

School choice

Hugo Harari-Kermadec
Université d'Orléans & ERCAE

M2 EPOG+

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School choice : origin & definition

Friedman (1955) *The Role of Government in Education*

“The general trend in our times toward increasing intervention by the state in economic affairs has led to [...] an acceptance of whatever intervention [...] as natural and unchangeable.”

Friedman proposes vouchers (public money to subsidized education spending) for basic education (aiming for externalities and citizenship) and to fuel competition.

Regulate religious school too.

In practice:

limited vouchers 10% of pupils in poor neighbourhoods: Colombia, USA.

generalized vouchers Chile, Sweden, France.

Economists leave the subject for a while to jurists and politicians, mainly about justice (race, gender)

Redefinition

Economists strike back, on labour spacial segregation: it might impact growth (through Solow models and Human capital) or aggregate utility.

If diversity improves human capital production, it might be economically sound, and not only juridically fair.

Hoxby (2004)

“economists have worked on choice, their areas of ignorance and confusion have narrowed enormously”

Peers effect

Peers effect, if they exist, justify to regulate the school market to increase productivity. Equality is not the goal, it's the global human capital.

Huge econometric issues: selection bias (social origin is correlated to peer effect as well as other aspect of human capital) and endogeneity: I impact the group that impacts me. How to estimate the peer effect net of my effect?

Empirical results.

- Zimmerman (2003) Roommate effect (SAT scores) in US dorms, but stronger in humanities than in maths
- Hoxby 2000 Strong peer effects (15% to 40% of mean increase transfers to each pupil).

Vouchers

Are vouchers a way to “liberate” school affectation and increase choice?

Epple & Romano (1998)

In practice, vouchers increase the private sector, the segregation and top pupils performance.

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Tracking:

peer effect or teacher’s attention effect?

Random trials: Duflo, Dupas & Kremer (2011)

Grouping pupils by level, improves everyone results (because teachers tend to focus on the best students, having a more homogeneous class is better for the worst) At least in Kenya in primary schools.

Busing

In Boston (Angrist & Lang, 2002)

Moving poor black students to white neighbourhood.

Mean level of the destination school drops but not much effect on white pupils results.

No clear conclusion on peer effects.

In Toulouse (France) this year also.

General equilibrium

Hoxby (2004)

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- ⇒ spatial segregation (assuming a rigid school map)
- justified by peer effects

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- housing prices as indirect prices of education
- ⇒ spatial segregation (assuming a rigid school map)
- justified by peer effects
 - But social segregation also has other causes.
 - In practice, models suppose a lower interest for education by poor agents

Housing \Rightarrow school choice

Housing segregation leads to school segregation
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USA: minimal public funding is mandatory. Fernandez & Rogerson (1998) estimate that an egalitarian funding would reduce inequalities and increase mean level.

Preference toward the private (Hoxby, 1994)

Competition from the private increases public education's quality (and public teachers income).

Through skimming? Through market competition?

School \Rightarrow housing

Fack & Grenet (2008)

School map in Paris have an impact (net of neighbourhood) on housing prices, about 2% of the price much less than 20% that are estimated if you don't use continuity breaks.

