Episode 1,292: The Heroic No-Frills Private School, and Its Enemies

Guest: James Tooley

WOODS: I don't know, it's probably been about 900 episodes, and it turns out you've had rather an eventful time since then. I've been reading about you. I've been reading that you've been described as a dangerous man. So we need to get to the bottom of what's so dangerous about you, and it has to do with your low-cost schooling plan. Of course, you're known for the work you've done in the developing world, chronicling this phenomena — not only chronicling, but now helping to contribute to this phenomenon of low-cost private schools, and now you're bringing them to the First World. So talk about this school where the teacher's unions are up in arms because they say you cannot educate children as inexpensively as James Tooley says he can.

TOOLEY: Yes, so absolutely. You're right, I've have been chronicling low-cost private schools across the developing world. I've been co-founding some chains. I've been doing this for some time. And the idea of sort of crept up: could the same thing happen here in England or in America or similar countries? And I had the idea, and three of us got together and decided, let's do it. So we've opened our first low-cost private school, not as low-cost as the schools we're working in in Ghana and India, of course, but nonetheless, we reckon it's about two-thirds of the cost to parents, the fees are two-thirds of the cost of the local public schools, as you call them in America, the government schools. And so yeah, that's upset people. And there was this article that described me as a dangerous man. It actually was a quite a — it wasn't a nasty article. The article was saying, you know, Tooley says he's going to do this. If I was in the teaching professional, the teaching units, I would be worried about this, because I think I believe Tooley will do it and that Tooley will succeed, and he will succeed because parents will want this sort of thing.

And so we're running. It took us 485 days to get permission from the government to do this. There were more regulations to satisfy than I had thought. We started having parents' evenings for our school. It's called the Independent Grammar School Durham. It's going to be a chain, but the first of them is Independent Grammar School Durham, which is a city some 10 miles south of where I am in Newcastle. And the unions have been picketing our parent meetings and handing out leaflets saying this can't be done. This cannot possibly be done. You're going to have terrible teachers. You're going to have terrible facilities, dilapidated facilities. And I'm afraid neither of those is true.

We've got beautiful facilities, and we've got wonderful teachers. And yeah, we're moving forward.

WOODS: Well, then I have to ask the natural follow up question. Where are the savings coming from?

TOOLEY: Well, it's a very good question, because in a sense, I'm not privy to state school finances. But one would see two areas. I mean, one, I've said we've got beautiful facilities. I didn't say we've got expensive facilities. We are hiring, that is, we're leasing the facility, so we haven't tied up any capital in the building. We're leasing a facility which is actually a very beautiful facility, but it is very low cost. And that's probably the main area we're saving compared to other schools. But then our teachers are new teachers, so they are coming in at the low end of the salary scale. And that, again, is another saving. And then we have other savings, which, you know, I don't want to go into all our business plan, but the real saving I think is in the no-frills building. But it's a beautiful building, and kids love it, and parents love it, and you'd love it too if you came see it.

WOODS: Wouldn't that just be a one-time savings? Whereas things like teacher salaries and things of that nature would be ongoing? What about that?

TOOLEY: Well, remember, we're leasing the building, so that's it's an ongoing —

WOODS: Okay, so it is still ongoing, okay

TOOLEY: Yeah, that's an ongoing expense as well. And then teacher salaries, yeah, they are going to be ongoing, but they are going to be ongoing in a low-cost way. Remember, I'm creating a chain of schools here, so we will have economies of scale. So for instance, our senior most person, if you'd like, the executive principal or some term like that, his salary would not be viable for one school only. But we can, if you like, cover his costs through three or four schools, and then the chain makes viable what an individual school couldn't make viable. Do you see what I'm saying?

WOODS: Oh, yes, yes, definitely. So I understand how you might be able to do that. I'm thinking in particular, there's a group in the United States that has in mind a model of lower-cost, let's say, private schools, where they, for example, would not have a cafeteria at all, because they would consider that a frill.

TOOLEY: Oh, yeah.

WOODS: Is that how you're proceeding?

TOOLEY: Absolutely. There are no frills in our school. We've got great teachers; we've got great books; we've got a small number of computers. And that's it. We haven't got any of the other things that you might take for granted in a school. But what we have

got is great teaching, and it's great teaching around great books. And that is not necessarily particularly expensive.

