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Creating Efficient, Effective and Just Educational Systems through Multi-Sector Strategies of Reform

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Successfully educating the world's population is one of the most important levers for economic, social, and political advance. It is also one of the greatest economic, social, and political challenges facing the nations of the world, and those individuals who live within them.

Despite frequent, ambitious declarations of aspiration, and significant efforts generated by governments, civil society organizations, and market enterprises, a vast gap still exists between the aspirations and the results. While progress has been made in dramatically increasing school enrollments (in both absolute terms and as a share of the school aged population), if we continued the current rate of progress in access to education, and to the capacity of education to produce graduates who are literate, numerate, intellectually resourceful, and ready to be international citizens, it is hard to see how we can even stay even with the demands, let alone close the huge gap that now exists.

Still, the challenge is to find ways to use what leverage we have to move as fast and as far as we can to close the vast literacy/educational gap. Developing concepts that can help us analyze national educational systems, and generate ideas about how the scale and quality of such efforts might best be expanded is the task of this paper.

Analyzing National Educational Systems

The starting point is to develop a scheme for describing what we will call a "national educational system." By definition, a *nation* includes a population of citizens (and residents!) who are subject to the nation's laws, and benefit from government authorized and financed services. Its *national educational system* includes all those institutions, actions, and processes that affect the "educational status" of its citizens in the short and long run.

Looking Beneath National Educational Policy and Beyond Public Schools

In analyzing such a system, it is tempting, to start (and perhaps even finish!) with an account of existing *educational policies* established by national level governments to enhance the educational status of its citizens, and the system of *public schools* financed, owned, and operated by government. This scope of analysis would include the degree to which a national government has used its authority to distribute both obligations and rights to consume educational services across its individual citizens.[1] It would also include the degree to which government (at different levels in a society) uses tax dollars to pay the costs of building and operating publicly owned and operated schools. It would include the particular social outcomes that government seeks to achieve and have reflected in the operations of the schools that it operates directly or indirectly regulates for the benefit of all or some portion of the population. And it could even include specific educational standards to be met through the use of particular curriculum materials and pedagogic methods. Taken together, these elements describe the publicly mandated, tax supported, government operated *public school system*.

But a nation's educational system is generally much broader than the institutional structures and processes described above. In a nation's population, there are many *potential learners* who have neither obligations nor rights to educational services under existing national policies, but would still like to use educational services if they were available. Their educational status and access to educational services could become an issue not only for the individual learners, but the society at large. (There are also, sadly, many potential learners who have both obligations and rights to consume educational services, but are not very interested in doing so, and therefore fail to take advantage of the opportunities presented to them, and become an issue for the society at large.)

Similarly, there are many existing and potential *suppliers of educational services* who are not located in publicly owned and operated schools. Many of these are enterprises established explicitly to provide educational services to those with wants, needs, or rights, and serving more than one or two learners in an organized process. We usually call such institutions *schools*, but it is important to keep in mind that schools take many different governance forms. In distinguishing among the different kinds of schools, it is common to make a broad distinction between public schools and private schools. That distinction is certainly helpful, but it is too broad to adequately describe and differentiate the wide variety of formal and informal education service providers that exist in a national educational system.

[1] There is some, but not very much variation among countries on these basic legal requirements and entitlements – considerably more in the degree to which the obligations are effectively enforced, and the rights reliably vindicated.

Some private schools, for example, look very much like for-profit enterprises: they are privately owned and operated, and survive financially by charging tuition to those parents and children they serve. Other private schools have been built from religious commitments. Religious communities generate charitable funding and volunteer effort from the faithful to supplement tuitions paid by parents to meet the educational and spiritual needs of the faithful. Still other private schools are based on the voluntary commitment of those who believe that they have a mission to pursue in educating all or some particular kinds of children, and sustain the enterprise with combinations of voluntary labor, voluntary contributions, and subsidized tuitions. Some private schools launched as for-profit, religious, or mission-oriented schools have accumulated enough voluntary support from staff and alumni that they are able to build an endowment that they can use to supplement fees and annual giving to sustain their operations, improve their quality, and widen their accessibility through needs-based scholarships. Still other privately owned and operated schools have asked for and received "charters" from government that allow them to receive public funding to meet publicly established educational goals without giving up their independent ownership and governance structures.

Schools – whether publicly or privately owned, operated, and financed – constitute a distinctive kind of educational service provider – one that deals with many learners through an organized production process understood by both suppliers and demanders to be providing educational services. Beyond schools, however, are a myriad of other educational services that can profoundly affect the educational status – the educational outcomes – of what is viewed as the formal educational system. At the edges of the system are parents and community-based efforts to provide basic or supplementary education to those who *want* it, *need* it, or have *rights* to it. (In some national systems, these informal processes are formally recognized as home schooling activities.) Also, there may well be economic actors that provide educational services in the form of apprenticeships of various kinds. And, there may be for-profit enterprises that offer to supplement the education provided by any of the institutions described above for a fee.

This picture describes a national educational system that seems much wider, more differentiated, more dynamic – and more contested! – than the picture one usually holds of a national education system that consists of the public school system financed and operated by government. The demand side of the system – the population that wants, needs, has rights, or is required to use educational services – is often larger, more heterogeneous, and more changeable than we are accustomed to thinking. The supply side of the system – the formal institutions and informal practices through which educational services are provided to the potential learners – and (ideally) alter their educational status! – is also considerably larger and more diverse. As importantly, the perspective from which the overall productive activity of this

system can and should be evaluated seems to shift: from the point of view of individual clients who have wants, needs, rights and obligations to use educational services, to the perspective of the broader society that wants to satisfy the wants, meet the needs, vindicate the rights, and impose the duties it believes are consistent with the creation of prosperous, sociable, and just society.

Reasons to Focus More Narrowly on the Core Public School System

In fact, the system seems so complex when rolled out in this way that one is tempted to try to put the genie back in the bottle and go back to a simpler version. One could justify such a move by observing (usually quite accurately) that even if the system includes all that is described above, it remains true that the overwhelming majority of the enrolled students are served by publicly owned, financed and managed schools.

One could also accurately observe that much of what lies outside the orbit of publicly owned, financed, and managed schools are powerfully influenced by government formulated public policy. After all, one can observe that the public policies that establish individual obligations and rights to educational services for a segment of the population importantly shapes the aggregate demand for educational services within which all the educational suppliers are looking for consumers and clients. Without the obligations and rights to education, the demand for education would be limited to those who want educational services, and are willing to pay for it. With the obligations, those who are not interested but might someday need educational services are added to the list of potential clients. With the rights, society as a whole takes on a burden to supply the education to those who cannot pay.

One can also argue that government can and does use its authority to regulate educational suppliers. This is obvious in the case where the government is directly financing and managing public schools as educational suppliers. But government also uses its contracting authority to qualify privately owned and operated schools to receive public dollars, and its regulatory authority to shape privately owned, operated, and financed schools. In this way, one can say that even though not all of a nation's school system is publicly owned and operated, virtually all of it is being influenced by government policies that affect both the demand and supply of educational services.

Given the powerful influences that government can and does exert on the structure, conduct and performance of the national educational system, it doesn't seem unreasonable to turn back to a focus on national educational policy. That is where much of the leverage seems to lie in shaping both the demand and supply of educational services that presumably succeeds or fails in exploiting the enormous opportunities associated with the national educational system.

The Advantages of Sustaining a Broad View Despite the Complexity

Still, if we want to develop a broad, differentiated, and dynamic picture of the ways in which a nation as a whole (not just the national government, and not even the totality of national, state, and local governments) is succeeding or failing to educate its citizens,[2] it might be important to look at what is happening *beneath* that policy, and *outside* of public schools as well as what is *within* that policy and implemented directly by those schools.

Indeed, this commitment to look beneath national policy and beyond public schools may be particularly important in those countries where large gaps exist between the collectively defined aspirations for the national school system and its actual performance. Such a gap could be the result of a *de jure* decision by the collective institutions of society to leave some choices about educational consumption and provision to private initiative and financing, and accept the market outcomes that result, But the gap could also be the result of a *de facto* consequence of relying on the performance of a nation's private, voluntary and public sector that turns out not to have the capacity to deliver the desired level and distribution of services, or the desired results, at either the individual or collective level.

To the extent there is a *de facto* or *de jure* gap in the public delivery of educational services, individuals who want, need, have rights, and are duty-bound to secure educational services may make their own arrangements to secure educational services despite what the government is requiring or offering. In the spaces where individuals want educational services and are willing and able to pay for them but government is failing to provide them, one would expect some kind of formal or informal market to arise. That market could consist partly of individuals making payments to commercial suppliers. But it could also consist of individuals who are more informally "trucking and bartering" with some individuals asking for educational services and others providing them on some basis other than direct payments in cash. Just as the so-called "informal economy" constitutes a major portion of the "national economy" in developing societies and exercises a great deal of influence over the current living conditions and prospects of citizens in such societies, so the informal educational system that grows up

[2] Throughout, I will use the term citizen. I recognize that that the more accurate terms might be residents. The difference, of course, lies in the status, and the particular rights and entitlements of immigrants residing legally or illegally in a given country. The question of what is owed to, provided to, and required from immigrants is often a key question in public policy efforts to shape the national educational system, and a key question that affects how much of the system operates within a nationally authorized and tax supported activity, and how much lies outside these boundaries in an informal educational system. Given this, I should always refer to potential learners in the society as "citizens (and residents)" rather than just "citizens" as a way to keep this policy issue in front of us. But it got tiring and became pedantic to write it this way, so I shifted simply to the use the word citizen. Readers should keep in mind when I write citizens in the context of potential consumers of education, I mean to refer to both citizens and residents who want, need, have rights to, or are required to use educational services, and achieve particular levels of academic achievement.

alongside and on top of the formally constituted and publicly financed educational system might be very influential in shaping national educational outcomes.

If there are parents or relatives, or neighbors, or local employers, or local professionals, who involve learners in reading, in financial calculations, or in formal and informal apprenticeships, it might be important for someone analyzing the system as a whole to see how much of this supplementary effort existed, how it was distributed, and what impact that effort would have on the overall performance of the system with respect to both educational objectives for individuals, and the desire to use education to close income gaps, and to promote upward mobility.

