

Distribution of education

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1 Why the individual invests in education

In this section, I will consider the reasons behind the individual's choices concerning education. I will consider individuals as non-envious, non-altruistic beings interested in their own well-being – in short what John Rawls (1971) would call “mutually disinterested”. For these people education makes sense because it leads to a competitive advantage in the labour market. The individual will try to get an adequate education *relative to others*, to beat them in the labour market.

Like other goods, education comes in different quantities and qualities. Roughly, one might say that higher quality of education means higher income, when the length of education is equal. In most rich countries, almost everyone completes primary and secondary education (UNESCO 2006, p. 21). This means the only possible competitive advantage in primary and secondary education is on quality. But what is quality in education? From a national perspective, this is a hard question to answer. From the individual's perspective we can get away with a simpler definition: Quality in education is how much competitive advantage this education gives an individual, compared to similar educations of equal length.¹

I will assume that you can buy this quality; that a more expensive education means higher quality. Even if we cannot see any difference in the education given in public and state schools, we get this effect through our definition of quality as competitive advantage in the labour market. Because of the definition, the quality of education is in the end fixed by the *employers*, not by any intrinsic quality in the schooling itself. And employers would normally hire the young man from the rich public school instead of the young girl from the state school.

That leads us to a conclusion: The individual's choice of education is an investment, and the value of the investment is the discounted value of the increased wage expected from that education. If the invested education leads to ΔY more income per year, the education is worth

$$\sum_{t=1}^n \frac{\Delta Y_t}{(1+r)^t}$$

¹What about being able to pick an education that fits the child better? Would that be a real quality improvement (that is: in terms of knowledge achieved, not competitive advantage achieved) derived from the existence of public schools for different children? Maybe, but I will not consider it here for two reasons: i) If this improvement exists, that would reflect upon the quality as defined; and ii) many people argue that separation into different “kinds” of children might be limiting the social learning of the children, leading to a reduction instead of an improvement in quality.

where $t = 1$ is the first year after secondary school, n is the expected number of working years and r is the real interest rate.²

But another conclusion is this: An education of quality q is worth less if someone else gets an education with $q' > q$. In other words: it is in my immediate self-interest to prevent others from getting an education.

2 Why the nation invests in education

There is little doubt that education is of great importance to the development of nations. On a national level, there is a clear correlation between a high standard of living and good schools. A five-year-old in an OECD country will on average get more than 17 years of education, while in a middle-income country³ the “school life expectancy” is only 14 years. (UNESCO 2006, p.88)

On a national level, high level of education means higher productivity. But education comes at a cost from two sources. First of all, more education means more teachers and school buildings. Secondly, longer education means people will wait longer before they start contributing to society through productive work.⁴

But there is also a third view. In the long run, high levels of education is important to innovation, science and development. Even if high GDP in the short run leads to a better standard of living, science is the key to long-term improvements in everything; from health care through home appliances to productivity.

3 Organisation of primary and secondary education

The purpose of this paper is to discuss the organisation of primary and secondary education in light of utilitarianism and a Rawlsian viewpoint. The difference between the individual’s interest and society’s interest will be treated as the central difference between the two. From now on, I will refer to primary and secondary education as “education”.

First of all: consider the difference in evaluation of education between individuals and the state. For the individual, only quality matters. The length of education is fixed. For the state, only length matters. The state fixes the length. In addition, cost matters. But quality as we defined it – within certain limits – does hardly matter at all.

When education is free, and everyone attends this free, government-paid education, quality and length is equal. The system would be redistributing wealth from families with no kids towards families with many kids. With progressive or proportional taxation, it would redistribute from families with high incomes to families with low incomes. It is a inequality averse system.

²This discounting formula is adapted from the more general income discounting formula in Bojer (2003, p. 75)

³The countries participating in the World Education Indicators programme of UNESCO; namely Argentina, Brazil, Chile, China, Egypt, India, Indonesia, Jamaica, Jordan, Malaysia, Paraguay, Peru, the Philippines, the Russian Federation, Sri Lanka, Thailand, Tunisia, Uruguay and Zimbabwe.

⁴I will note here that for higher education, this means it is not always rational for a society to go for the longest possible education for its citizens. For primary and secondary education, this worry does not apply.

What happens if some people attend public schools?⁵ The families with children in public schools are still redistributing income to families in state schools. They are, in a way, paying for something they do not use. But if their investment is rational, they are getting back more than they are spending. This can only be translated back to larger inequality in the future.

