

MICROECONOMICS AT WORK EXERCISE

THE EXERCISE OF VOTES IN THE MARKET

REFERENCE: ‘School vouchers — giving power back to parents’ (by John Ballantyne), *News Weekly*, 31 July 2004, pp. 12–13.

CHAPTERS RELEVANT TO THIS EXERCISE: 3, 7, 15.

OVERVIEW

Secondary education is a ‘product’ that has elements of both a *private* good (one that confers benefits on those who buy it — in practice, parents for their children) and a *public* good (one that confers benefits on society generally). There is a strong argument for secondary education to be provided, by governments, to everyone, and to be funded — at least in part — by taxpayers generally. However, some parents have chosen to spend money (in *addition* to what they effectively spend on government schools through their taxes) on sending their children to schools *other* than those funded by the government (i.e. to ‘private’, or ‘independent’, schools). Two related questions arise from this: To what extent should governments provide financial assistance (‘state-aid’) to non-government schools? What is the desirability of giving parents financial assistance (in the form of ‘vouchers’) to send their children to non-government schools if they wish? The article focuses on the second question.

QUESTIONS

1. Why do some parents choose (even in the absence of financial assistance) to send their children to private schools rather than take advantage of the ‘free’ schooling provided by government schools?
2. How would a ‘voucher’ system of the sort discussed work?
3. In what ways can the issue be said to relate to the issues of ‘accountability’ and ‘freedom of choice’?
4. How is the proposed system said to work in favour of low-income earners (‘poorer families’)?

5. What are the principal arguments and forces working *against* the adoption of a voucher system?
6. In what ways (if any) do you see this (economic) question being influenced by ideological considerations?