Similarly, if we can imagine that significant improvements in education could be made if the government could find effective ways to mobilize both the assets and productive capacities of actors in the commercial market sector, and in the voluntary, nonprofit sector of the nation, then it would be important to pay close attention to the current scale of such activities, and how that scale might be expanded and used to complement the existing public school system.

Finally, it is quite possible that the informal educational sector might be developing educational materials and methods that work better with some particular kinds of students, or indeed with all students, than the methods currently being deployed in the formal system. If that were true, the informal educational sector could become both a beta site for educational innovation, and perhaps even exert some competitive pressure on the more established educational providers in the public, nonprofit and for-profit sectors.

This move to look beyond the natural frame of an educational system that is largely if not exclusively government financed and managed is not to diminish the ultimate importance of government assets and capacities in leading, financing, and otherwise supporting the development of a broad, deep infrastructure that can deliver effective educational services to the entire population. Nor is it to trigger an attack on teacher unions that have played an important role in attracting individuals to the demanding job of teaching.

It is simply to suggest, that in the short run, government will have to live with what often seems to be limited capacities to reach the population of want, need, right (and obligation), and that it is important to know what is happening with respect to educational activities among those not reached by effective publicly financed and publicly operated schools. It is also to suggest that in the medium run, government efforts to reach all may be advantaged by ideas about how to leverage wider social capacities that could be committed to educational performance across the whole society – not just within the producing agencies of government.

Defining and Measuring the Aggregate "Demand" for Education: Wants, Needs, Rights and Obligations to Educational Services

So, let's start by looking broadly across a national society to identify the "aggregate demand" for educational services without necessarily limiting that idea to a population of students enrolled in public schools – i.e. those "learners" who are required and eligible for publicly provided educational services, and who have actually enrolled in publicly financed and operated public schools to receive those services. We want to be able to see the overall population of *potential learners* who would nominate themselves (in the case of fervent wants for education), or could be seen by others (in the case of needs, rights, and obligations) as important users of educational services regardless of whether they are of a particular school age, and enrolled in a particular kind of school or educational program.

The reasons to look at the whole population of potential learners are essentially three.

- First, it will allow us to see the potential size and character of the whole educational system, and the aggregate level of educational services that could be met through different kinds of social commitments to providing educational services as private wants, socially recognized needs, or publicly established rights and obligations.

- Second, it will allow us to gauge the "market share" of the (narrowly defined) public school system in the wider national educational system. This gives us a direct measure of access to the public educational services in a nation. But it also allows us to investigate how the learners outside the public school system act to satisfy their wants, meet their needs, and claim their rights to education. And it reveals what sorts of educational suppliers grow up around the unschooled population to meet the demand that is not being well met by the public system.

- Third, it allows us to analyze important interactions between the formal system of public schools on one hand, and the informal system of alternative educational suppliers that rise up to fill the gaps in educational services, and/or supplement what is being provided in the formal public sector.

In short, just as it has proven to be important to analyze the informal sector of national economies to understand fully national economies, so it might be important to understand the informal educational sectors as a key part of the national educational system.

The Individual Private and Social Public Demand for Education

In economic theory, the aggregate demand for education is understood to be the summation of individual desires to purchase a particular good or service for their own consumption at a particular price. Economic theory assumes that individuals are capable of understanding their own wants and needs,[3] and that they will pursue those ideas subject to their "budget constraint." When we look at a population of a nation, then, we could estimate the overall aggregate economic demand for educational services in terms of the amount of education that individuals would voluntarily choose to purchase given existing economic, social, and political conditions. That demand would be important *behaviorally* (since it would animate, guide, and enable suppliers to arise to meet the demand), and it would be important *normatively* since the estimate would reveal not only how much individuals wanted education, but also what particular kind and what they would be willing to pay for it. If the point of a national education system is to satisfy the users of that system at the lowest cost (and with minimum burden imposed on non-consumers), then meeting the individual, private, economic demand for education would define a successful national system. It would be even better, of course, if that system continued to adapt and innovate in response to both a heterogeneous and dynamic range of individuals seeking educational services of many different types to achieve many different individual purposes.[4]

Implicit in our discussion so far, however, is the commonplace observation that no society and no nation of the world treats educational services as an ordinary market good or service whose overall level and distribution of consumption should be left entirely to market forces driven by individual consumer demand. The fact is that we often talk about *needs* for education, and *rights* to education, and *obligations* to become educated. When we talk about the valuable *social outcomes* that education can produce for societies and countries as a whole this signals that we are quite explicitly recognizing the obvious fact that individuals acting through the

[3] Individuals can subjectively define their "needs" for education, and to some degree, this might differ from a want. But when an individual says they need something rather than simply want it, they are often making an appeal to the wider collective; they are asking that the wider collective see their need, and treat their need as something that should excite the altruistic impulses of their fellows. Those "others" in the collective have the right to consider this appeal. And they can choose to honor the individual claim of a need as a need that would be an appropriate focus of a charitable act – not something that is legally or even morally required, but something that be consistent with the principle of beneficence or altruism. The others could also agree to collectively respond through voluntary organizations to meet their altruistic aspirations, or they could work politically to transform the individual claim of need into an entitlement, or a right. This changes the social status of the good being provided to individuals, and imposes a wider, more insistent demand on third parties to satisfy the need, provide for the entitlement, or vindicate the right. Third parties can also act independently of the claims of individuals, and claim that, in their view, a particular individual "needs" an education, even though that individual doesn't really want it, or think of it as an important need as they understand their own needs.

[4] Different concepts of efficiency: short run and long. Theory X efficiency. The hope is to gain both kinds of efficiency through efforts to marketize the national educational system as a whole is built on claims that both kinds of efficiency can be achieved.

collective institutions of their societies have not been prepared to leave the supply and consumption of educational services entirely to the demands of individual consumers and the responses made by commercial enterprises to that demand. Individuals may have socially recognized needs, rights, and obligations, but they often have them at the sufferance of their fellow citizens – not as something they can insist on and establish on their own. Similarly, individuals may have their own ideas about the outcomes they would like gain as a result of consuming educational services, but their views run alongside (and are more or less aligned with) the views of their fellow citizens and taxpayers about the important aggregate results they hoped to achieve through their national educational system.

Of course, economic theory offers some theoretical justifications for interfering with the market for educational services in its discussion of "public finance" and the production of "public goods." The most commonly endorsed justifications for some kind of state (or some other third party) intervention into the market for a particular good include three observations about the nature of the educational market place that create technical problems for markets to ensure optimal results.

The first is that education has some properties of what economic theory defines as a "public good." In that theory, a public good is a good (often, more accurately, a broad material condition in society such as clean air, or national defense, or the free flow of information) that has three characteristics: 1) it is costly to produce (or in the case of some conditions, maintain); 2) but once produced is available to all (non-excludability), and 3) use by one person does not reduce the availability of the good to others (non-rival consumption).

Each of these conditions creates a problem for ordinary market operations. There has to be a way to get money or other resources to cover the cost of producing the public good. (There is a cost). But one cannot easily cover the cost by withholding access to the good (or condition) until a consumer pays a price to receive it. (This is the problem of non-excludability.) And, since the marginal cost of producing the good for use by others is essentially zero, the appropriate price to charge individual users of the good is essentially zero. (This is the consequence of non-rival consumption.) The usual recommended solution for goods like this is that society should use the tax authority of the government to fairly raise the funds necessary to produce and maintain the public good, and allow its use to go un-rationed.

Obviously, educational services do not meet these criteria. They are certainly costly. But they are neither non-excludable, nor non-rival. Therefore, in principle, educational services could be produced and consumed like any other economic good, with the customer paying for the amount and kind of educational services they want.

Economic theory offers two other technical reasons why a market may not work to produce the optimal level, distribution, and kind of educational production and consumption that seem more relevant. The first is the observation that "informational asymmetries" exist in the market for education which make it hard for consumers to give the appropriate signals to suppliers about what would be valuable to produce, and to impose the necessary discipline on the actual producers. The usual remedy for this is to impose burdens on suppliers to provide accurate information about their products and services, and on customers to think, read, and learn about what they do or should want in the market place. But the question about who will actually establish and enforce the disclosure rules, how they will adapt to changing consumer values and educational technologies, and how consumers might be motivated to think about what they really want from schools and be attentive to whether they are getting it, is often left undiscussed.

The second is that important "positive externalities" to education exist – benefits to other members of society or society as a whole produced by educational services provided to particular individuals that will not be fully captured by the individuals consuming educational services. If positive externalities exist, the individual consumer demand will fall short of providing the optimal level of education, because individual consumers will not be motivated to pay for the extra benefits that accrue to others. The usual remedy for this is that society, acting through government, should correct the market imperfection by implicitly or explicitly pricing the externality. If a good or service has a positive externality, government should use tax revenues to provide an economic incentive to produce more of it, or write a rule requiring producers or consumers to produce and consume more of the product than they would be inclined to do. If it is a negative externality, government should write a rule preventing the production of the negative externality, or use government tax dollars to pay the cost of reducing or eliminating the negative effects. But again, exactly how the government should use its tax dollars and authority to adjust market outcomes in particular product and service markets to deal with externalities is often left undiscussed in detail.

The justifications for market interventions we have so far discussed leave the fundamental ideas of economic theory intact. They all continue to assume that the only appropriate arbiters of the value of particular goods, services, and conditions available in the society are individual consumers or users. That is the bedrock principal of individual consumer sovereignty, and all the problems and remedies described above are designed to move social production and consumption systems towards the ideal of Pareto optimality – a condition in which each individual in the society is as well off in their own terms as they can be without reducing the welfare of others in the society. If the technical imperfections in the market system of financing, producing and consuming a particular good or service can be overcome, the hidden

hand of the market will guide the society towards the optimal social results – as each individual defines their own material welfare.

But in the older, more traditional (and more empirical!) theory of public finance, two other justifications for interfering with markets were often referenced, and apparently viewed as both positively and normatively important in explaining why societies – often but not always acting through governments – would choose collectively to intervene to change market outcomes in the production and consumption of goods and services.