How does the government cope? It does still get the tax from the public-school-attending families, but it does not have to pay for the education of the child. Still presuming the state does not perform any transfers to the public schools, they are getting a good deal. If the government generally performs equalizing acts, this means the excess money would be spent on something that brings greater equality.

How would our theories of justice consider these effects?

3.1 Utilitarianism

Utilitarianism/welfarism is satisfied as long as the sum of utilities increase through the redistribution of goods. Utility, defined as lifetime income, does indeed increase for the individual going to a public school. Presumably, it must be decreased equally for someone else (as they are competing for the same jobs). The net effect is 0. In the meantime, the family has spent money on education while paying for the government-paid schools, which means it has less utility from other things than they could have had. This money does instead go to the government.

Whether this is positive or not, depends on whether the government or the family would generate more utility from the money not spent on educating the family's child. In general, it can be assumed that the government will do so, because it is generally inclined to distribute goods to low-income families with very high marginal utilities. There is no guarantee to this, though. In particular, demands for tax cuts might increase if many people do not use state schools. Such tax cuts would, again in general, work in the opposite direction.

From a utilitarian point of view, private education should be allowed because it frees up wealth to be spent on people with higher marginal utilities. If, for some reason, this is not the effect, society is better off with no private education.'

3.2 Rawlsian social contract and difference principle

The Rawlsian social contract is the hypothetical contract made between the individuals behind the veil of ignorance. The difference principle is the principle that every diversion from equal distribution must benefit the poorest group in society (or all members of society).

First: the social contract. It seems likely, from the above discussion, that a rational social contract won't allow wasting resources on a non-fruitful competition between equally good educational institutions. The competition is similar to an arms race, where the only way to win is that everyone stops playing. However, the social contract might allow private schooling for one reason: The choice of education is an important part of choosing your plan of life.

It is not clear, however, that the social contract will include private schooling. There are many important objections. First of all, primary and secondary education is chosen by your parents, not

⁵We assume the public schools to be paid for through tuition, without any government transfers.

yourself. Behind the veil of ignorance, people would go for solutions that allow as many possible plans of life as possible, and a general, government-funded education would keep more possibilities open than a sectarian, private one.

Secondly, it is the matter of blocking other's paths. Even if choosing a "good", private education keeps a lot of occupational options open, you are also closing those options for people with more modest occupations. Hoping that you would be one of the rich people is, at least in today's societies, high-risk gambling. As long as the existence of private schooling would be bad for most people's odds of getting a well-paid job, it would not be a part of a social contract.

Thirdly, allowing private schooling is clearly a diversion from equal distribution. Rawls argues that such a diversion is only going to be accepted if everyone gains from it. (John Rawls 1971) It is not clear how everyone gains from the existence of private schooling. There are two paths to that conclusion, but I believe both are flawed:

1. If we extend the reasons individuals have for choosing private schools to include personal preferences and differences in style of learning, it might be concluded that everyone will learn more if everyone had private schooling. This learning could lead to general increases in living standard or higher aggregated income (a "bigger pie").

It is difficult to agree with the most important premise in this argument. It is far from clear that people choose schools based on which school fits their learning style best. They choose based on which school has the best reputation. This premise also ignores the positive effect of having state schools where everyone meets every part of society.

2. Private schooling works as some kind of extra-tax on the rich, because they keep paying for state schools while paying extra for their own children's education. I have already rejected this idea because it i) requires rich people to be irrational and ii) presumes tax level is not affected by the fact that less people use state schools.

All these objections considered, one might still maintain that picking the exact education for your child is one of the basic liberties – that it is a crucial part of choosing your own plan of life. But Rawls presents another argument against private schooling:

Social and economic inequalities are to be arranged so that:

- a) they are to be of the greatest benefit to the least-advantaged members of society (the *difference principle*).
- b) offices and positions must be open to everyone under conditions of *fair equality of opportunity*.

(John Rawls 1971, p.303)

Clause b) is to be understood broadly and extensively, which means that positions requiring certain kinds of education are only allowed if those kinds of education are open to everyone, regardless of position in the society, although not regardless of talent. This means that the quality differences between

schools are not allowed to be tie-breakers when hiring people – and that means $\Delta Y = 0$, which means no-one will choose private schools.

From a Rawlsian view, education is a good that should be distributed equally, and the only way to do so is through government-paid schools.

References

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