

middlclassfightsback.org

# The Middle Class Fights Back

---

*How Progressive Movements  
Can Restore Democracy in  
America*

**BRIAN D'AGOSTINO**

**New Trends and Ideas in American Politics**

*Raymond A. Smith and Jon Rynn, Series Editors*

 **PRAEGER** (2012)

AN IMPRINT OF ABC-CLIO, LLC

Santa Barbara, California • Denver, Colorado • Oxford, England

# Contents

Series Foreword	ix
Acknowledgments	xi
Introduction	xiii
<b>PART I: ~ HOW THE RICH RULE</b>	<b>1</b>
1 ~ The National Security Scam	3
2 ~ The Attack on Wages and Benefits	29
3 ~ School Reform and Other Diversions	55
4 ~ The Attack on Government	83
<b>PART II: ~ THE NEW PROGRESSIVE AGENDA</b>	<b>95</b>
5 ~ Government for the People	97
6 ~ Markets without Capitalism	129
7 ~ Unleashing Minds and Brains	143
8 ~ Renewing Democracy	159
Appendix: Psychology of the Radical Right	169
Bibliography	177
Index	00

# CHAPTER 3

## School Reform and Other Diversions

---

### INTRODUCTION

The national security, postindustrial, and neoliberal belief systems promised national greatness and ever-increasing prosperity. For more than three decades, however, there has been a growing chasm between these promises and the actual economic fortunes of tens of millions of Americans. Mass discontent increasingly threatens the plausibility of these ideologies and the state capitalist power structure they legitimize. Corporate elites deflect this discontent from themselves and maintain the sacred-cow status of their capitalism-friendly policies by attributing national decline to scapegoats—especially unions, “government” (defined to exclude the national security state and corporate welfare), and a public education system that is allegedly failing to prepare America’s youth to compete in the global economy.

Further, through their ownership and control of vast media conglomerates, their domination of electoral politics and the state, and their influence over cultural institutions that depend on their philanthropy, America’s ruling class propagates this self-serving ideology of sacred cows and scapegoats deep into the consciousness of ordinary people. This is not to say that all the rich and powerful are engaged in deliberate propaganda, though some certainly are. Rather, as in past ages, ruling elites generally believe in the ideologies they propagate, which serve to simultaneously legitimize their power in the eyes of others and enable them to feel good about themselves. The Spanish conquistadores, for example, thought of themselves not as oppressors but rather as enlightened leaders bringing lost souls to Christ. Similarly, British imperialists

dwelt not on their appropriation of others' natural resources but instead on the "white man's burden" they were taking up.

So, too, most CEOs and other big power holders in America today do not think about the negative consequences of their policies for ordinary people. They no doubt believe their own ideology—that unions and government are impediments to the creation of wealth and that in clearing away these impediments they are promoting not only their own fortunes but also the prosperity of others. I begin this chapter with an important special case of such ideology—school reform neoliberalism—which holds that some communities are trapped in poverty not because capitalism is failing them but because incompetent teachers, protected by self-serving unions, are not providing the education that disadvantaged children need to succeed. That ideology is summed up in the 2010 film *Waiting for Superman*.<sup>1</sup> This same alleged failure of public education, according to the school reformers, is responsible for America's difficulties competing in the global economy.

Such beliefs about public education are widely held in the United States today. A front-page story in the *New York Times* titled "Teachers Wonder: Why the Heapings of Scorn?" (Gabriel 2011) elicited passionate letters to the editor from both critics and defenders. One reader wrote,

It is a mystery why teachers fail to understand the public perception. They do not work a full day, they have significant time off during the day, they have extensive vacation time, they can be granted tenure and they have a retirement benefits package that is the envy of all except top corporate executives. Any additional activity, like being a coach, club leader or adviser, is generally compensated.

---

1. The director of this film and its star Geoffrey Canada, like many well-intentioned social entrepreneurs in the field of school reform, have somehow managed to overlook the fact that the foreign countries they think are outperforming the United States academically typically have unionized teachers. What these countries do not have are the vast extremes of wealth and poverty and inequitable school funding that are common in the United States. *Waiting for Superman* dismisses the role of money with the observation that spending per student has gone up in recent decades while academic performance has not. But such aggregate statistics say nothing about which school districts benefited most from the increase in spending, how additional money in poor school districts was actually spent, and the increasing challenges faced by poor districts during this same period (Adler 2010). The film implies that affluent school districts spend their money frivolously, ignoring the well-established role of smaller class sizes in academic performance (Class Size Matters 2011; Krucger and Whitmore 2001; Mishel and Rothstein 2002). For a well-informed critique of *Waiting for Superman*, see the DVD *The Inconvenient Truth Behind Waiting for Superman* (Grassroots Education Movement 2011). See also D'Agostino (2012b).

Now don't get me wrong. The uniformed unions also have over-reaching benefits that need renegotiation. But it is the teachers with whom the public has the greatest contact and who regularly whine about how poorly treated they are and demand raises from struggling taxpayers on whose shoulders their compensation falls.

It is high time they wake up and begin to understand that they do not exist in a vacuum and that their ivory towers need a dose of reality.

Another reader gave the perspective of most teachers:

I wish that everyone who thinks that teachers are "glorified baby sitters" who go home at 3 o'clock could spend a week doing the job. For decades I have nagged my husband to quit teaching because I can't stand his 70-hour workweeks. As a New York City high school teacher, he has on average 170 students each day. That translates into 170 tests and essays to mark on a regular basis, on top of having to create two or three lesson plans for each day.