The first was the idea that some goods could be viewed as "merit goods."[5] Examples typically included health care, education, and cultural activities that could enable "human flourishing" as well as merely "human material consumption." The normative worry was both that many individuals in the society might not be able to consume these goods that were "needed" to ensure a decent quality of individual and collective life, and that even individuals who could afford the services might not choose to consume enough of them since they could not see now how valuable they would be to them in the future if they ever got around to consuming them. The empirical observation was that many "third party payers" in the form of voluntary contributors of money and labor showed up to support the provision of these services, even though they were not going to consume the services as customers!

The second justification was that access to and use of educational services was somehow linked to the idea of social equity – that individuals had rights to educational services, or that the provision of educational services would help ensure the ideal of equal opportunity if not equal outcomes in individual lives.[6] This concept – that educational services should be distributed equitably as well as efficiently, and should be made to service the purposes of creating a more just as well as more prosperous society – is a very radical idea that takes us out of the world of economic theory per se, and into the empirical and normative world of political economy. It requires us to think about what might be meant by the concept of justice and equity, how education might be implicated in the success or failure of a society in producing equity, and how, as an empirical and practical matter, a society might make decisions about what is just in an educational system as well as what is efficient in satisfying individual desires for their own education or that of their children. This lets many genies out of the bottle.

Milton Friedman, attempting to bring the idea of equity back into the more orderly world of economic theory, accurately observed that if society's interest in equity and equal opportunity were limited to ensuring some minimum level of consumption of a particular good, then that objective could be met by providing citizens with publicly subsidized vouchers so that they

[5] Musgrave and Musgrave circa 1965

[6] Distinction among rights to educational services, rights to equal economic social and political opportunity, and the creation of a just society.

could purchase the socially mandated minimum level of educational services, but without giving up their ultimate right to define what constituted a quality education for themselves, nor to being able to purchase more education if they wanted it and could afford it. This idea about how to meet the demands for equity (and, incidentally, encourage individual responsiveness and innovation in the educational production system) flourishes today as the justification for shifting public educational systems to ones that are to some degree financed by public tax dollars, but allow the individuals who are the consumers of the service to define the value of the service they achieve. Again, what is often left undiscussed are such critical questions as: 1) exactly how much money individuals might be given to spend; 2) whether the vouchers will be the same for everyone, or whether those (who through no fault of their own) need more educational services than others should receive a larger payment; and 3) what kind of restrictions will the society as a whole acting through government place on where, how and for what purposes the vouchers may be used.

What turns out to be practically and theoretically salient about these last two justifications for state intervention in educational markets (that education is a *merit good* valued by others in the society for the benefit of potential educational consumers, and that education is a *social right* that society must vindicate as a matter of equity and justice) is that *neither of these ideas focuses on a technical problem with markets.* Instead, they *take aim at the core normative idea of market economies which is that individuals are the only appropriate arbiters of value in the society.*

Both in the case that third parties imagine there is a need for education and act to supply educational services to those who are unable (and/or unwilling) to pay the price of a quality education from their own pockets; and in the case of government that decides as a matter of right and justice that individuals should be provided with educational services if they are unable to pay for it; a new social actor has shown up in the economic, social, and political landscape.

That new social actor has not only the practical power to alter market outcomes, but also the normative power to re-define what constitutes individual and social value in the production and consumption of educational services. In the case of merit goods, the new arbiter of value could be a voluntary contributor to the provision of education, or it could be government acting as an agent of beneficence to its citizens or residents. In the case of equity, some principle has been established and collectively endorsed by a society that establishes individual rights to educational services, and/or treats the creation of equal opportunity across the society as an important moral duty that makes more or less reliable claims on the society as a whole. In both these cases, individuals' preferences for educational services, and their ability to pay for them, have been trumped by a third party who has appeared on the scene with his or her own views of what the national educational system should look like at either the individual or collective

level. Education has become a public good in a much different sense than economic theory defines a public good. It is public because an individual or a collective has voluntarily agreed to provide resources to provide a service to clients who are not expected to pay the full cost of production. Or, it is public because individuals acting as citizens and taxpayers as well as clients have formed themselves into a public that has authorized government to use public assets to achieve social outcomes.

Empirically, the appearance of voluntary third party payers who commit privately held assets to the education of others, and of governments who tax and regulate their citizens to respond to the wants, meet the needs, and vindicate the rights of individuals to educational services, has changed the nature of most national education systems. Philosophically, the presence of these social actors who supply assets and have purposes of their own in shaping the character and performance of the system, raises important questions about who is really the appropriate arbiter of value – both when judging the quality of individual educational services, and when judging the overall performance of the system. Their presence changes the very definition of the aggregate demand for educational services.

One way to think about this is that when we talk about the aggregate demand for educational services (and associated educational outcomes), we have to look at two complex overlapping systems. On one hand, there is a system of demand that rooted in individual desires for educational services. For the most part, we can hope that this demand is strong, will result in the effective use of any educational opportunity provided, and will call forth a supply of educational services that is wider and different than would be produced by a system that responded only to the aspirations of voluntary donors, or to those of society as a whole acting through government. But that individual demand for educational services falls short of the ideal social demand for educational services would be because there are many who desire and could benefit themselves and others by acquiring an education who nonetheless cannot pay the market price of purchasing and education. It is also true that there are many who think that education will not help them, and who ignore the benefits of them educating themselves to the wider society. Therefore, the individual, private demand for educational services understood in terms of individual willingness and capacity to pay will often fall well short of what either the wider society would recommend to individuals, or that the individuals themselves would choose to do if they had more disposable income, or a clearer idea of the individual and social benefits that could come from consuming educational services.

On the other hand, there is a system of demand that is rooted in different parts of society, and animated and guided by different forces than individual preferences and capacities to pay for education. There are individuals and private associations of various kinds who will contribute their own resources to supply educational services, and/or subsidize the demand for those

services. They do so because they think that other individuals and the society as a whole will benefit from their efforts. They may also have particular ideas about what the particular individual and social outcomes of their services might be, and seek to privilege these ideas about key populations of learners, important things for them to learn, and the individual and social outcomes that result. There is also a public that collectively owns assets including tax dollars and the authority of the state, and has deployed these assets to shape a system of educational supply and demand that results in individual and social outcomes affected by the national educational system. The first part of the system works primarily to provide for what they view as the needs of others (or advocating that some needs be treated as rights in the society).The second part of the system works to meet the needs, vindicate the rights, and achieve the collectively desired outcomes that justify public support for the national educational system. These systems operate as part of the overall aggregate demand for education both because they provide much of the practical wherewithal that is needed to supply educational services, and because they are also the arbiters of what is valuable in the supply of educational services at both individual and collective levels.

So far, so good. But there is one more key feature of the social, public demand for education that should be noted. Society, acting through voluntary associations and government, not only uses charitable funds, voluntary labor, and government money to pursue valuable social outcomes through its influence on a national educational system; it also uses the moral power of society as a whole, and the authority of the state to shape the production and consumption of educational services. Beyond the carrots offered by the voluntary sector and government to both educational suppliers and users, are sticks used to alter the individual level, and therefore the aggregate demand for education. Economic, social, and political actors constantly extol the virtues of getting a good education, not only to improve the quality of individual life, but also to promote the prosperity, sociability, and justice of the nation as a whole. The moral weight of the culture so created and the movements unleashed by the culture affect individual thoughts and individual discussions throughout the nation. They also underwrite the use of state authority to require individuals to educate their children, and themselves – either directly, or as a condition of receiving social benefits of various kinds. Thus, society creates duties and obligations to demand educational services even if one wasn't necessarily excited about consuming education on one's own.

Once we recognize that state authority is in play as well as state money in shaping the conduct of the national educational system, then society (and social analysts) must evaluate the performance of the educational system in terms of its overall fairness and justice as well as its efficiency and effectiveness in satisfying clients, and in achieving desired social outcomes. As suggested above, the analysis of what would constitute a fair and just national education system opens a big can of worms, since there are as many ideas about what is fair and just in an

educational system as there are views about what would constitute a good and just treatment of my child in the national educational system. Evaluating an educational system in terms of whether it is fair and just in the delivery of services to needy and entitled individuals is hard enough. But the issue becomes even more difficult if we view educational services to learners not just as entitlements and rights that must be equitably distributed to individuals, but also as important means of creating a just society overall. One can say we have provided a service justly if access has been equitable. But once we say that our social interest in providing educational services goes beyond the provision of services to take account of the impact of those services on the individuals educated, and the overall justice and fairness of a society as a whole, we encounter an even more difficult set of issues.

Table 1 presents a very simple way of capturing the philosophical and normative issues that individuals acting as citizens, and societies acting as collectives, face when they evaluate the performance of national educational systems. As individual consumers or users of the system, they can evaluate their engagement with the system in terms of whether they liked what they received, benefited from the services in the short and long run, felt that their rights to education had been vindicated, and accepted their duties as reasonable claims by the larger society on them. As members of a collective society acting through the state, they can evaluate the system partly in terms of whether individual users of the system were satisfied in the ways described above. But as a collective society – a society that includes citizens and taxpayers as well as consumers of educational services – attention could also focus on more aggregate results – the desired social outcomes. Importantly, those desires can include material results such as sustained or increasing economic prosperity, but also promoting certain kinds of sociability and tolerance in the society, and achieving particular ideas of social justice made possible through a high performing national educational system.

Table 1: Degrees of "Publicness" in the Valuation of Social Conditions

		Valued Objects Less Public → More Public			
		Material Welfare	**Welfare of Others**	**Duties to Others**	**Concepts of a Good and Just Society**
Arbiters of Value Less Public ↓ More Public	**Individuals**	What do **I** think is good for me?	What do **I** think is good for family, friends, neighbors, fellow citizens?	What do **I** think I owe to family, friends, neighbors, fellow citizens?	What conditions do **I** think characterize a good and just society?
	Collective I : Social Movements/ Voluntary Associations	What do **we private individuals** want to do together to promote our material well being?	What do **we private individuals** want to do together to help needy or deserving individuals?	What do **we private individuals** think we owe to one another as a matter of civic or public duty?	What do **we private individuals** think constitutes a good and just society, and what would the pursuit of that ideal require of us?
	Collective II: Democratic Government and Public Policy	How do **we citizens** want to use the powers of government to improve the material welfare of individuals in society?	How do **we citizens** want to use the powers of government to improve the material welfare of particularly needy individuals in society?	How do **we citizens** want to use the powers of government to protect the rights and impose the duties associated with citizenship in society?	How do **we citizens** want to use the powers of government to create a good and just society?