WOODS: Now, how about — I guess one of the complaints people would have coming from the government school side is that the government schools have to accept everybody, and that means they have to accept both students who have, let's say, severe learning disabilities, but they're also accepting gifted children, and sometimes they have special programs for them. Is a low-cost school like yours able to accommodate that type of student?

TOOLEY: Yeah, and in fact — you know, again, let's not go into too much detail about individual children, but let me just say this: we are opening our arms to all sorts of children. And in particular — let me put this in the abstract. It's a sort of school that a parent of a gifted child or some child with special education needs, it's a sort of school that that sort of parents would be particularly interested in because of the way we will be able to respond to them in a way that the state school can't. Let me just put it in those general abstract terms. Obviously, you wouldn't want me to talk about individual children and so on. But it's absolutely something that we believe we can do, and we are open to that, and we will welcome children like that with open arms.

WOODS: I have a lot of listeners who favor unorthodox approaches to schooling, who think that the state model of schooling, where the child sits at a desk for seven hours and it's very regimented, that this is not a desirable model, that if we simply privatized the state arrangement, well, this is only modest. We don't want to make it more efficient; we want to challenge it more radically. So is your school more or less set up like a state school, except more efficiently and inexpensively run?

TOOLEY: Yeah, I mean, what you've said is really interesting to me, because, in fact, I just finished a book that I hope to publish to the new year. It's called *The Emancipation of Education*, and it addresses precisely this issue. If under conditions of educational freedom, if the state got out, what would schools, what would educational opportunities be like? And the fact is, for me, I think, some schools will be very similar to what you described as the state school. And in fact, they might be even more so, whereas others will move towards much more experimental designs, technology-driven designs, and so on. The market can allow these different types of schools to come through, and for, if you like, the best one to win. And there probably won't be one best one. There'll be different sorts schools that suit different sorts of children and their parents.

Now, what you said was interesting, because you sort of said that the traditional state school model is where you have to sit at a desk, and it's very boring. And you know, that's the way it is. But actually, what we find in England and it might be true in America too, is the traditional state school is one where children aren't sitting down all the time. There's actually a lot of movement and low-level disruption and nothing much gets learned. And what parents often say is they would like a school that actually is focused on learning, which is focused on learning knowledge, and which is

focused on children getting learning done, rather than being distracted by low-level disruption all the time.

So this is school, actually — I mean, by the name, you can probably guess that, the Independent Grammar School. This school is actually being very traditional. It's being a very traditional, knowledge-based learning in the mornings, and then in the afternoon, we're having some very exciting project work, where you can really expand your horizons, perhaps using technology or using whatever else we've got there. So it's a combination, it's, if you like, a hybrid of very traditional and very exploratory. But the key point I want to make is: this is one type of school. It's what we think there's a parental demand for, but I'd really like to see other types of schools coming into this market and offering different things — they are, they will do — so that we can compete with these other types of schools, and may the best type of school when. As I say, probably several different types of schools will win.

WOODS: I want to read something from the *Guardian* article that first alerted me to your project. It says, "The launch of the Independent Grammar School Durham has been greeted with skepticism by many in the sector" — blah, blah, blah, blah. But let's see, who are these many? Well, one of them is — now, this is my editorial comment. Who are these many people? One of them is Kevin Courtney, and well, who's he? "Joint General Secretary of the National Education Union, which has campaigned against IGS Durham." So, first of all, the organization campaigned against your schools? So they couldn't just say, well, we don't think this school will be viable, but let the chips fall where they may and let's see what happens. They actively — well, what did it campaigning against that amount to?

TOOLEY: Yeah, but it's really fun, isn't it? So the National Education Union, this is the new union which brought together two existing unions, so I tend to think it as the National Union of Teachers. That's now obsolete, and now the National Education Union is the one to watch. Yeah, if I'd been in the unions, what I would have done surely is just ignore us.

WOODS: Right.

TOOLEY: We're not taking any government money. We're not bothered about publicity. I would have just ignored us. Now, the fact that they are, as he says, "rightly" campaigning against us, what does this mean? It means they're worried about us. Someone said to me, the way to get the unions have your back is to triple your fees or quadruple your fees, and you could be a normal school for the rich, for the upper middle classes, and no one will be bothered about you. The fact is, our fees are low enough that they are worrying to the unions, because of course, what the unions are saying all the time, you look at any of reports about the unions in the British newspapers, they're always saying: we are not getting enough money, we're not getting enough money, we're deprived of money, money, money, money, money. And what we're saying is perhaps that's not your big problem. Perhaps there are other problems you need to address.