It's a rare person who can do this job well. It's exhausting, and when you add the lack of appreciation of teachers, there's little motivation for a new generation to take on this vital task. In fact, I've been telling our kids since they were born not to become teachers. Now, watching their dad, they've come to the same conclusion.

One reader encapsulated volumes of school reform literature in three sentences:

Why the heapings of scorn on teachers and the unions? One word: performance. Until student performance improves, all deals are off.

The current wave of "school reform" arose with neoliberalism in the 1980s and employs its free market discourse (Compton and Weiner 2008). My perspective on this subject has been shaped by more than 20 years of work experience as a college and high school teacher. In the 1990s, I completed a long and expensive doctoral program in political science at Columbia University. Twenty years earlier, I would have been virtually assured of a career as a college professor. By the time I entered the job market, however, there was an oversupply of PhDs, and universities were replacing tenured positions with part-time "adjunct" jobs, some of which I held while I was still completing my doctorate.

I then taught in New York City public high schools for 11 years. My salary and benefits as a unionized teacher enabled me to make payments

on my student loans and still remain in the middle class. Midway through my stint with the public school system, it was put under mayoral control. The city's billionaire mayor, Michael Bloomberg, chose as schools chancellor a former antitrust prosecutor and corporate lawyer, Joel Klein, whose lack of experience as an educator or schools administrator made him completely unqualified for the job.<sup>2</sup> But there was a method to Bloomberg's madness. The mayor saw the teacher's union as the primary obstacle to "reform," and Klein was well suited by temperament and professional skills to bust it.<sup>3</sup>

The implicit foundation of this antiunion agenda was a chain of reasoning that goes something like this: (1) New York's public schools are failing, (2) ineffective teachers are the single biggest reason for this failure, and (3) the teachers' union is protecting these ineffective teachers and is thus the single biggest obstacle to a quality education for all. Like the Bush administration's No Child Left Behind initiative, which had recently been enacted, Bloomberg's and Klein's school reform agenda was aggressively marketed as a bold plan to raise academic standards for all children. This would end what George W. Bush called the "soft bigotry of low expectations," which supposedly explained the "achievement gap" between affluent white and disadvantaged minority students. This same appeal to racial justice and equality would later characterize the Obama administration's Race to the Top, which made several billion dollars in federal grants and waivers from impossible federal mandates conditional on far-reaching, neoliberal school reform by the states.

The title of Bloomberg's and Klein's plan, "Children First," implied that public schools were failing because education professionals, including teachers' union and school district officials, were putting their own selfish agendas before the needs of the children they served. The ideology of disinterested school reformers rescuing children from the clutches of labor leaders, government bureaucrats, and other entrenched special interests legitimized the mayor's muscular agenda of remaking New

---

2. When Klein left in 2010–2011, Bloomberg appointed the equally unqualified Cathie Black, a publishing executive who lasted less than four months in the job. Klein went on to work for his good friend Rupert Murdoch, whose *New York Post* had supported his union-busting policies with a constant drumbeat of attacks on the United Federation of Teachers. In joining Murdoch's empire, Klein reportedly cashed in his public sector connections to pursue "entrepreneurial ventures that cater to the educational marketplace in which News Corporation could make seed investments" (Stelter and Arango 2010).

3. Bloomberg succeeded in undermining the union, at least for a time, but not in dismantling it. For a review of the mayor's school reform record, see D'Agostino (2009b).

York's public school system in the image of corporate America and the free market economy.

The current attack on teachers and teachers' unions—led by politicians, pundits, and wealthy businessmen across the political spectrum—is predicated on an assumption that is apparently uncontroversial: that American public education as an institution is, in fact, performing badly. School reformers have invested this assumption with a kind of moral authority such that anyone who has a more complex picture of what is actually going on in American schools is immediately suspect of being somehow dishonest or trying to get away with something, of protecting and excusing arrangements that are self-evidently bad.

Armed with this assumption and girded with its moral authority, school reformers press their indictment of public education without having to justify what is in fact a simplistic set of answers to questions that are far from simple and that merit an informed and respectful public dialogue. Further, in any such dialogue, teachers, above all, should have a valued place at the table, much as doctors do in discussions of health care, athletes on sports issues, and so on. And yet teachers in America today find themselves on the defensive, unable to question school reform orthodoxy without raising the suspicion of being self-interested apologists for a dysfunctional status quo. With their credibility impugned from the outset, teachers—the very people who can shed the most light on the real problems in public education—have been very largely shut out of the national discussion about the state and needs of the country's education system.

What, then, is the basis for the widespread and simplistic assumption that America's public schools are failing? In brief, the answer is an alleged decline in standardized test scores over time and the poor performance of America's youth on international comparisons. Yet most of those who actually study the educational testing data in depth and have the statistical expertise to understand it question both the overall picture of poor test scores and the notion that school or teacher quality is the primary causal factor in explaining test scores (Koretz 2008).<sup>4</sup>

Based on a comprehensive review of the available data in the mid-1990s, *The Manufactured Crisis* (Berliner and Biddle 1995) presented

---

4. In theory, "value-added" models can isolate teacher effectiveness and measure it separately from other factors that affect student test scores, such as class size and prior skill level of students. In practice, these models demonstrate poor statistical validity (McCaffrey et al. 2003) and distort the entire educational process by rewarding those who "teach to the test" (Baker et al. 2010; D'Agustino 2012c; Rothstein 2010, 2011). In addition, as discussed in Chapter 7, by pitting teacher against teacher, they undermine the very culture of collaboration needed to improve public education.

a scathing critique of the “failing public schools” picture, arguing that most of the decline in test scores could be attributed to an influx of low-performing students into the pool of those taking the tests. The authors also made the case that the international data were misleading because they could not adequately take into consideration differences in national curricula and other factors that complicate such comparisons. More recently, an analysis of New York City data called into question Michael Bloomberg’s claim that the city’s public schools were in decline before he took the helm as mayor (Brennan 2009).