The basic point here is that when "we"[7] conceptualize, define, and measure the demand for educational services in any given national educational system, "we" have to depart from a straightforward market idea that sees demand in terms of individual consumers spending their own money on products and services they are willing and able to buy. That is a part of the demand that shapes a national educational system, and in free societies that allow individuals to spend their money for things they value, there will always be a pure consumer demand for education that calls into a supply that meets that demand and becomes part of the national educational system. But that is never the whole of the system, and usually not a very big part of national education systems.

That basic market system is overlaid by "third parties" who shape the transactions between demanders and suppliers. Both the voluntary sector and government shape the economic demand for educational services partly by subsidizing the cost to the user of the services, but also by bringing moral and legal pressure on potential learners to consume more education than they might have chosen – even with the subsidized prices. In doing so, they introduce new arbiters of value into the system, and new values that will be used to evaluate the performance of the national educational system. The new arbiters of value are the voluntary contributors and the society as a whole acting through government. And the new values they seek to advance through their efforts to shape demand go beyond the mere satisfaction of individual educational users. They include persuading educational users to value different aspects of their education than they naturally would, seeking to produce equality of educational opportunity, to compensate in educational services for differences in social backgrounds, and using the national educational system as a whole not only to satisfy the desires of individual users, but also to achieve aggregate social results such as a strong, competitive economy, a strong national culture, and an ideal of just relations in their society.

The Heterogeneity of Those With Wants, Needs, Rights and Obligations

When a social analyst looks out at a society and considers the population of potential learners, a large segment of the population comes into view. The most obvious market segment consists of those individuals who are considered school-aged, have obvious needs and established obligations and rights to seek educational services, and have enrolled in publicly financed, owned, and operated schools.

Different Individual Desires Among and Social Commitments to Potential Learners

Ideally, most of these learners also have desires to learn (or an intimate social structure that encourages and supports their learning) since that means society will have less work to do in keeping them engaged in the long process of educating them for independent resourceful lives

[7] individuals, citizens, social analysts

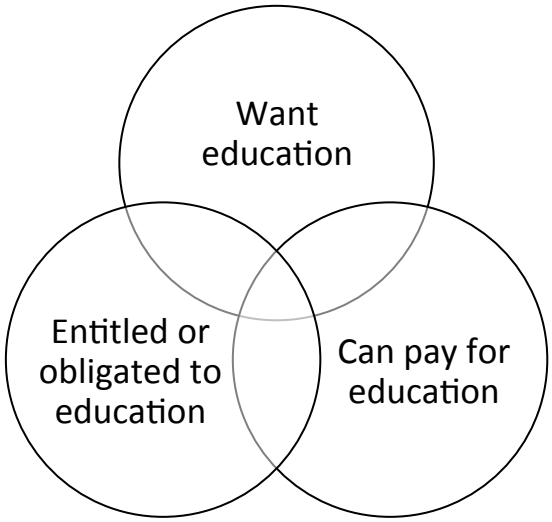
as economic producers, neighbors and citizens. But within this population segment, there may be some parents and some potential students who do not want to go to school, judging that they have better things to do with their time. Or there may be parents and students who do not like the publicly provided schools, and seek alternatives, or choose to ignore both the opportunity and obligation to attend a free public school. Obviously, the size of this sub-group among those will vary from one society to another, but also with the quality of the schools which are publicly provided or privately available at a reasonable cost.

Beyond the population that has been deemed by voluntary contributors and the state to have needs, rights, and obligations to use educational services is a larger population of potential learners who are potentially interested in education, or could benefit from having access to educational services, but whose interests and needs for education are not so widely supported by governments or voluntary contributors. Many of these, of course, will be adults at later stages of life.

At one level, one can reasonably argue that we need not focus much attention on these learners when we are looking at a national system of education, because societies often agree on the idea that the core focus of the social production of educational services should be on educating the young. But, it might be important to think about these populations for two different reasons. On one hand, the returns to education for individuals who have come from other countries to a new country, or from rural to urban areas within a country, or from a life of adolescent and young adult recklessness to a life of more responsibility, can be substantial for both the individuals and the society. On the other hand, many of these adults shape the context within which younger people are asked to educate themselves, and provide some of the important guidance and support that is often necessary to keep adolescents at the educational task when there is so much else that seems more interesting.

Figure 1 presents a Venn Diagram that shows the relationship among the populations that want education for themselves (and are willing, but not necessarily able to pay for that education), and those that are judged by the wider population acting through the state and voluntary action to need or to have rights to education.

Figure 1.



One can decide to narrow the analysis of the national system to one or more of the populations represented in this diagram, but some potentially important opportunities for creating social value through educational services are lost when one does so. Specifically, if one designs the system to serve those who can pay and are willing to do so, one leaves aside a population that cannot pay but would like to have education. If one designs the system for those who don't want it, but are entitled or obligated to it, one will face a difficult challenge reaching and staying with the clients. And so on.

Different Levels of Capacity and Support for Learning

The potential learners vary not only in terms of their desires for education and their status in society, but they also differ a great deal in their apparent capacity to take advantage of educational services to achieve their own educational objectives, or the objectives that others have for them. Some learners are avid and resourceful in their use of educational opportunities, and live in environments that are rich with educational opportunities. Others are equally avid and committed, but find themselves in social contexts in which valuable educational services are much harder to come by. Still others are avid and resourceful, but are starting from disadvantaged positions and are finding it hard to keep up with other students. Still others are capable, and find themselves in rich environments, but don't seem motivated to use the opportunities. None of the states described above are necessarily permanent. Individual learners change over time in desires, in capacities, and in social contexts – sometimes as a result of their own efforts, sometimes as a result of larger events that disrupt their worlds, sometimes as a result of what they find in the particular response of educational service providers (teachers!) to them as individual learners.

Different Concepts of Equity in the Provision of Educational Services

One of the important challenges facing national educational systems is whether and how they respond to the sheer heterogeneity and changeable conditions of the learners with whom they interact to produce individual and collective social outcomes. The reason is that variation among students poses a challenge to a system that seeks not only to be responsive to individual students, but also fair across all students, and a powerful instrument for producing particular ideals of social justice in the society at large.

An important principle of equity in public policy and public administration is that when individuals confront the state either as clients of services or as those on whom duties are being imposed, that they should be treated equally. This is the principle of *horizontal equity* – like cases should be treated alike. It is the desire to produce this kind of equity that is one of the reasons that governments often decide to use "one size fits all" service delivery systems. (The other important reason to provide the same services to all is to secure the economic benefits of standardizing the work to secure economies of scale, and to ensure consistent use of what are known to be best practices in an industry.) On this view, the provision of public educational services should commit itself to providing the same educational services to each individual.

But this goal often seems to collide with another principle of equity which is that if one person's situation differs from another's in a way that is significant – either because it is morally relevant to a judgment about what the individual might owe or be entitled to, or because the difference matters in the efficiency and effectiveness of interacting with the person to satisfy their desires or achieve collectively valued outcomes – then that person's treatment should be different from that supplied to others. This is the principle of *vertical equity*: cases which differ from one another in morally or instrumentally important ways should be treated differently.

At first blush, these principles of horizontal and vertical equity seem in conflict with one another. How can we have a system that treats everyone alike, and some people differently? A little reflection suggests that the paradox can be resolved by treating the recognized differences not as purely individual cases, but instead as the creation of a new (smaller, more particular) class of individuals who are entitled to different treatment from the "norm." This is the way the common law, and much administrative law typically develops. A rule is established that seems to be generally applicable, and, for a while, is applied to all cases without much concern. Then a particular case shows up for which the rule does not seem (to common human experience) to be similar to the others that have been decided, and an exception to the rule is made. That is the moment that the claims of vertical equity appear. But, under the principle of horizontal equity, that new exception has to be available to everyone who qualifies under that particular exception appears.

The results of a system that seeks to achieve both horizontal and vertical equity is that the system operates with a system of general rules, but the rules become increasingly complex, dividing the world of cases into finer and finer categories. We still have a rule book, and the rules are still general. The problem is just that rule book has become very thick. The very thickness of the rule book violates the third principle of a just rule system which is that the set of rules should be simple, easy to understand, and transparent!

Equity in Educational Outcomes as Well as Services

Faced with heterogeneity in the population of learners it faces, and more or less committed to principles of both horizontal and vertical equity (or even highly individualized treatment as both a right and the best way to achieve individually and collectively desired social outcomes) a national school system will respond in quite different ways. The public school system will try to square the circle of horizontal and vertical equity by developing procedures designed to allow it to accommodate its standard operating procedures to individual cases that seem different from the norm, and making its judgments about this process clear and visible. The private part of the system – both the private nonprofit and the private commercial – might respond by choosing to serve a particular segment of the market for which its methods (and prices!) seem best suited to that particular market segment. The challenge of differences among students and market segments will probably produce adaptations of standard educational practices in the public sector, and niche-based innovations in the private sector. These twists, in turn, will allow the system as a whole to respond more or less justly, and more or less efficiently and effectively to the heterogeneity of the learner population.

The heterogeneity of the population of learners will naturally produce significant variation in the provision of educational services to particular individuals and segments of the learner population. And, given that most (liberal)societies will be disinclined to prevent parents and students from seeking education on their own as well as from the public sector, it is easy to understand why most national educational systems will be mixed systems that include many different kinds of educational providers. And, to the extent that that creates variation to more justly and effectively meet the aggregate demand of heterogeneous wants, needs, and rights, and to increase national opportunities for the system as a whole to experiment with alternative approaches to education in the small and the large, mixed systems may be socially (and individually!) preferred to wholly private, or wholly public systems.

