

## **What Happens Next – Sunday January 24, 2021**

### **Despising Presidents, Orwell, Schools, and Markets (Labor, Shoes and SPACs)**

#### **William Fischel**

Larry Bernstein:

We're going to move on to our next speaker, Bill Fischel, who is Professor of Economics and Professor of Legal Studies Emeritus at Dartmouth. Bill, go ahead.

William Fischel:

This is Bill Fischel. I'm going to talk about the book I wrote almost a decade ago called, *Making the Grade*, and it's actually a little bit offbeat. It makes you sound like it's going to be about educational theory and it's really about school districts. I became an institutional theorist and wanted to know why America has school districts and what they do and how they function. America has 13,000 school districts. That's down a lot from the 1920s when we had about 200,000, most of them, one room schools, and the three points that I want to make in my six minutes here, which I actually should actually start are that our school system is a standardized system of education across a very large nation. The standardized system of education is relatively unspecialized. I want to make it the case that that's a good thing. It's a big country. We have lots of mobility.

My second point is that this system, our public schools, which are more or less interchangeable, did not resolve from central direction, but were rather a kind of Smithian and a spontaneous order. They evolve efficiently, or at least they evolved, you may disagree about the efficiency, without much central direction. It wasn't about Horace Mann.

And third, my point is that we looked at school districts. The reason we kind of like our school districts and we like our local schools is not just because of education for children, but because of the social capital they generate for adults. So, let me unpack those three points here. Schools are standardized, and you can say that they're mediocre because they're standardized. That doesn't necessarily happen to be the case. Japan has very specialized schools, essentially directed curriculum, and it's nearly impossible for a Japanese family, socially at least it's impossible for a Japanese family to change schools. I interviewed some people at Dartmouth about this a few years ago, and one had actually come to Dartmouth with his kids. He told me that he was going back, shortcutting his experience here because he needed to put his kids in school in April. That's when of the Japanese schools start at the time of the cherry blossoms. He also said something or pointed me to some literature about re-entry to Japanese schools.

If you get out of a Japanese school, it is very difficult to get back into it, to get back into the swing. They're a highly specialized curriculum and have culturally specific curriculum. He

worried that his kids who were learning English in America would be corrected for their bad English by Japanese teachers of English, because they have a highly specialized way of teaching English, which is why you can understand Japanese people very well. So, our standardized system doesn't impose a national curriculum on people, but it is standardized enough that you can, I did this, take your second grader out of school in New Hampshire and enroll them in a school in Santa Barbara, California, and expect that second grade is going to be second grade, and it was. Did the same thing in eighth grade. My kid might hate me for this, taking him out of school in seventh grade and starting him in eighth grade in Berkeley, California and he fit right in.

So that's a good thing because it allows me as a college professor or allowed anybody who wanted to change your job to drag their kids along with them, put them into schools, and start them off. So, standardization and not too specialized a curriculum is a good thing.

An example of spontaneous order, they evolved without central direction. When we think about 200,000 school districts evolving into a 13,000 school district we have now. It really involved a huge switch in technology. The one room school was a low-tech system that was very well adapted for the circumstances of rural America when kids couldn't go to school continuously. So, they went to school when they could, they were put in recitation group and the recitation groups were very heterogeneous with respect to age. They didn't have a standard for a second, third grade. The one room school was just recitation groups, which you could come in and come out of. That was great for learning reading, writing, and arithmetic, literally, but that's all you could learn. The teacher did not have enough time to teach people more than that.

Once high school education became a big deal as Claudia Goldin and Larry Katz described in their book about education. In around 1900, this was a huge payoff for American kids and people wanted high schools. This required consolidation of schools, getting rid of one room schools, and the motivation for that was not because Horace Mann thought it was a good idea. Horace Mann barely ever got what he wanted. It was because parents of children wanted that kind of schools.

What else was advantageous for American schools?

They provide social capital for parents. When you move into a new community, talking about mobility again, and you buy a house or live in an apartment in a neighborhood, you hardly know anybody outside of work. Then you'll have kids and you'll send them to the school and you'll know everybody. The evidence for this is what I call the bobble-head effect. I would give this in seminars with young professionals who have just moved from one place to another and they all go, "Yeah, that's exactly right." So that's my evidence on social capital. You get to know people in your community and the social capital is useful for providing public goods in local government. Thank you.