The context of such research was the neoliberal attack on public education, which proved impervious to reasoned discussion. Experts who questioned the school reformers’ interpretation of educational testing data were widely criticized for being complacent about the state of America’s schools (Berliner and Biddle 1996; Stedman 1996a, 1996b). Such criticism showed the circular reasoning and ideological nature of school reform orthodoxy—“test data tell us that public schools are failing, and if anyone thinks the data tell us something else, that only shows they’re in denial that public schools are failing.”

In reality, the statistical evidence raises complex questions that merit open-minded and informed public discussion (Koretz 2008). However, such discussion would not serve the purpose of neoliberal reformers, who have little interest in understanding the real problems confronting schools but are hell-bent on remaking public education in the image of free market capitalism.



## INDIVIDUAL FREEDOM: FANTASY AND REALITY

The bipartisan attack on public education in the United States is part of a larger narrative. Public schools are failing, the reformers say, because they are creatures of government and are beholden to labor unions, two institutions that are dysfunctional in their own right (Hess 2006). Attacks on government and organized labor have been, of course, a hallmark of

---

12. For example, the Bloomberg administration has closed or is in the process of closing dozens of "low-performing" public schools, most of which are located in poor minority neighborhoods, notwithstanding fierce opposition by the schools' stakeholders, including parents, students, teachers, and community leaders. The National Association for the Advancement of Colored People joined with the United Federation of Teachers in a lawsuit to prevent one round of closings, but the courts sided with the mayor (Cramer 2011). If the schools are truly as dysfunctional as the Bloomberg administration claims, it is hard to understand why so many parents would want their children to attend them and why so many teachers would want to work in them.

13. There are two ways to dictate what goes on in classrooms. One is to micromanage teachers from city hall through a vast bureaucracy, an approach initially tried by Mayor Bloomberg in New York City that failed dismally and was largely abandoned after several years (D'Agostino 2009b). The second approach, which Bloomberg tried next, is management by numbers (D'Agostino 2009b). When teachers can lose their jobs if they do not produce good-enough numbers, they need to orient their teaching to the test, even if that means killing their students' enthusiasm for learning and neglecting those for whom the test is too easy or too hard or who just learn better in ways that are not measured by the test.

right-wing politics since the 1980s. To be sure, Democratic politicians do not frame their school reform policies using explicitly antigovernment and antiunion discourse. But they support the same policies as conservative Republicans—such as merit pay for teachers and increasing the number of charter schools—policies that are predicated on an agenda of remaking public education in the image of free market capitalism (Compton and Weiner 2008).

The right-wing attack on government and unions is often framed in simplistic terms as a choice between individual freedom and the tyranny of collectivism. A Tea Party manifesto (Armey and Kibbe 2010) encapsulates this ideology in a quote from Ayn Rand's *The Fountainhead*:

Our country, the noblest country in the history of men, was based on the principle of individualism, the principle of man's "inalienable rights." It was a country where a man was free to seek his own happiness, to gain and produce; not to give up and renounce; to prosper, not to starve; to achieve, not to plunder; to hold as his highest possession a sense of his personal value, and as his highest virtue his self-respect. (171)

Glenn Beck (2010) depicts unions as the antithesis of such individualism:

While most of us rely on competition and a sense of personal achievement to bring out our best, public union employees are protected regardless of their talents or accomplishments. And that goes to the core of what is wrong with unions: they celebrate mediocrity. What is the point of exerting yourself when the reward doesn't change? What is the point of coming in early, staying late, or putting any extra effort into your job when your status and pay are defined by 500-page collective-bargaining agreements? (128)

There are three things wrong with this picture. First, it assumes a world in which workers have sufficient autonomy that individual merit and self-directed effort are the decisive factors in production. Second, it assumes that, insofar as individual merit and effort do matter, they are duly recognized and rewarded by bosses in the corporations and other organizations in which most people work. And third, it assumes that external reward is the primary reason that people excel rather than pride in one's work and the intrinsic satisfaction of doing good work.

As for the autonomy of workers and universal freedom, Ayn Rand's idealized America existed only to a limited extent in the past and is even

less typical of workplaces today.<sup>14</sup> The middle- and upper-class Englishmen who founded the United States believed in Rand's "inalienable rights" for themselves but not for everyone. Black slaves, indentured servants, wage earners, and white women made up the bulk of the population and did most of the work. Of these, slaves had essentially no rights, while the others had some rights in theory but little chance of actually defending them in court. While white women for the most part had control over their work and could own and inherit property, their work was unpaid, and they had very few opportunities in the male-dominated money economy. Before the Civil War, it was common for states to restrict voting to propertied white males, in some cases even excluding religious minorities.

Except for family farmers and some others who were self-employed, nearly all workers in early America performed tasks under the direction of bosses. To be sure, indentured servants and wage earners—through hard work and frugality—had a shot at eventually owning their own land on the frontier. Indeed, it was this American Dream that drew millions of the working poor across two oceans from an Old World where social mobility was greatly limited by circumstances of birth. They worked for years under the direction of bosses, but those who could usually did move to the frontier and into the middle class,<sup>15</sup> such as it was, to be replaced by endless waves of new, poor immigrants.