But in evaluating the performance of mixed systems as the social/national level, and in thinking about how the national system as a whole can be improved, it is important to keep in mind two key points about the conduct of mixed private and public production systems. The first is that knowledge about what works to educate particular kinds of learners to achieve particular learning outcomes can be developed within and shared across the boundaries that divide these

sectors. Innovation and knowledge generation is not limited to the private part of the system. There may be a bit more room to develop new educational products and methods in the private, informal sector than the public sector. But these could, in principle, depending on many features of the national educational system, be picked up by the public sector. In contrast, many innovations developed first in the public system, might be appropriate for use in a niche market, or taken to scale in the industry as whole, by dynamic private suppliers. Since the educational world is one dominated by professionals, and those professionals are now distributed across the different sectors even as they continue to go to national professional meetings, it is quite possible that knowledge about what works best for particular purposes with particular populations can move back and forth across the sectors.

The second key point is a harder one to cope with. So far, we have been talking about equity in the delivery of educational services and what that would require of the performance of the national system. But often in the development of national educational systems we are interested in the *social outcomes* produced by that system (the degree to which the system creates economically resourceful and responsible citizens, and helps create economic prosperity, social harmony and inclusiveness, and just relations in the society); as well as the *social outputs* of the system (the quantity and quality of educational services delivered to a population of learners with wants, needs, rights and obligations to educational services). Parents, of course, often want the best for their individual child. And if they have a talented student, they want educational efforts focused on their little genius to make sure that student becomes all that he or she could be. And, one could imagine that a key principle of an educational system would be to help each individual student achieve to their maximum potential, relying on individualized services to achieve that goal.

The problem, of course, is that if there are significant underlying differences in capacity, then it is quite possible that what is often described as the achievement gap in education will widen rather than narrow, and that the allocation of educational resources might be skewed to the most talented and away from the struggling. This is consistent with one principle of efficiency and effectiveness, of course – if we are trying to maximize the total amount of learning for the least cost in a world in which better students use educational dollars more efficiently to achieve educational outcomes than less talented students. But the principle runs contrary to the idea that societies ought to use national education systems to create equal opportunity and reduce differences in educational outcomes.

The concern about equity in educational outcomes focuses our attention not just on the distribution of services (both access and appropriateness to individual conditions), but also to achievements gained by individual students accumulated across the society as a whole. This can, of course, be represented as a distribution of educational achievement.

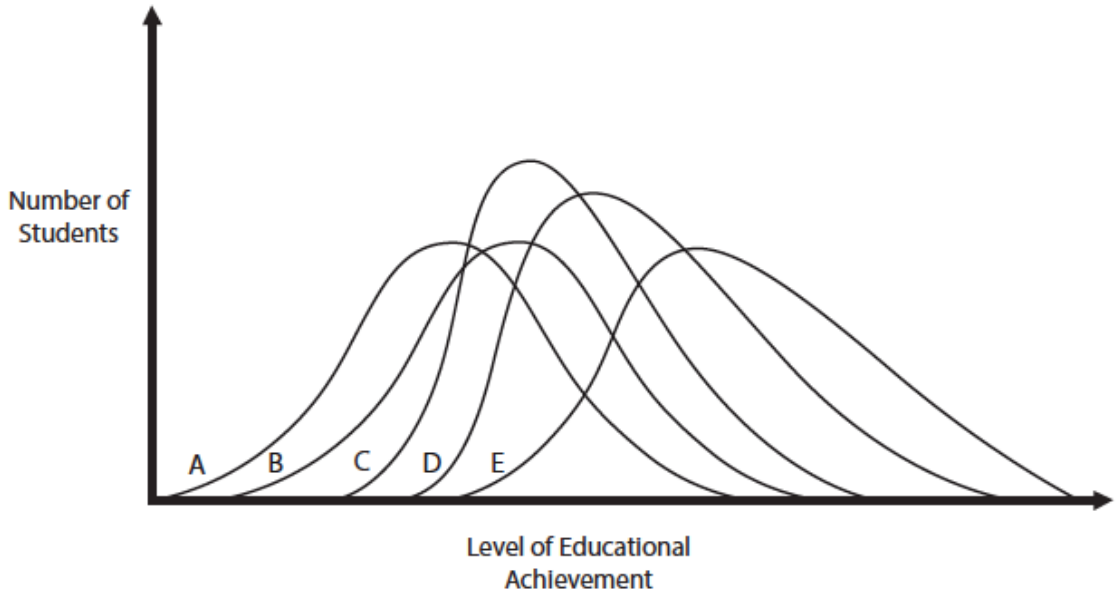
Educational achievement, in turn, can be measured on many different attributes ranging from ability to read, write and do arithmetic, to higher levels of academic performance in these dimensions, to more complex and more applied analytical problem solving skills, to knowledge of the social and historical traditions in which one is growing up and those of other peoples, to the development of vocational skills useful in particular local or national economies, to the development of individual character and social skills, to the inculcation of the values that are reflective of the highest values a society has for itself. For each of these dimensions, one can, in principle, measure either absolute levels of achievement on given scales, or developments of individuals over time, or developments relative to estimated capacity.

Exactly which of these measures of educational attainment should be viewed as the "performance" or "value" of a national educational system is a choice that individuals as citizens, taxpayers, parents, students, employers, or as individual members of particular sub-cultures in the society can make for themselves. But it is also a choice that the society makes as a whole (either as a democracy, an authoritarian state, or as a theocracy) when it seeks to deploy nationally owned assets to achieve nationally desired goals.

An equally difficult choice about what the distribution of performance should look like, however, is exactly how the society seeks to alter the current distribution of educational achievement over time. Figure 2, below, presents several different ideas about how individual citizens and taxpayers, gathered together as a collective arbiter of the value of their national educational system, might wish to move.[8]

[8] Nota Bene: In all of these scenarios I am assuming the measure of achievement is an absolute scale observed in populations at similar age/grade levels. This seems to be the most common, and least statistically challenging way to account for educational outcomes. And, under certain assumptions, we could treat movements in levels of achievement from one age cohort to the next as evidence of "development." But none of these really gets to an individualized assessment of individual learning on a particular set of dimensions relative to capacity – which is probably the concept that most accurately reflects what both individual citizens, taxpayers, and parents would most like to be able to measure.

Figure 2. Different Concepts of Improved Educational Performance in Equity Terms



Curve A: The starting point
Curve B: "Everyone gets better" (but no change in distribution of results)
Curve C: Bottom part of distribution raised above established floor (no change at top of distribution)
Curve D: Bottom part of distribution raised, but top moves out even more!
Curve E: Whole curve moves to right, but top part of distribution moves out more.

In this diagram, curve A represents the current state of educational achievement measured for the population of learners that interest us at a given point of their development (or several different points of development).

One idea (represented by curve B) is that society seeks to move the entire distribution to the right by increasing achievement all along the distribution, leaving the existing level of inequality in the distribution of outcomes as it currently is. We can think of this as "equal improvement in educational outcomes."

A second idea (represented by curve C) is that society seeks to change the shape of the entire distribution by working very hard to create a floor under the minimum level of educational achievement (on whatever dimensions of achievement they deem important and appropriate for the nation to try to influence). We can think of this as "guaranteeing at least a minimum quality of educational achievement for all." Note that success in this effort will change the degree of inequality as well as the average level of educational attainment, and the proportion of learners who fall below some unacceptable level.

A third idea (represented by curve D) is that society could seek to try not only to push the bottom of the distribution out, but the top of the distribution further out than it now is. The combination of these effects would not only increase the level of achievement of those at the highest level, but would also raise the average level of accomplishment in the population because both the top and the bottom achieved more. Depending on how "elastic" the response of these different segments of the population to particular interventions, one can get either more or less inequality than one had in the status quo. If the bottom moves only a little, while the top moves a lot, one can end up with more inequality. If the top moves out, and that produces a set of effects which bring the bottom along as well, then the degree of inequality in educational outcomes will be reduced.

A fourth idea (represented by curve E) is that regardless of what society intends, and how it ends up governing the system, allocating resources, and encouraging and spreading value creating innovations in education, the system might end up not being able to change the status quo very much, but having its largest effects on the upper part of the distribution rather than the lower – guaranteeing that many students are doing better, but many others are still badly off, and that the overall level of inequality is widening rather than narrowing. This could happen, of course, is some process of selection begins to occur which connects more able students with more resources, and the more able students are better able to make use of marginal increases in resources and have more access to better techniques than others. This could be an interim step that would eventually produce something like curve D. But if could also end up in an equilibrium in which the distribution of educational outcomes, if not the absolute level, remains similar to that seen in the status quo.

The Supply Side of the Educational System

So far, we have been trying to stay focused on the demand side of the educational system – imagining that a national education system could recognize its value to society as a whole and to the individual learners it sought to engage by assessing its impact on the level and distribution of educational achievements. In this, we were, to some degree, following economic theory that assumes that value accumulates as individuals are affected by service transactions that they evaluate in their own terms. We noted along the way that in the case of education this was not necessarily the right way to think about value, since third parties showed up to subsidize educational activities for their own reasons, and that those reasons could reasonably be added to the satisfaction of individual educational consumers as values to be achieved by and reflected in the national education system – particular as it was supported by volunteers, philanthropists, and government.

Whoever is seen as the arbiter of value, whatever the dimensions of value those arbiters seem to value, and however significant the assets these different demanders can contribute to the national educational system, the degree to which the values can be achieved with those assets will be determined by the engagement of educational clients with educational suppliers. So, we now turn to the social actors who could be described as educational suppliers. (Nota bene: sometimes the suppliers are also demanders. Both the government and the voluntary sector not only subsidize individual consumption of education; they also provide resources directly to suppliers, and are often suppliers themselves seeking to attract clients to their particular educational missions.)

