monetary; it can, as well, be emotional and/or psychological. Who profits more: the teacher who hates children and is paid $100 to teach a class, or a teacher who adores educating them but is only paid $75? It can not be determined. True, in a market society love of one's fellow human being is not usually perceived as the dominating force behind economic activity. Still, to discount the goodness of much of humanity is to unjustly portray self interest and the potential for benevolence in a market economy. For some interesting comments on this see Friedman (1978, ch. 3).
3. Furthermore, there is no simple explanation as to why the certain and specific tasks which government has chosen to provide under the catch-all of 'education' have come definitively to describe an education. Education also involves the innumerable experiences individuals live and learn from, e.g., reading books and newspapers, watching television, and speaking and debating other individuals. The classroom is a very limited exposure of learning. It is worth noting that the market is charged with provision of all other educational experiences.

4. It should be noted that, while Jefferson definitely valued education highly, it is questionable as to whether he would have approved of a public education system. Our second president was part of the drive in early America for very little if any government which was ultimately stalled by the federalists. For a description of the Jefferson influence in early America, see Rothbard (1978, p. 7).
5. This paradoxical view that true freedom is achieved through coercion, albeit a coercion controlled by the representative citizenry, seems truer to many communist ideologies than to the liberal tradition usually associated with the founding of the United States. Compare Graham's concept of freedom with the statements of Peter Kropotkin, a czarist prince and proponent of anarchic communism: 'The people themselves will abolish private property ... taking possession in the name of the whole community of all the wealth accumulated by the labor of past generations.... Never have men worked as they will on this day when labor becomes free and everything accomplished by the worker will be a source of well-being to the whole commune.' See Kropotkin (1970, p. 128).
6. Though Graham's concept of freedom was not that which forged this nation, it has likely become the dominant concept. Fortunately, there have been recent explorations and expansions of basic ideas of liberty. For one of the most important, see Hayek (1960).
7. Brown (1992) has argued that conformity is actually what consumers of primary education want. He argues: 'The comprehensive uniformity observed in schools can be accounted for in large part by the presence of uncertainty.... [P]eople will want to diversify in making their school choices by choosing schools that have comprehensive uniformity.' Basically the argument is that the conventional school curriculum is a smattering of all fields (i.e., Math, History, English, Science, etc.) and that, considering the study of each subject as a separate investment, consumers are diversifying their educational portfolios. Therefore, regardless of whether or not the schools are public or private, conformity of curriculums will be present across schools. Brown cites the fact that private schools offer basically the same core curriculums and are forced to compete, rather, on secondary characteristics such as religious training. Brown errs in two ways, however. Firstly, he ignores the fact that even though schools, both private and public, often offer the same basic subjects, private schools can and do compete on the margins of *how* and *from which perspectives* they teach the subjects, as well as *the outcomes of the subjects taught* (i.e., how well has the student learned). Secondly, Brown makes a dire mistake in stating the current curriculums of private schools as the market outcome when they are competing against a state monopoly which dominates via the ability to tax tuition (therefore rendering tuition to public schools a sunk cost to consumers).
8. Of course, 'most likely' does not mean 'always.' Consider The National School Lunch Act of 1946. Obviously there could be nothing but good intentions towards America's children behind such a piece of legislation. Actually, the act's purpose was twofold: first to 'safeguard the health and well-being' of the children, and second to, 'encourage the domestic consumption ... of agricultural commodities.' Who would have thought that behind such a seemingly benign act would be a subsidy for America's farmers? The school lunch program was supplemented in 1954 by the Agricultural Act, which was designed to increase the consumption of milk by reimbursing schools (with taxpayers' dollars, of course) for milk purchases. See Pierce (1964, p. 35). A further problem with this program is that it is an implicit attack on the family (this applies to latter school breakfast programs as well). The state properly sees the family as a competitive institution. Anything that weakens the former strengthens the latter, and vice versa (this is why the Soviet government encouraged children to 'tattle' on their parents). What better way to wean youngsters from their parents and into the all loving embrace of the state than to

encourage a system where the very physical sustenance of the next generation is given over to the public sector?

9. This statement would seem to preclude education as a gift of charity (e.g., scholarships) and, in regards to the price system, it does for the time being. Charity, of course, does exist, but for the sake of argument it is ignored here to show that even egoism in the coldest sense of the word is compatible with the proposal of this paper. Furthermore, as an aside, normally, scholarships (educational charity) are awarded for achievement of some sort. Therefore, recipients of scholarships have *paid* for their education in their dedication to prior academics, athletics, etc. The presenter of the scholarship, having deemed the demonstration of certain qualities pleasing enough to warrant giving out the educational service for free or at a reduced price, is also in effect, paid for the education (i.e., psychic income). Perhaps there are examples where recipients of scholarships have done nothing to earn them, for instance there are scholarships based upon race or other ethnic backgrounds, but still the presenter is paid in the same sense as before noted and the recipient still 'supplies' the characteristic valued by the scholarship provider, i.e., the correct skin color.
10. The poorest of the poor under the present system could save enough from their welfare checks to buy four or five books a year for their children; or to pay some high school student to sit down and do basic math with them for an hour or so. Obviously this would be education of a very low quality, but it demonstrates that the problem is not simply that of education for all. It is, rather, an issue of *quality* and *equality.*
11. U.S. Department of Education Web site: 'www.ed.gov' (3/31/97).
12. The socialist Richard Rothstein notes that in 1967 American schools spent only $687 per pupil on average. He then goes on to write: 'It is probable, however, that the use of the CPI-U [to adjust the past and present expenditures into real measurements] causes an overstatement of school spending growth.' In other words, America has not really embarked on a drastic increase in government spending on primary education since the 1960s (Rothstein, 1996). However, the largely accepted opinion among economists is that the CPI-U *overstates* inflation by at least one percentage point (Belton, 1996). So, in actuality, the use of the CPI-U *understates* the increase in educational expenditures by government.
13. '1989 Back-to-School Forecast,' Department of Education news release, August 24 (1989).
14. '1989 Back-to-School Forecast,' Department of Education news release, August 24 (1989).
15. The actual statistics were 49.2 percent in 1970–1971 and 38.7 percent in 1980-1981. If the trend has continued, the percent could have been closer to 35 percent in 1989, but 40 percent is granting the benefit of the doubt.
16. One should note that, if such nonexcludability is grounds for government provision, then the functions of government must be numerous indeed! For example, bakeries must be a proper function of government. There is almost no one who has not walked by a bakery and received pleasure, without paying, from the smell of freshly baked bread. The costs to bakers of prohibiting passers-by from smelling the bread is almost surely prohibitive. Therefore, fresh bread is most certainly produced at a sub-optimal level.

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