But on the frontier, where the land was occupied by Native American tribes, the rule of success was hardly Ayn Rand's formula "to achieve, not to plunder." Rather, achievement *required* plunder, and private property carved out from the Indians' communal lands could be secured only with guns wielded both by the new landowners and by the U.S. Army. The mission of the latter was not the "noble" one of protecting the freedom of all, as Rand would have it, but the freedom of European Americans to prosper at the expense of Native Americans. Moreover, even this highly compromised path to individual success eventually came to an end when the nation's Manifest Destiny of coast-to-coast conquest was completed at the end of the nineteenth century. With the closing of the frontier, the continuing waves of immigration began to depress wages in the New World.

---

14. My discussion of this point in the following paragraphs is indebted to Zinn (2003), as is my discussion of the impact of labor unions and government in the following section.

15. Even for independent farmers, it should be noted, success or failure depended largely on factors beyond the individual's control, such as the weather, economic conditions, the vicissitudes of accident and disease, and the loyalty of friends in time of need.

In summary, conservatives need to ignore a vast gulf between their fantasies of individual freedom and America's actual history. And the rise of industrial capitalism in the nineteenth and twentieth centuries reduced worker autonomy further. After the Civil War, business magnates such as J. Pierpont Morgan, Andrew Carnegie, and John D. Rockefeller absorbed thousands of small, independent businesses into monopolies of unprecedented size. This meant that even bosses who had enjoyed some measure of autonomy earlier in the country's history were now being subordinated to a small number of extremely powerful people. In the twentieth century, such concentrated power was vested in the hands of professional managers—precursors of today's CEOs—who imposed bureaucratic order on the unwieldy commercial empires they inherited.

The millions of white-, blue-, and pink-collar employees of today's corporations can hardly be described as autonomous workers. Some have power over others, but except for the CEO, every boss reports to a higher boss. This is the reality of American capitalism today, which is very far removed from the individualism that conservatives imagine. The quality of people's decisions and efforts in these collectivized corporations do matter to some extent, but individuals are largely interchangeable and dispensable. Even where individual merit and self-directed effort are recognized and rewarded, they are not the decisive factors in production, as conservatives incorrectly assume.<sup>16</sup>

The second assumption of individualist ideology—that modern capitalism in fact recognizes and rewards merit and hard work—is just as problematic as the first. It is true that competitive markets, other things being equal, favor firms that produce the best products at the lowest prices. But this purely economic picture neglects the fact that firms are also social organizations in which power plays a decisive role. A capitalist boss wants his or her employees to be smart and competent but does not want them running the enterprise or corporate department. Such a shift in power would reduce the boss's role to that of coordinator, thus delegitimizing his or her appropriation of the profits (in the case of small business owners) or higher salary (in the case of professional managers).

Yet the workers collectively have more specific knowledge about the enterprise—including its suppliers, workplace, products, and customers—than any one person can, even the smartest and most competent boss.

---

16. It could be argued that this picture of corporate life omits the dynamic small-business sector that accounts for half the employment and most of the innovation in America's private sector (U.S. Small Business Administration 2011). But, as in the case of economic life in early America, most small businessmen today are bosses who typically control the organization of work.

To retain control of the department or enterprise, a boss must therefore keep the workers divided and reserve for himself the right to dictate how production will be organized. There is an obvious conflict between these imperatives of power and the need to fully mobilize the intelligence and competence of workers, and the ownership structure of capitalist firms requires that power take precedence over merit.

This is a major reason why bosses, even those who are not authoritarian by temperament, often feel threatened by workers who are especially smart and competent and do what is necessary to “keep them in their place.” Those who communicate openly about problems and injustices in the workplace are particularly threatening. Bosses generally favor workers who are obedient and compliant over those who are independent minded and self-directed, even if the latter are more capable and hard-working. The requirements of power thus ensure that merit and hard work, while valued in themselves, are not consistently rewarded in capitalist enterprises.

The third of the previously mentioned conservative assumptions is that individuals will not work hard and achieve excellent results unless motivated to do so by external rewards, especially money. But there are far too many counterexamples for this to be a valid generalization about human nature. Such examples include teachers, clergy, and others in the helping professions who are motivated by the satisfaction of making a positive difference in the lives of others. Artists, scientists, and others engaged in creative pursuits are motivated by the intrinsic satisfaction of the work itself, as are tens of millions of ordinary workers who do their jobs well without external supervision because they enjoy their work and/or take pride in it.<sup>17</sup>

Even those in the corporate world competing to be CEOs are motivated by intrinsic rewards, such as the power that goes with the job and the satisfaction and excitement of applying their gifts to a challenging task. There is no shortage of highly talented and qualified people wanting to be top managers nor would there be a shortage even if they were paid only a fraction of what they are typically paid today. In the past, in fact, CEOs were paid much less than they are today, and the country's

---

17. Many economists assume that it is common for workers to “shirk” their job responsibilities when given the opportunity to do so and that it is only the threat of unemployment that keeps them in line. As Adler (2010) points out, however, these economists invoke shirking as a theoretical construct to explain labor market phenomena and have never studied it empirically in its own right. Far from being a general expression of human nature, shirking, to whatever extent it does occur, would appear to be a paradoxical by-product of organizational cultures in which managements try to control workers (Deming 1984, 2000).

economic performance was better. The notion that corporations must offer CEOs lavish compensation packages in order to attract the best talent is not consistent with what is known about human motivation and serves only to legitimize unconscionable greed and corporate corruption.

Note that all this intrinsically motivated achievement occurs in spite of a capitalist system that, because it serves the imperatives of power and concentration of wealth, does not consistently reward merit and hard work. There is every reason to believe that transforming capitalist firms into worker-owned and -controlled enterprises, as discussed in Chapter 6, would unleash an extraordinary amount of talent and effort that is currently being wasted. The superior productivity and commercial success of the Mondragon Cooperative Corporation, the world's largest organization of worker-owned and -controlled enterprises, supports this view (MacLeod 1997).