In the effort to describe the supply system, it is, again, tempting to start with publicly financed, owned, and operated schools. After all, that is where most of the students are, where most of the spending lies, and where most of the people who concern themselves about education at both policy and operational levels reside. But, once again, the effort to hold onto a "whole system" view of the national educational system might be aided by starting off on the periphery of the national educational system rather than its center. Following this line of inquiry we would start with the potential clients of the educational system – those individuals who have wants, needs, rights, obligations for education, but are not now receiving them from public schools, either because they chose to be educated elsewhere, or because the supply part of the public educational system has not yet reached them.

Institutional Variation Among Educational Suppliers

One can make a quick list of the different educational suppliers to whom individual learners be relying on, or to have turned to for their educational services:

- Some potential learners are enrolled in the "school of life and hard knocks," with no particular engagement with activities formally identified as schooling. This does not mean that they are not learning (see below); only that they are not enrolled in anything that is described by them or the suppliers as a school or an educational process.

- Some potential learners are in "home schools." These learners overlap significantly with those in the "school of life and hard knocks," but these learners are advantaged by having some adults in their lives who take more or less explicit and formal responsibility for "teaching" them about the natural and social world, how to understand it, and how to make their way within it.

- Some potential learners are in the schools created by informal community arrangements including those associated with religious associations. The community arrangements for education may or may not have special structures or buildings; they

may or may not have regular meeting times for meeting; they may or may not have specialized individuals called teachers (with or without accreditation of some kind). What makes these different from the educational practices and settings described above is that they are collective institutions explicitly understood by the suppliers and the demanders as educational activities.

- Some potential learners have decided that the most urgent educational need they have is to prepare themselves for economic independence and success, and have chosen to enter into educational service that are closely tied to apprenticeships and trades. There might be a considerable overlap between these suppliers of educational services and what was described above as the school of life and hard knocks. But again, one could distinguish these suppliers on the basis that they are collective rather than individual, and that they are explicitly recognized by suppliers and demanders as a kind of educational experience. Such suppliers could be tied to both formal and informal economic sectors, and to sectors that are promising for the future and those that are stuck in past traditions.

- Some potential learners are in private schools collecting fees for services, taking all comers, and pricing the services to maximize their financial returns. In this sector of suppliers, there may well be a "high end" of high quality schools charging relatively high prices, or pricing according to ability to pay. There may also be a low end of schools charging low fees, and delivering only a quality of services that is only slightly better than nothing, or what is available to a local population of learners. Some potential learners are in private, nonprofit schools. These schools may also collect fees. But they are often supported by financial endowments that come from voluntary donors of external development agencies. They may subsidize the tuitions of those who cannot pay the fees by charging high prices to those who can pay, and low prices or nothing at all to those who cannot. They may also accept students only through application and qualification.

- Some potential learners are in public schools in concentrated areas of poverty serving largely with poor populations. They may receive the same amount of government dollars as all other public schools, or may receive more in recognition of the fact that they are operating in deprived areas and that the pursuit of either equal opportunity or equal educational opportunity, or equal educational outcomes, requires greater public subsidies for needy populations.

- Some are in public schools in poverty areas, but with more mixed populations.

- Some are in public schools in middle class or richer areas, but with some poor in the schools as well.

All potential learners are also now heavily influenced by the widespread presence of electronic media, and the contact with information and peers that happens outside the school boundaries, and reaches poor as well as rich populations.

Differences in Educational Practices and Aims

So far, our analysis of the supply system has looked at educational service providers largely in terms of their institutional status, and the populations they reach. A wholly different way of looking at the educational supply system would be to dive beneath these variables and look, instead, at the particular products and services the different providers are offering to the potential learners, and the particular technologies they are using to do so. This could include statistical estimations of educational production functions treating such things as the number and quality of the teachers, particular curriculum that is being used, the pedagogy being relied upon, and so on. Or it could involve a more detailed qualitative anthropological investigation of the actual educational process as it occurs and is understood by those providing it and those receiving it, and add to the statistical analysis a discussion of the disciplinary and motivational strategies of the school, the ways in which it succeeds or fails in making educational alliances with individual parents and parent groups, the overall status of the school in the community, and so on.

The detailed statistical or qualitative examination of educational production functions used by different educational suppliers makes the most sense when one is looking at educational suppliers who are institutionally committed to providing particular educational services. They presumably have an idea of what they are supposed to produce, and how they are supposed to produce it. They may be called to account for complying with particular policy and procedures, and that can set off a wave of institutional isomorphism that spans institutional boundaries. Or, they may find themselves competing for students by differentiating their products, services, methods, and clients. As such, they have already established methods and forms that can capture this data.

A focus on educational production processes also makes sense if one is pursuing a project that hopes to find new educational practices that perform better than existing practices for particular purposes with particular populations, and then seek to diffuse the successful innovations across the system as a whole. The particular innovations could increase performance either by improving performance in a particular educational niche defined by

population and purpose, or by seeming to improve performance more generally across broad classes of learners.

The process of stimulating, testing, and diffusing important new educational innovations observed at the system level would be an important process to understand if one was focused on trying to stimulate improvements in the national educational system. Initially, one might imagine that one faces a choice among: 1) a government bureaucracy that is incapable of developing and testing innovations: 2) a government bureaucracy that has within it some capacities for basic and applied research that could stimulate, guide and evaluate efforts to improve educational methods, and then to facilitate the widespread system rollout of the new method in both the private and nonprofit sectors; or 3) a market system in which schools competing for students and the private and public dollars they would bring to the educational providers, would be encouraged to innovate and adopt new practices that seemed to work in terms of satisfying the desires of those paying the bills – either parents, or donors, or governments. In practice, most national educational systems represent combinations of these different kinds of systems for encouraging consistent high levels of performance using established techniques, searching for new methods that can outperform the old (in either niche or more general markets), and motivating shifts of educational suppliers from poor performing old methods to higher performing new methods.

The Potential Relevance of Informal Educational Service Providers

Once one moves outside the more self-conscious and formally established educational suppliers, and begins examining what is happening in the school of hard knocks, or in home schooling, or in community schooling, or economic apprenticeships, or the influences of the internet and peers, one might find it more difficult to describe and measure the character and intensity of educational services being provided to individuals, let alone their impact. That may be enough reason to set this sort of educational activities aside (along with the view that they are not very important). But there are three reasons to keep an eye on this part of the educational supply system.

The first is that there may be some things that the formal educational system can learn about how to work with segments of the population that seem neither interested nor able to use the educational services in the forms they are now provided. If we mean to have effective universal education, we have to start with what is currently present and build out from there – not by abandoning particular populations, but by finding better ways to engage them.

The second is that the formal educational institutions might be supported in their work if they could find a way to make effective alliances with the more informal educational providers – particularly with populations that are hard to attract and retain, but maybe also with others

who are perfectly happy with the formal providers. This point is obvious in the case of parents, or community groups that spend a lot of time with young potential learners (and perhaps even older potential learners as well!). But it might also be true with respect to the way that schools work with local employers and take advantage of social media and peers.

The third, and perhaps most important, is to remember that to some degree no matter what public policy says, all formal educational suppliers have to compete with other socially or economically compelling contexts for the time and commitment of their learners. Often the process of developing young people (including young adults) is to help them discover or persuade them that one path of development or investment in life is preferable to others, and to discourage them from making bad choices, or, ideally, help them make good choices. That path underwritten by national education system has to compete favorably for the commitment of potential learners who might feel they have more interest and more aptitude for the school of life and hard knocks rather than the painful, uncertain path of education. Schools are not alone in this effort of course. Parents, extended family members, communities, all play a role in creating paths for individual development and encouraging children along them. But if the schools are built to either connect or effectively compete with alternative paths that lead to social and economic success, then they will make a large contribution to the society that goes beyond baby-sitting them and teaching them to read.

Importance of National Government in Shaping and Improving the Performance of the National Educational System

At this stage, we have reviewed demand for education and examined it as a mixed system in which private individuals have more or less desire, and more or less capacity to pay for educational services, and in which government is not only willing to subsidize the production and consumption of educational services, but also to create rights to education, and impose obligations on individuals to engage with educational services. There are also voluntary third party payers who provide money and labor to support the educational system. This creates a national educational system in which there are many different sources of financing, each associated, presumably, with more or less aligned individual and collective preferences. We have reviewed the supply of educational services, and also encountered a mixed system in which the suppliers include both established, formal, collective institutions, called schools, and many more fluid, informal, and individually initiated and organized activities that perform the function of “educating” potential learners. It is also a system in which the supply system is spread across the boundaries of government agencies, nonprofit organizations, and for-profit enterprises. We have seen that the impact of the national system can be evaluated in terms of its impact on the whole population of potential learners, whose educational achievement can

be measured along many different dimensions of value, and changes in the shape of the overall distribution of educational outcomes. What we have not much discussed is what animates and guides that system, towards what results, and how could the performance of the system be improved (assuming some definition of improvement).

To no small degree, the analysis we have carried out was shaped by a picture of the national educational system as a kind of national market in which potential users of educational services (potential learners) came into contact with a variety of different educational service suppliers. As a purely behavioral description, that seems to be a good picture of the system. It suggests that the driving influences in the system will be largely the desires of the potential clients, and the responses made by service suppliers. The ultimate, aggregate impact of the system will be the result of the engagements of potential learners with potential suppliers.

On the demand side, if the clients don't want education at all, they won't show up. If they want education, but don't have the funds to pay for it, their options will be limited to free or subsidized educational suppliers supported by government or philanthropists. If they do not like the publicly provided options, they will be stuck with finding other means of meeting their stronger or weaker demands for education. On the supply side, if the suppliers don't get something of value out of the work they do in providing educational services, they will not continue to provide the services. The rewards to the suppliers could be financial returns that make profits, or cover the costs of production, or they could be the satisfactions that come from providing a service they think is important even if they do not earn a full market return for either their entrepreneurship or their labor. The overall level and distribution of the consumption of educational services, and the impact that has on individual educational consumers and the larger society will be determined by how the latent demand for education, meets the latent supply capacity of educational services.

This is the market view of the national system. It helps remind us that the system is driven by individual desires on both the demand and the supply side, that there is competition among suppliers for the custom of potential learners, and that dynamic forces associated with changes in individual and social values, and financing methods can cause the system to change a great deal, and presumably produce very different consequences for individuals and the larger society.