But anyway, look, in a sense, I don't want to get into fights with unions.

WOODS: No.

TOOLEY: I'm flattered that they've noticed us, to be honest. I'm flattered that they've noticed us. I'm confused why they've noticed us. I mean, they're campaigning, and they've got these beautiful, glossy leaflets against us, saying that we can't possibly do it, we won't be able to have heating in these cold northern winters, we won't be able to have hot water, and all this sort of stuff.

WOODS: Oh, my gosh.

TOOLEY: Complete nonsense, trying to frighten parents. You know, I'm happy that they've noticed us, but really, what my aim is to get this school running really well, irrespective of what anyone else thinks, and then to open the second, third, and fourth of these schools once we've got this one running really well, because then we'll be able to demonstrate: look, there's an alternative. This is the exciting thing about what I'm trying to do here, just as we've done in India and West Africa and other parts of the world. What I'm saying is, at the moment, people think that there are just high=cost private schools. And in England, by the way, they're much more expensive than schools in America. I mean, the average price is about 15,000 pounds for a private school here. That's, what, $20,000 to $25,000 per year? It's massively expensive. That's the average cost. What I'm saying is, that's the alternative, or the normal state schools, the normal public schools, as you call them in America, and people aren't satisfied with that. And what I'm saying is, here's a third possibility. And this third possibility, once we show it's working, it can attract competition. I'm getting emails every day, every week from people saying we want to do something similar in other parts of England or the United Kingdom. And it will have tried to competition, and soon, the whole state system can be disrupted, can't it, because if we're doing it for this reasonable price, then you can start having pressure for the government to deliver tax credits or vouchers or other ways of funding education. Everything can change. That, I suppose is what the unions are worried about. It's very flattering they think I can possibly do it.

WOODS: Right. Of course, they portray themselves, as always, as just looking out for the students, but obviously, they're looking out for their own interests in going after you. Now, I want to get your comment on something you said to the effect that you don't want the state to preside over the privatization of education, because they'll muck that up. What you would rather see is have private schools emerge, and then the state just naturally clears out of the picture. So describe what the difference between those two paths is.

TOOLEY: Yeah, it's a very, very interesting point. So typically, in America — to a lesser extent now in England, because we failed to do this back in the '80s under Margaret Thatcher. But in America, people are talking about educational reform, school choice reforms, they say we want vouchers, we want to privatize the system by

bringing in different forms of funding, different types of schools. But we're waiting for the government to do it. The government's got to say: now we're going to privatize the system, and we will follow on behind. What I'm saying is: I don't like the idea of that. We've had different privatizations in our history. For example, the privatization of the railways in England. Of course, the railways were all created by private companies. They were nationalized for various reasons, and then the government sort of privatized it. It's a bit of a mess, to be honest.

What I'm saying is: look, let's not rely on government to privatize stuff and get it right, because remember, if they privatize, they've got to kowtow to all the vested interest groups, including our friends in the unions, and eventually it'll be a real mishmash. It won't really work. What I'm saying instead, is, look, I've seen something extraordinary in Nigeria, in India, in Ghana, in other countries. I've seen where individual entrepreneurs have said, I'm going to create a private school in the slums, in poor areas, and that private school has thrived. Then an another and another and another, and soon, you've got hundreds of thousands of these private schools emerging, serving 70% of kids in urban areas. And what I'm saying is that's actually grassroots privatization. It's not government saying we're going to privatize; it's the people saying, well, we're privatizing it ourselves. I don't see why the same thing couldn't emerge here.

Now, this is where I'm on the line. I believe it's possible. I've written about it. I've talked about it, and now I'm putting my money where my mouth is, and have started this, in a very small way, here in the northeast of England. If it works as I think it will work, then it could lead to that. That's my hope, I guess. But the key point is, I'm not saying anyone should go to a politician, should go to a government and say, "Give us this." I'm not a supplicant in that way. I'm saying, here's an alternative, that parents, come and try this out. If they like it, which I believe they will, and others see the market is good and can create alternative competition, then we will find something emerging that is radical, beautiful, very much market-oriented to what people want. I think it's a great idea.