## **GOVERNMENT, UNIONS, AND THE AMERICAN DREAM**

The America Dream was the idea that the United States is a land of opportunity in which every person can achieve prosperity through hard work and frugality and expect that their children would have a higher standard of living than their own. To be sure, this vision was marred by racism, sexism, and other artificial barriers to advancement, which even conservatives acknowledge and do not condone. But these barriers have been largely dismantled by the civil rights and women's movements, progress that was dramatically symbolized in 2008 by the rise of Hillary Clinton, Sarah Palin, and other female candidates for national office and by the election of Barack Obama. While Americans today disagree about the nature and extent of the social change that has occurred, there is an emerging consensus that prejudice has no place in the economic and political realms.

Ironically, however, the country's first black president presided over widespread disillusionment with the American Dream. The immediate cause was a multiyear economic crisis that included several million home foreclosures and double-digit unemployment in many parts of the country (Stiglitz 2010). In retrospect, these depression-like conditions were just the culmination of a long-term economic crisis that had begun in the 1970s (Wolff 2010).

Conservatives had a simple explanation for this demise of the American Dream, which wove together the individualist ideology discussed above

with a single-minded fixation on the problem of debt. Americans were living beyond their means, they argued, and had abandoned personal responsibility for the nanny state's false promises of security and prosperity. According to this narrative, home owners themselves had created the housing crisis by taking on bigger mortgages than they could repay (Santelli 2009), and an unprecedented, debt-financed expansion of the federal government was siphoning capital from the productive, job-creating private sector (Beck 2010). Just as the causes of the crisis were simple, according to conservatives, so were the solutions—a return to America's core values of frugality and individualism. The dismantling of big government and greedy public employee unions would accomplish both: austerity would be the price paid for irresponsible spending, and the renunciation of collectivism would go hand in hand with a renewal of individual freedom and responsibility (Beck 2010).

According to Glenn Beck, America's crisis of values and institutions can be traced as far back as Woodrow Wilson but especially to Franklin D. Roosevelt, architect of big government as we know it. Beck rewrote the history of twentieth-century America as the story of increasingly out-of-control government debt and the addiction of ordinary people to collectivism, represented by big government, unions, and "progressive" public schools. In Beck's version of history, government and unions sought to fix what wasn't broken<sup>18</sup> and in the process undermined the real sources of the country's prosperity—frugality, individualism, and a commitment to free market capitalism (Beck 2010). But this picture again idealizes the past, conveniently ignoring the downside of capitalism for ordinary people and the role of government and unions in ameliorating its destructive effects.

In reality, the vast majority of hardworking and frugal white Americans were not achieving prosperity in the nineteenth and early twentieth centuries (Clark 1951; Zinn 2003). Family farmers—squeezed between low prices for their crops and the high costs of credit, equipment, and other factors of production—fought losing battles against debt, exacerbated by gold standard-induced deflation. With the closing of the frontier around 1890, workers dependent on urban employment faced wave after wave of new immigrants willing to work for lower wages than themselves.

---

18. Although conceding that unions originally served a legitimate purpose in protecting working people from exploitation, Beck (2009) does not see such exploitation as an endemic feature of capitalism. He goes on to attack the very foundations of trade unionism on the assumption that any individual who works hard and saves his or her money can enjoy prosperity in capitalist America today.

Disease, disability, and death were routine consequences of unsanitary cities, poorly built and maintained buildings, unsafe and unhealthy workplaces, and filthy meatpacking establishments.

While hard work and frugality did remain essential ingredients of success, they are not what turned the tide for ordinary Americans. Rather, it was activist government and unionization that created America's middle class as we know it. Government intervention took many forms. Building and health codes, food safety laws, and other regulations—enforced by armies of government inspectors—effected a revolution in health and safety. Cities levied taxes on their citizens in order to build waterworks and other public infrastructure and to provide sanitation, public health, fire protection, and other municipal services. Public schools, funded by tax revenues, gave native-born and immigrant children alike access to the literacy and numeracy needed for citizenship and economic success.

Unregulated capitalism was crushing the vast majority of hardworking family farmers, and it was the federal government that lifted them out of poverty. With millions of farmers competing to sell their crops in commodities markets and ever-expanding yields due to advancing agricultural science and technology, crop prices were spiraling downward. At the same time, farmers had to pay monopoly or quasi-monopoly prices for capital, fertilizer, equipment, energy, rail transport, and other factors of production. Without antitrust laws and prosecution, agricultural subsidies,<sup>19</sup> rural electrification projects, and other Progressive Era and New Deal government programs, family farmers had few prospects for middle-class prosperity.

It was labor unions and federal legislation protecting them that lifted millions of Americans working on railroads and construction sites and in mines, textile mills, factories,<sup>20</sup> and other workplaces into the middle class. Wave after wave of immigrants, beginning especially in the nineteenth century—Germans, Irish, Chinese, Poles, Italians, Greeks, Russians, and others—uprooted themselves from ancestral homelands to come to the land of opportunity. This was a bonanza for capitalist

---

19. While farm subsidies were originally enacted to make family farms economically viable, today they enrich mainly big agribusiness at taxpayer expense and distort global food markets to the disadvantage of poor farmers in the developing world (see Appendix 5.1 in Chapter 5).