But this market view is continually upset by the presence of third parties in the market who have their own assets to deploy on the production side, and their own values to be served through the operations of the system on the demand side. Voluntary contributors of both money and labor show up to "distort" the outcomes that would emerge from a pure market. Presumably, their presence increases the overall level of education consumption, and perhaps pushes the distribution of educational production and consumption towards underserved

populations. That presence may also increase the variety of educational services beyond even what would be produced by a market solution; for example, they might increase the amount of religious content beyond what a pure market would produce.

But the big influence on the market is the presence of government on both the supply and the demand side. Much of the system is directly produced by government, presumably largely to serve government objectives. That can include the satisfaction of potential learners. But it can also include achieving social outcomes that are only imperfectly aligned with what individual consumers want. And among those outcomes, the government may be particularly concerned with issues of equity and fairness in the overall outcome.

This suggests a different perspective on the national education system: instead of seeing it as a market that is importantly influenced by government financing and regulation, one could see the national education systems as a social production system that incorporates many important features of a market. It does so partly because it has no other choice. It can require all individuals to be educated, but it cannot command individuals to do so with enthusiasm. It can provide schools, and even insist that individuals can only use the publicly provided schools. But this, too, is self-defeating because individuals can always develop their own schools, and it is often helpful to state objectives to have these privately initiated schools.

But it also incorporates aspects of the market because the market emphasizes some virtues that the government would like the system to have. It would like the system to work at making itself appealing to potential learners since the result is likely to be better. It would like the system to be able to experiment, and to look for innovations that can improve its performance in niche markets, and across the general population, and to have the capacity to distinguish good innovations from bad and have the good ones diffuse rapidly. It would like the system to be focused on controlling costs and guaranteeing quality as well as producing valuable educational outcomes.

What seems most important in the difference in perspective, then, is not the understanding of the mechanisms and dynamics of the system and how it behaves and develops; it lies instead in the different evaluative perspective implicitly embraced. The market perspective views success as the satisfaction of clients, and imagines that the best way to maximize that value is to create competitive markets and keep the government out – this despite the fact that there is no country in the world that has only a private system. The social production system establishes a society wide framework or perspective around the evaluation of the performance of the whole system that can include but is not limited to the value that students attach to the system. It also recognizes the reality that government acting through the use of authority, and money raised by the use of authority has a profound impact on the overall level and distribution of consumption, and the rate at which the industry improves.

Adoption of the second perspective doesn't mean that one thinks that all education should be publicly financed and provided. But it does suggest that a social perspective might be important in evaluating the performance of the education system – including the degree to which it can supply and distribute educational services justly, and use that just delivery of services to achieve both practical results for the society as a whole (economic development), and a more just society that ensures that each individual born and raised in the society has a significant, unbiased opportunity to become successful in their own terms, and in the eyes of society. And, adoption of the second perspective focuses one's attention on the important question of what tools society as a whole acting with and through government might deploy to nudge the national educational system to higher levels of performance in the short and long run.

Much of our thinking about how to improve the performance of the national education system turns to the question of whether the system should be public and rely on public (state) funding and production, or private and rely on private funding (tuitions) and production (privately owned and operated schools). This question is often also associated with the question of whether one would like a system that gives parents and students little choice about educational suppliers (the public system that directs students to particular schools), or one that provides lots of choice (the private system that allows parents and students to choose from among many different suppliers). These simple dichotomies are fuel for sharp ideological debate, but not much use in analyzing the structure, conduct, and performance of a nation's educational system.

The main reason such ideas are not helpful is that they do not describe the reality of most national educational systems. As we have seen, most national systems are mixed systems: mixed in the sources of financing, mixed in the ownership and operation of educational service providers; mixed in terms of the level and kind of regulation that states impose on different kinds of educational suppliers; and most importantly, perhaps, mixed in terms of the socially designated important arbiter of value – individual consumers of educational services, society as a whole trying to produce aggregate results in the wider society through an educational system that is both publicly regulated and supported on the supply and demand side, and the volunteers and professional educators who make it their mission to achieve particular educational results for individuals and the wider society scraping together what resources they can from multiple sources. The important question, then, is not whether to be public, private, or volunteer; nor is it whether to shift more in one direction or another. It is, instead, to try to figure out what particular instruments are available to the society acting through government to shape the national educational system–understanding that its aims are both to satisfy clients, to achieve equity in the distribution of services, and to achieve desired social outcomes using whatever assets are available to achieve those goals.

The Tools of Government to Shape Social Production/Consumption Systems to Create Public Value

Lester Salamon has done some important, pioneering work in setting out the wide array of different "tools" that government, acting for and with a society of individuals and voluntary associations, can use to shape social production systems and social outcomes. Table 2 presents an ordered list of the tools he has identified that governments now use to pursue social outcomes.

Table 2. Tools of Government (Salamon)

1. Direct Government Financing and Production
2. Government Corporations and Governmental Sponsored Enterprises
3. Economic Regulation
4. Social Regulation
5. Government Insurance
6. Public Information
7. Corrective Taxes and Tradable Permits
8. Contracting
9. Purchase of Service Contracting
10. Grants
11. Loans and Loan Guarantees
12. Tax Expenditure
13. Vouchers
14. Tort Liability

A related, but somewhat different approach, has sought to identify the particular assets that government brings to the task of mobilizing and deploying collective efforts to deal with public problems. Moore, for example, suggests that governments acting through agencies led by public managers typically use two key assets: money on one hand, and authority on the other. Moore also notes that there is a soft kind of authority that can be understood as moral suasion – or the use of the state to remind individual members of the society about a duty that they might have to make certain kinds of contributions to the public good. Goldsmith describes this as rhetoric. O'Hare has developed a very simple framework that associates the different assets

of government (direct expenditures, tax incentives, regulatory authority, and information) in 4 paired concepts assets to identify 8 quite distinct instruments of government influence over collective action designed to achieve social goals. This is presented as Table 3.

Table 3: A Typology of Government Action (O'Hare)

Assets of government	**Paired instruments of influence**
Direct expenditures	Make ↔ Buy
Tax incentives	Tax ↔ Subsidize
Regulatory authority	Oblige ↔ Prohibit
Information	Implore ↔ Inform

It seems potentially useful to combine these different approaches in an effort to name both the assets deployed by government, and the particular ways they are deployed to present a table that is both relatively comprehensive, and analytically differentiated. This is presented as Table 4.

Table 4: An Integrated Set of Tools of Government for Shaping Social Action

Direct Government (Government Financed, Government Produced, Direct Accountability to Legislature via budget authority and oversight)
Using Tax Dollars to Buy Directly or More Generally Encourage Public Activities and Purposes Contracting Out Purchase of Service Contracting Grants Vouchers Loans Loan Guarantees Public Insurance Tax Expenditures
Using Government Authority to Advance Public Activities and Purposes Tort Liability Social Regulation Economic Regulation Criminal Law Enforcement
Using Information and Moral Suasion to Achieve Social Results The Bully Pulpit and Jawboning Public Sector Marketing Mandating or Directly Providing Information to Promote Transparency to Stakeholders

What is important to see in these different conceptions is just how many different levers national governments can use in seeking to push a national educational system towards improve performance in both the short and long run. It is also important to note that most produce results not directly and certainly through the direct deployment of assets in specifically designed production systems, but instead through a broad, more or less consistent, and more or less exacting set of influences brought to bear on largely independent social actors – both private collectives, and private individuals. We are not talking exactly about a hidden hand of government (though it is true that many of the tools described above operate well below the radar screen of public commentary and common discourse,) but these tools are not necessarily the heavy hand of government either (though some can get pretty heavy and pretty exacting!) What we are looking at is something that might be described as the lightly guiding hand of government that seeks to take advantage of the energy and accommodate the diversity of a society while nudging it towards goals that are widely endorsed as publicly as well as privately, and collectively as well as individually, valuable.

Towards a Strategy for Improving the Performance of National Educational Systems

Having named and identified these tools that can be wielded by a national government to affect a national educational system, the next steps, of course, would be to make a strategic calculation of how they might best be used to achieve the desired social results. I would humbly suggest that this analysis is currently beyond our analytic and empirical capacity. We simply do not know enough about how the structure, conduct and performance of a national education system could be affected by these tools. Even more importantly, societies may still be uncertain about what goals they are trying to achieve through the national educational system, and how much the society as a whole, acting through private and public institutions is willing to stake on the effort when there are other important private and public purposes to be pursued.

For what it's worth, the effort to explore the possibilities through this line of analysis would start with all the following understandings:

- The goals of a national educational system are not limited to satisfying the clients of educational suppliers in that system; they are linked to achieving important social level outcomes valued by individuals acting as members of a collective as well as satisfying individual clients.

- The goals of a national educational system can include achieving material benefits for individuals (such as improved economic prospects), or achieving material benefits for the wider society (such as enhanced economic development); but they also include achieving ideas about justice and equity both in the delivery of educational services, and in the creation of a just as well as prosperous society.

- The goals of the national educational system can focus on different populations (or market segments) of potential learners ranging from toddlers through young adults to the aging, but can be viewed as including all potential learners either as individuals whose education is directly valued, or as individuals who can support the individual efforts and create a social climate in which other learners are motivated and find it easier to learn.

- The aims of national educational system can be narrowly focused on academic goals such as literacy and numeracy, or broader and more relevant analytic skills associated with practical problem solving, or with the development of character and values that can help individuals become economically independent, socially reliable and tolerant, and engaged loyal citizens. (Regardless of the focus, one must keep in mind that educational services are producing effects in all these domains even if they are not being specifically targeted by particular educational products and services.)

- Support for, and demands on, the educational system come from private commercial, private voluntary, and public sources. The overall level, content, and direction of these drivers and enablers of system level performance can be influenced by public policy choices about how to use the instruments of government.

- Capacities to meet the wants, needs, rights, and obligations of potential learners will come from many different suppliers: public, nonprofit, and commercial schools; suppliers of labor and materials to the schools; informal educational services and influences that exist beyond the boundaries of schools; etc.

