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The Adam Smith Institute Blog

No correlation between education funding and student performance

Looking to improve student performance, the government has increased education funding dramatically since 1970. However, analysis by the Cato institute indicates no improvement.



Looking to increase student performance, the government has been increasing education funding dramatically since 1970, but the Cato Institute says it is to no avail.

Seth Perlman/AP

By Nikhil Arora, Guest blogger / April 28, 2010

One of the most telling statistics I have ever seen in the debate on education can be seen here at the Cato Institute's website. School spending in America since the 1970s has increased dramatically – vastly outstripping inflation, whilst standards have flat-lined. Totally, completely, utterly flat-lined.

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The Adam Smith Institute

The Adam Smith Institute is the UK's leading innovator of free-market economic and social policies. Politically independent and non-profit, the Institute promotes its ideas through reports, briefings, events, media appearances, and its website and blog.

There is simply no correlation between school spending from government (and in the USA, that is Federal AND State/Local) and student achievement. Where there is a correlation, it is between government spending and the number of people employed in the education sector, which really shouldn't surprise anyone. It might, or might not be a coincidence that all parties are promising more school spending at the same time that teachers are threatening not to mark any SATS tests, and their unions are gearing up for strikes. After all, as Sir Humphrey Appleby once explained, The Department

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of Education exists to lobby on behalf of the teachers unions, not to educate the children of Britain.

What we need is not more money – that will achieve nothing. What we really need, as I have also argued with regards to social security and healthcare, is for the money to be channeled through consumers – the people who actually use the services. Education spending per pupil in the UK for 2008/9 was £5,140. If parents controlled this money, and schools had to compete for their share, outcomes could be improved dramatically. Current spending equates to an average spend per class in secondary schools of over £110,000 p.a. Can anyone honestly look me in the eye and tell me the private sector couldn't run a better school for that money?

The welfare state, in its top-down form in which money and control are centralized in Whitehall, is failing miserably. If we, as small 'l' liberals and libertarians accept the political necessity of redistributive taxation (even if only as part of a transition toward a minarchist state) we should at least argue that the redistribution should be kept as simple and direct as possible. Giving money directly to parents and deregulating the education sector would be a good start, but merely throwing money at the problems that currently exist wont make them go away.

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