20. Henry Ford, who voluntarily paid his factory workers higher-than-market wages in the World War I era, had other than altruistic reasons for doing so. He ran his assembly lines at an inhuman pace, making car manufacturing a punishing way to make a living. In order to expand his operations in a tight labor market and minimize the chances of a strike that would shut down his expensive factories, Ford needed to pay higher wages than other employers (Adler 2010). It was only through collective bargaining that autoworkers later gained some significant control over their compensation and working conditions.



employers: desperately poor people from dozens of countries—divided by language, religion, and ethnic custom—competing with one another for work opportunities. A small fraction of these newcomers lifted themselves into America's middle class by starting small businesses. Many more tried and failed, and the vast majority remained stuck in what today would be called "dead-end" jobs.

Labor organizers formed these motley ethnic groups into unions against great odds. Employers played off one group off against another and retaliated against union activists and sympathizers, resorting to police, the courts, and private violence to prevent organizing and break strikes. Most unions were marred by racism, which proved an Achilles' heel of organized labor as African Americans passed over by white organizers were enlisted by employers to break strikes. Despite all these challenges, an increasing percentage of America's workforce became unionized, raising the income of ordinary people and improving safety and other workplace conditions. Unions won the five-day workweek for all Americans and helped abolish child labor. And finally, the 1935 Wagner Act gave working people legal protections to form unions and strike and required employers to engage in collective bargaining with the worker's representatives.

**Ironically, the American Dream—which was supposed to be accomplished by individual effort and frugality alone—was finally realized for tens of millions of households only with the help of "collectivist" institutions demonized by the right. And capital flight and deindustrialization—results of the unregulated capitalism glorified by the right—are today bringing this era of prosperity to an end. Along with the military industrial complex, these neoliberal policies enable the rich to get richer at the expense of America's middle class.**

## Does Neoliberal School Reform Work? Lessons from New York City

Brian D'Agostino, Ph.D.  
[middleclassfightsback.org](http://middleclassfightsback.org)  
[bdagostino@verizon.net](mailto:bdagostino@verizon.net)

Both supporters and critics of Mayor Michael Bloomberg's school reforms in New York agree on one thing: the reforms have been far-reaching and consequential—for good or ill—and contain important lessons for citizens and policymakers concerned with public education. As for just what lessons should be drawn, the debate could hardly be more heated. On the one hand, data on student outcomes (e.g. test scores and graduation rates) seem to indicate significant academic progress due to “Children First,” the package of reforms implemented since Albany instituted mayoral control of the City's schools in 2002 (Kemple 2011). On the other hand, some research, journalism, and concrete observations of how the policies are playing out in the real world—observations by stakeholders including administrators, teachers, and parents—indicate a disappointing record at best and at worst a policy disaster of epic proportions.<sup>1</sup>

In this paper, I aim to present a conceptual framework that can make sense of these contradictions and provide a coherent basis for education policy. In constructing this framework, I draw on my training as a political scientist, my reading in the education policy field, observations and reflections from my eleven years of experience as a New York City public school teacher (which spanned the periods before and during Bloomberg's reforms), and my ongoing communications with stakeholders in the City's schools.

### A Case Study in School Reform

Mayor Bloomberg's appointment for schools chancellor in 2002 was Joel Klein, a former corporate lawyer and antitrust prosecutor with no experience as an educator or schools administrator.<sup>2</sup> This appointment was consistent with Bloomberg's plan of imposing corporate-style governance on the school system and circumventing education professionals, whom he perceived as obstacles to reform. Bloomberg and Klein legitimized the plan by calling it “Children First,” which implied that education professionals were putting their own selfish agendas before the needs of the children they served.

---

<sup>1</sup> This literature includes accounts by journalists, bloggers (Pallas 2013b; Scott 2013; Walsh 2013), education analysts (Ravitch et al 2009), teachers (Grassroots Education Movement 2011, 2013), parent activists (Haimson 2009) and education scholars (Hantzopoulos and Tyner-Mullings 2012; Pallas 2013a; Pallas and Jennings 2009; Ravitch 2010; Weiner 2012).

<sup>2</sup> When Klein left in 2010–2011, Bloomberg appointed Cathie Black, a publishing executive who lasted less than four months in the job. Klein went on to work as a lawyer for Rupert Murdoch, reportedly to help News Corporation make seed investments in “entrepreneurial ventures that cater to the educational marketplace.” (Stelter and Arango 2010).

The guiding vision of Children First was the creation of high-performing schools by remaking public education in the image of corporate capitalism. Bloomberg and Klein tried two successive strategies for implementing this vision. The first was to transform the entire system into a single corporate-type entity by replacing the City's 32 school district offices with a centralized bureaucracy. The new system featured ten regional superintendents under the chancellor, about a hundred "local instructional superintendents" under them, and an army of math and literacy "coaches" to enforce curriculum and instructional mandates developed by outside consultants.<sup>3</sup>

While retaining some elements of this centrally planned system, in 2006 Bloomberg and Klein shifted to a second and fundamentally different, market-based paradigm in which the City's schools were viewed not as one big corporation but as a collection of competing enterprises (D'Agostino 2009). The Mayor and Chancellor framed the new approach as building on the previous one, which they declared a success. However, it is hard to see how managing principals as employees in a vast bureaucracy prepared them for small-scale entrepreneurship. Indeed, critics pointed to myriad failures of Bloomberg's bureaucratic experiment (Ravitch et al 2009), which suggests it was abandoned in favor of a fundamentally different approach.