WOODS: I'd like to talk for a minute about the work you've done around the world also, because the book *The Beautiful Tree* talks about a phenomenon most people had no idea existed, namely the existence of low-cost private schools in the developing world that were educating huge numbers of people at lower costs that even people at that standard of living could afford. And we're having better results than what state schools existed. It's an amazing story. It's an astonishing story, particularly because education is one of those areas that we're told a free society can't manage on its own, and so who are we supposed to believe, these people or our own eyes? So what you did there was very important. But what I don't know about and I hope you can tell us is how you went from being a chronicler of this phenomenon to being a participant and a booster, because the *Guardian* piece describes you as the co-founder and chairman of Omega Schools Franchise Limited, a chain of low-cost private schools in Ghana, and it says that you've also helped develop similar schools in Sierra Leone, India, and Nigeria.

TOOLEY: Yeah, and also Honduras, which is closer to you. I call myself really an accidental businessman, an accidental entrepreneur. I'm an academic researcher. I'm a professor in a university. I've been researching this area for — it's 18 years ago, nearly 19 years ago, I first discovered this phenomenon for myself, and I have been researching and championing it ever since. But once you get into this area more and more, what I found was I wanted to try out certain things. So I wrote something in 2006, I think it was, saying, wouldn't it be amazing if there were chains of these low-cost private schools emerging, because then they could have economies of scales, they could attract massive investment, they could do research and development on better ways of doing stuff. And, you know, no one much seemed to be doing stuff there. Maybe one person, one group were doing stuff. And I thought, well, I want to see this happen, so maybe I should do it. And I managed to put a bit of my own money and then raise some investment and co-found a chain.

So as you were sort of saying, it wasn't that I was actually there as a — it was an accidental thing. I sort of came into it accidentally. Very pleased I did, because if you're going to write about it and talk about it, it's much better having done it, because one of the things is you realize it's much more difficult to do than you possibly could imagine from outside. I've made so many mistakes doing this, and I've probably learned from the mistakes, but that doesn't mean to say I'm not going to make new mistakes in the future.

So it's partly this idea of: I want to see what works. It's partly also then, when you're in these areas, people say, you know, it's great — I mean, I'm just full of praise when I'm in Nigeria. Look at what I found when I'm in India. This is amazing what you're doing. But people would say to me: yes, but I think we can do it better; would you like to work with us to make it better? And typically, the only way you can — look, there are two ways of doing that. You can raise money through investment, and you can raise money through philanthropy. I've done both, in ways of trying to sort of see how we can move the sector forward, building on what they've done already, which is amazing. These schools are amazing. They are outperforming the government schools. Let's see if we can make them even better still. And one way of doing that was by becoming an operator. So I have founded these local school chains, co-founded them, but also in in a couple places, including Nigeria, I've created federations, so these are nonprofit organizations. The one I'm working with in Lagos, I'm the patron there. It's called a wonderful Nigerian name; it's the Association of Formidable Education Development. We have 5,000 schools and 1 million kids. It's an extraordinary venture.

WOODS: That absolutely is the case. Now, of course, one thing you'll want, once you get graduates from these schools, is to get testimonial videos from them and use that — not like you need me to tell you how to run your philanthropy.

TOOLEY: [laughing] You know, I'm not as organized as I should be in all these ways. That's a terrific idea. I should have done that. We should be doing that. And we will, yes, why not?

WOODS: Yeah, just to put faces on it for those of us who don't have the opportunity to go visit.

TOOLEY: Yeah.

WOODS: So do you have a website where you try to recruit philanthropists and raise money, or are you doing it all behind the scenes?

TOOLEY: I tend to do it through each of these organizations. And you know, what you're touching on — and I'm not embarrassed by — well, I am embarrassed in a way, that we've been moving forward on so many different friends, but I haven't got that website where people can come and people can see what we're doing. I haven't got just that one place people can go. I haven't done a lot of these things you're talking about. That's really something I must be doing, I need to be doing, and in a sense, I, you know, would love to get help doing that. So picture this: there's this great movement out there. There's this movement of low-cost private education. We're doing it in a small way now, here in in England. We need to somehow bring it all together under one umbrella. I've been thinking about this for a long time. It's not there yet. Tom, you've reminded me, and in a sense, you're scolding me and challenging me to do it. It must be done. You're right.