- The greatest challenge of improving national educational systems in the past has been extending access to services – particular to children aged 5-16. That challenge remains. But the larger challenge of ensuring that access to education leads to sustained improvement in achieving individual educational goals and the larger social objectives that justify the public investment in education has now become urgent.

- Fortunately, the mixed character of the supply system will generate variety in what is actually distributed to potential learners. That variety is practically useful in meeting the demands of differently placed learners. But the variety is also useful in creating the experimental conditions in which the society can learn from its own experience.

- The difficulty is that, in order for this variety to be useful, there has to be some reliable way of capturing information about the performance of the variants with respect to different individually and collectively defined purposes, and then to encourage the diffusion of good practices and the abandonment of the outmoded.

In the end, the greatest issue before us is not whether a particular system will be public or private, or even whether it will be more public or more private than it now is. The real issue is whether we can figure out how to wiggle the tools of government to build a large, high quality educational system that can meet individual and social aspirations tolerably well in the short run, but continue to learn and grow over the longer run. That is the challenge to national governments: to figure out how to use the tools of governance to build a national educational system that can learn by doing, and by talking about what is valuable that is being produced.

Appendix 1:

On the Problem of Distinguishing Demand From Supply

in National Educational Systems

Note that in discussing the "demand" for education, we began with sources of financing for the costs of education. That analysis began with the willingness of educational consumers to buy educational services at their own expense. The analysis then proceeded to the willingness of governments to use tax dollars to cover the costs of education that were then provided free of charge to parents and students. But as we crossed the line from individual private demand to government financing of education, we also crossed a line that divided demand from supply.

Government can, of course, support the individual demand for education with public dollars either through a formal voucher system that provides each individual who has been collectively determined to be eligible for publicly provided educational services with a specified amount of money to be spent specifically on educational services, or through a system that allows parents to choose what school their children will attend, and then pays schools directly for the number of children whom they educate. In both cases, government is acting principally on the economic demand side of the educational system.

But in most places, government has also come into the educational system on the supply side as well as the demand side. They have not only come up with the money to pay for the costs of educational services for a particular group of eligible students, they have *also built and managed the supply capacity to provide the required services*. In some cases they have allowed parents to choose which of the public schools their children attended. But in other cases they have used an administrative system to assign children to particular schools based on criteria established by the school administrations. These criteria included such attributes as the proximity of the school to student residences, the needs and expressed talents of the students as evaluated by educational professionals, and sometimes other economic, social, or cultural characteristics to ensure either relative homogeneity or heterogeneity in the population of students attending particular schools. But what they did not allow was widespread choice about which among many different public schools a child would attend.

Government also acts on the supply side by regulating educational suppliers that are not owned and operated by government. These include charter schools which are privately owned and operated, but financed through government funding; nonprofit independent schools supported by a mix of charitable contributions by alumni and tuitions; parochial schools that are independently owned and operated, and financed with charitable contributions of money and time; and community and home schooling activities with varying degrees of formality and different financing arrangements. There are also some fully independent for-profit entities as

well, usually but not always operating as supplements to other educational services rather than carrying the full burden of the educational effort.

In these situations, government is acting on both the demand and supply side of the system. It acts on the demand side by requiring children to attend school, providing funding for the provision of educational services, and directing students to particular schools. It operates on the supply side by creating schools that are owned and operated by the government, and is subject to many general policies guiding the administration and operations of government agencies.

The same effect occurs when we shift to the other third party payers – the philanthropists, the voluntary associations, and the legions of small scale volunteers contributing time and money to the education of children. Some of their contributions go directly to the consumers of educational services in the form of scholarships of different kinds. But much of this money, and much of this form of material resource, goes to the schools that are on the supply side rather than the individuals on the demand side. Voluntary associations not only finance but also establish and operated schools that are closely aligned with their religious and cultural values, and then make them available for free or at subsidized prices to students who wish to be a part of that particular religious or cultural tradition. Philanthropists also support schools that they believe can deliver a more valuable educational product at a lower cost than those that currently exist, and that these schools eventually scale to reach a large portion of the educational demand through either market or governmental financing. And, much of the large volume of small contributions is organized not by students seeking funding for their schooling, but by schools seeking to improve the quality of their performance, and bind themselves more closely to parents, taxpayers, and citizens in their communities.

The fact that third party payers take an interest in the overall level and distribution of consumption of educational services, and participate actively on the supply side as well as the demand side, means that some of the usual ways we think about the organization of market sectors, or organizational fields has to be modified a when we think about national school systems. One way to think about this is in terms of a market that is being heavily influenced by the influence of government operating as a producer, regulator, and financer of a large portion of the educational production that occurs in a society. The other way to think about it is to see the educational system as a social production system that is being supported and guided by government policies that has some important market elements.

The critical difference between these two perspectives can be seen partly in the question of who is paying for the services, and who is producing them. But a closely related way to think about this is the question of which actors are seen as the appropriate *arbiters of the value* being produced by and reflected in the overall organization and operation of the national

school system. If one is a liberal, free market advocate, one tends to see individuals as the appropriate arbiters of value, even when they are not paying, and even when the society as a whole seems to have some interests it seeks to advance beyond the satisfaction of individual client demand – a result that taxpayers and citizens might be willing to pay for. If one has a more social welfare or justice or communitarian streak, it seems more appropriate to see the educational system as a collectively organized production system in which individuals are important consumers of a largely publicly financed service, and which seeks to advance aggregate social goals such as equal opportunity, or economic development, or the cultivation of citizens who can function well in a given national economy, society, and polity.

The question of who is the appropriate arbiter of the value of a national education system is closely tied to the question of what the overall goals of the system are or should be, and the criteria we use for measuring the performance of the system. One useful way to think about this issue is to consider the different ways we could talk about the "demand" for education, or more broadly, what values individual citizens of a national society and polity would like to see achieved by and reflected in the overall operations and performance of the national school system.

To many, the national education system exists to satisfy the individual wants of parents and students. This is consistent with viewing the system as a kind of market whose aim is to satisfy the diverse desires of its client population. The touchstone of value creation is whether the clients are satisfied.

To others, however, and particularly the third party payers who seek to achieve social outcomes above and beyond the satisfaction of individual clients, the goal of the national education system is to fulfill the needs and vindicate the rights of individuals in the society. What typically engages third party payers in the form of voluntary contributors and government is the view that some particular goods and services should not be produced strictly in terms of consumer desires and ability to pay, but instead in terms of what individuals in society need, and what they are justly entitled to receive, and what they are justly obligated to do.

In this conception, individual wants are distinguished from what are recognized as individual needs, rights, and duties. Individuals are responsible for satisfying their wants. Third parties in the form of voluntary donors and government take the satisfaction of individual needs, the vindication of individual rights, and the imposition of individual duties as their tasks. Individual preferences and individual responsibilities in the satisfaction of wants, become collectively defined needs, rights, and duties which third parties take responsibility for providing regardless of either the individual's ability to pay, or even the individual's desire to have the needs satisfied, the rights vindicated, or the duties imposed!

On this view, the aggregate demand for education consists not only of individual wants for themselves, but also the desires of the wider society to meet needs, vindicate rights, and impose duties associated with a vision of a good and just society. Note that this vision of a good and just society can be individually held. Such individual views are presumably what fuels volunteerism. But the views of a good and just society can also be collectively held, and expressed through both collective civic action, and through politics, policy advocacy, and public policy that scoops up and guides the use of state assets to particular purposes.

Table 1 presented above (page 16) lays out the distinction between the idea of individual and collective valuations, and between the idea of valuing one's own material well-being on one hand, and valuing the welfare of others through altruism, a sense of duty, or a vision of what a good and just society would provide to its citizens and require of them. Where education fits in all this is that educational services and the results of those services are valued by individual citizens, and by society as a whole not strictly in terms of whether education is good for them economically, but also whether the educational system as a whole is working to satisfy their individually held and collectively expressed ideas about how the national educational system should satisfy the wants, meet the needs, vindicate the rights, and achieve the ends of producing a good and just society.

The important implications of these observations is that the aggregate demand for education includes individuals with wants, needs, and rights to education who are willing and able to purchase education for themselves, but also includes third party payers who are willing to spend their resources to provide education to others than themselves. As noted above, they make these contributions with different aims, and different restrictions. But the point is that the demand for education has this large overlay of third party payers whose willingness to provide educational services to others profoundly changes the overall level and distribution of educational demand in the society.

This point gains additional significance when we realize that the government also uses its authority to require individuals to provide an education, and when it gives all individuals rights to education. The first stimulates individual demand and channels individuals into some kind of educational activity whether it be private or public, low quality or high. The second tries to establish some kind of floor for educational services that ensures that everyone gets some level of education regardless of their ability or willingness to pay.

Regardless of which perspective one prefers to adopt, the underlying reality of national educational systems throughout the world is that they are mixed systems. They are mixed in the sense that they rely on private, philanthropic and public financing; mixed in the sense that they rely on producers from the commercial, private sector, the voluntary nonprofit sector; and, perhaps most importantly, mixed in the sense that the systems produce results and are

evaluated both in terms of private individuals who benefit directly and indirectly from the system, and their impact on the overall prosperity, sociability, and justice of a given society, and therefore an object of civic and political discourse, and governmental action.

Appendix 2

Glossary of Terms

National Educational System

Individual Educational Status

National Educational Policies

Government Educational Policies

Public School System

Potential Learners/Latent Individual Wants and Needs for Education

Access to Educational Services

Suppliers of Educational Services

Schools

Private v. Public Schools

Educational Outcomes

Social Outcomes of Educational Efforts

Wants, Needs, Rights and Obligations for Educational Services

Basic Educational Services

Core Educational Results

Home Schooling

Religious Schools

Charter Schools

For-Profit Educational Suppliers

Nonprofit Educational Suppliers

Citizens

Clients

Residents

Demand for Education

Private, Individual Demand for Educational Services (and Outcomes)

Public, Collective Demand for Educational Services (and Outcomes)

Behaviorally, Normatively, Practically, Philosophically

Public Good

Arbiter of Value

Consumer Sovereignty

Pareto Optimality

Merit Goods

Equity

Public

We