While still required to deliver an endless flow of reports to "Tweed" (the chancellor's headquarters adjacent to City Hall), principals were given more control over their budgets and were now expected to perform like entrepreneurs whose success or failure would be determined by their students' test scores, much as businesspeople are evaluated by their profit statements. Instead of instituting system-wide reforms, such as new curriculum and instructional mandates, the role of top managers in Tweed was now to establish rules for the City's educational market, to monitor the performance of schools and teachers (mainly as measured by test score data and graduation rates), and to design and manage incentive systems driven by that data.

In this neoliberal model, schools are businesses and the chancellor is a kind of portfolio manager, who invests the taxpayers' money and decides which academic businesses to keep and which to unload (Bulkley et al 2010). Principals are the CEOs (though without the power and astronomical pay of corporate CEOs), teachers are the workers, and test scores are the return on investment, as well as value-added measures of teacher productivity. Parents are the customers who shop for schools, which in this context are service providers. And what are the children in Children First? They enter the system as raw material and emerge (ideally) as final products.

Whether schools are considered units of a single corporation (as the Mayor originally envisioned), or multiple businesses accountable to investors for earnings (as he came to view them), there was little in the professional training of principals to prepare them for this new world of education reform. Bloomberg's solution was to enlist former General Electric CEO Jack Welch to create a "Leadership Academy," which trained new principals in corporate

---

<sup>3</sup> Policymakers in Albany had not anticipated this extreme centralization of power. Their 2002 legislation establishing mayoral control had retained the 32 local school districts and simply gave the mayor authority to hire the chancellor and appoint a majority of the Board of Education, which would have meant a sharing of power between City Hall and the local communities (Haimson 2009).

doctrines and practices, bypassing traditional principal training conducted by colleges of education (Casey 2006; Hoffman 2005).

As in the case of Klein, Welch's lack of knowledge or experience with public education was viewed as an asset, not a liability. One of the axioms of the neoliberal reformers is that public education is failing because education professionals have been insulated from the rigors of competition and data-based accountability (Hess 2006), rigors that make corporate CEOs highly qualified to lead and to teach leadership across a range of fields. As one of the highest paid CEOs of his day, Welch was viewed as a legendary management guru.<sup>4</sup> His mantra was simple—identify and reward your highest performers; identify and fire your lowest performers (Welch 2005). This formula equated job security with complacency, thus delegitimizing the United Federation of Teachers, the City's teachers' union.

Mayor Bloomberg's experiment in school reform, in summary, was fundamentally an effort to improve the performance of education professionals by engineering the appropriate incentives, with student test scores the criterion for identifying the highest and lowest performing principals and teachers.<sup>5</sup> In addition to merit pay or dismissal, incentives based on performance ratings would include public praise or humiliation through release of individual teachers' ratings to the media (Otterman and Gabeloff 2012; Pallas 2012; Winerip 2012) and publication of school "report cards" (Pallas and Jennings 2009; Pallas 2013a). According to neoliberal theory, an incentives-based management regime of this sort would attract and retain the best teachers and eliminate under-performers, insuring the best possible teaching force at any given time, while creating competitive pressure for continual improvement (Hess 2006).

In an unscripted moment in a 2011 speech at M.I.T., Bloomberg stated this vision in the starkest possible terms (Giordano 2011). In his ideal world, the Mayor said, he would double the compensation of the top half of New York City's public school teachers and fire the bottom half. Even though class sizes would double under his ideal plan, the City's children would all have good teachers and would be better off than before, he said. Whether intended literally or as hyperbole, this statement encapsulates the fundamental assumption of Children First and most neoliberal school reform: that rewarding and punishing individual educators is the path to excellence (Hanushek and Hoxby 2005b). I will probe the validity of that assumption in the remainder of this paper.

---

<sup>4</sup> According to *The Wall Street Journal* staff writer and editor Thomas F. O'Boyle, however, Welch increased the profitability of GE through predatory financial strategies that had nothing to do with the skillful management of people or the creation of wealth (O'Boyle 1998). See also page 11, below.

<sup>5</sup> In theory, "value-added" statistical models can isolate teacher effectiveness and measure it separately from other factors that affect student test scores, such as class size and prior skill level of students (Hanushek and Hoxby 2005a). For critical analyses of this methodology and the management theory on which it is based, see Adler (2013); Baker et al (2010); D'Agostino (2013); Hargreaves and Fullan (2012); Kumashiro (2012); McCaffery et al (2003).

## Interpreting Student Outcome Data

James Kemple (2011) conducted a study of the likely impact of Children First on student test scores and graduation rates, encompassing the period 1999 through 2009. This includes the four years before the Bloomberg reforms and the first seven years after the reforms began (counting 2002-2003 as the first year of the reforms). Using comparative interrupted time series analysis, he constructed a “counterfactual” trajectory for these variables that would be expected to occur in the absence of Children First. The analysis controlled for four factors likely to influence student outcomes other than Bloomberg’s policies:

1. Reforms and trends that were under way prior to Children First;
2. National and state education policies concurrent with Children First, captured by comparison of NYC with other districts affected by these policies;
3. Changes in the state tests and scoring methods; and,
4. Demographic factors associated with academic performance including socio-economic and racial-ethnic composition of the schools.

Kemple’s model attributes statistically significant improvements of student outcomes to Children First. Specifically, on average 58% of New York City’s 4<sup>th</sup> and 8<sup>th</sup> grade students achieved proficiency on the state math and English tests during the first seven years of Children First, compared to the 49% that would have been expected to achieve proficiency in the absence of the policies, an improvement of 9 percentage points over the counterfactual.<sup>6</sup> It should also be noted that the gap between actual and counterfactual increased over time, so that in 2009 the improvement attributable to Children First was 17 percentage points over the counterfactual. While the 9 point difference fails to capture this cumulative improvement over time, the 17 point difference based on a single year is not reliable inasmuch as state test scores exhibit considerable volatility from year to year. Perhaps the best summary of Kemple’s findings is that Children First probably improved student test scores by 9 to 17 percentage points higher than what would have occurred without the policies.

As for the high school outcomes, four-year graduation rates were available for the cohorts beginning in the first three years of the Bloomberg reforms. For the 2003 and 2004 cohorts, Children First outperformed the counterfactual by 2 percentage points but the difference was not statistically significant. For the 2005 cohort, Children First outperformed the counterfactual by 7 percentage points, with  $p < .001$ .

---

<sup>6</sup> I obtained these numbers by averaging the percentage of students proficient in the 4<sup>th</sup> grade English language arts, 4<sup>th</sup> grade mathematics, 8<sup>th</sup> grade English language arts, and 8<sup>th</sup> grade mathematics assessments for each of the years from 2003 through 2009, which comes to an average proficiency rate of 58% across both grades, both subjects, and the seven years (28 data points). I made the same calculation for the counterfactuals, which had a grand average of 49% proficient. Kemple gives  $p < .01$  for the actual/counterfactual difference on the 2009 8<sup>th</sup> grade math assessment and  $p < .001$  for the other three assessments that year. He did not report the counterfactuals and significance levels for the other years (I read the counterfactuals from his graphs).

While Kemple's research is sophisticated and rigorous in a technical sense—the best of its kind to my knowledge—the author does not discuss what is undoubtedly the most troubling limitation of the data on which his model is based. Specifically, the attachment of serious consequences to test results is known to corrupt data in ways that make evaluation of individual school districts highly problematic, a case of “Campbell's Law” (Campbell 1976; Koss 2009; Nichols and Berliner 2008). The most dramatic illustration of this phenomenon is the problem of cheating, a familiar fact of life in American schools and the subject of periodic high profile scandals such as the 2013 indictment of an Atlanta school official who had been named Superintendent of the Year only four years earlier (Resnikoff 2013).

While cheating is not a new phenomenon or limited to the United States, there is reason to believe that neoliberal incentive schemes such as No Child Left Behind and Children First have greatly exacerbated the problem. Specifically, it follows from Campbell's Law that the more data-driven and incentive-based a district's management, the worse the cheating problem will be, even if top officials themselves do not cheat (Nichols and Berliner 2007). Given that New York City has taken data-driven and incentive-based management much further than other districts, it is reasonable to assume that the City's test data are more corrupt and inflated than elsewhere. Far from confronting this problem, Kemple actually suggests that attaching high stakes to tests *improves* the quality of the data, since students and educators then take the tests more seriously.<sup>7</sup>

In addition to score inflation due to cheating, Campbell's law suggests that better test data under Children First reflect other processes unrelated to improved student learning, especially narrowing of the curriculum and teaching to the test. Though not addressing Campbell's law, Kemple acknowledges that the specific features of Children First responsible for the improved test scores are beyond the scope of his model. Narrowing of the curriculum and teaching to the test may be among the most important factors accounting for the impact of Bloomberg's policies on test scores, topics that will occupy education researchers for years to come.

As for the first of these factors, the City's schools under Children First allocated an unprecedented proportion of instructional time to math and English language arts—the subjects on which the policies primarily would be evaluated—at the expense of science, social studies, the arts, physical education and student-chosen electives (Dillon 2006). In addition to this narrowing of the curriculum, a greater proportion of the time spent teaching math and English under Children First was devoted to test-like instruction at the expense of inquiry-type activities, projects, problem solving in teams, and other forms of instruction that make education exciting and relevant to children (Crocco and Costigan 2007). To the extent that such narrowing of the curriculum and teaching to the test account for New York's higher test scores under Children First, the data do not indicate progress but on the contrary a deterioration of educational quality under the policies.

---

<sup>7</sup> Kemple writes, “. . . NAEP [the National Assessment of Educational Progress] does not carry negative or positive consequences either for schools and systems or for students, and therefore, schools and students may not take NAEP as seriously as state tests.” (Kemple 2011, 274). The author's insinuation that state test data are of higher quality than NAEP data disregards the consensus of education researchers, who regard NAEP as superior precisely because, among other reasons, it's lack of consequences make it less subject to Campbell's Law (Koretz 2008, 236-237).

In order to implement such test-focused priorities, the Mayor and Chancellor spent hundreds of millions of dollars every year on highly paid consultants; the personnel and infrastructure to deploy information systems, testing programs, school and teacher evaluation schemes, and the like; and hundreds of operatives dispatched into the schools from Tweed to insure the compliance of principals with Bloomberg's agenda. This meant hundreds of millions of dollars not spent on smaller class sizes, adequate classroom space, athletic facilities, science laboratories, art rooms, health and wellness programs, and other resources associated with a quality education but less likely to translate into higher math and English test scores.

In addition, Bloomberg's reforms required administrative and pedagogical staff to spend unprecedented amounts of time reading memos and reports from the chancellor, sitting in mandated meetings, collecting and entering data, and writing reports—all designed to meet the organizational needs of Children First and ultimately to increase test scores. All of this was time not spent meeting the individual needs of students, another aspect of a quality education neglected because it had little payoff in higher test scores.

### **About the Author**

**BRIAN D'AGOSTINO** teaches political economy and history at the Harry Van Arsdale Jr. Center for Labor Studies, Empire State College. He previously taught political science at Adelphi University and City University of New York, and worked for eleven years as a New York City public school teacher. He holds a PhD from Columbia University and is the author of numerous publications on public affairs and political psychology including the peer-reviewed article "Self-Images of Hawks and Doves."