WOODS: Well, just the work you're doing is so extraordinary, it deserves — well, how about this? If anything, I do have listeners in the English-speaking — well, I have listeners in non-English speaking countries. I don't understand that at all. But I do have some listeners in England, and if I have people there who are any good at video work or website design who would be willing to help out a really, really worthwhile cause, write to me to me. I'm even going to give out the email address that I don't want people generally using, just because I really believe in this, and that's simply Tom@TomWoods.com. Write to me, and I'll forward your information to James, and maybe you all can work together.

TOOLEY: Well, that's really exciting to me. I mean, as I say, we've got lots of things going on, and they've all got individual websites, but I do need that clearing house. I know I need it. And Tom, you've really hit the nail on my head, as I say. This is what we've got to do.

WOODS: Well, I think you'd be able to do a lot more, because I think people would be so thrilled and excited by this. But let's get back to Durham, and let's get back to your plans for England. So the school is — I just want to make sure I've got it all understood — actually the Durham school is in session as we speak?

TOOLEY: Exactly. It's running now. It started in September, so this is will be our first term that we're completing at Christmas.

WOODS: Are you constantly a bag of worries, or do you feel all right?

TOOLEY: I mean, I feel all right, if I'm a constant bag of worries, I suppose. If I wasn't worried, then I think there'd probably be something wrong, you know? We're moving forward. We're moving forward slowly. To me, this is the beginning of something quite extraordinary, I hope. We've got our sights on the second school in a place called Sunderland also up here in the northeast. We're going to create a good chain, and the school is going well. But I am a bag of worries, that's for sure. There's a lot to do; there's a lot to learn; there's a lot to deal with.

WOODS: Are there any admission requirements for the school? And what age range are we talking about?

TOOLEY: So at the moment, it's very young. So we're going from four years old until nine years old at the moment. But that's just the beginning. And this is going to be an all-through school, an all-through school chain. So absolutely no admission requirements. We want everyone who is interested in this to come along and join us. Very small at the moment, but it's going to be growing, and I'm very confident we will be growing very quickly in the coming two to three years.

WOODS: When do you expect your book to be released? Because surely that will be a help as well.

TOOLEY: Yeah, I hope so. So this book is going to be released by the Independent Institute in California.

WOODS: Oh, great.

TOOLEY: Yeah, and the provisional title, the working title is *The Emancipation of Education*. And as I said, I just finished it just an hour or so ago, at least this sort of first draft. And really it starts off with the whole phenomenon of local private schools in the developing world. As you say, it is an extraordinary phenomenon. We almost have come into that assuming everyone knows about it, but not everyone does know about it, and I spell out just the extraordinary thing of how these schools are. They're everywhere. They're ubiquitous. They're scalable. They are affordable by parents on the poverty line. They are higher quality than the government schools. They're better value for money than the government schools. They're sustainable. They tick all the boxes that you would want. And they're fair to girls, and so on. So the first part of the book says all that.

And then it starts saying: but hang on, could something like this apply in America or England? And I started thinking about the book before I started doing it here. And I sort of set out certain problems, certain issues that come in the way, but actually then sketch out a business plan for doing this in America too. And I look at the whole debate about vouchers, why wouldn't we want to go that route. And instead I suggest, well, I think this whole idea of not having the government do this for us, not seeing the government has got to create the educational reform, that we can do it yourself,

as we've seen people doing in the rest of the world is a much stronger way of bringing that about.

And then I look at the point you raised earlier, which was: but what sort of schools will arise? What sort of education will arise? And I look at a lot of the problems that we see with the traditional schooling model. I look at a lot of those issues and say, well, you know, it doesn't work for so many children. It can be so much better improved, the curriculum, the assessment, the framework of education, and I just give some pointers to how the right sort of entrepreneur can create something very different in these spaces that will transform education. Educational freedom will bring so many different types of schools, but some that work on the traditional model and improve it radically, and some which try out completely new areas.

So that's the book, really. It starts with the journey I've been on in developing countries, and then brings it into America, to England, and says, well, actually, this could do something pretty dramatically in our countries too. And I end with a with a song from Bob Marley, I think it is "Redemption Song," that song where he says, "Emancipate yourself from mental slavery. None but ourselves can free our minds." And I'm saying — actually, that's what I'm saying in the book. Emancipate yourself from mental slavery, that is, the government keeping control of education, which is all about development of our minds. None but ourselves can free our minds, so we've got to do it ourselves. We mustn't expect government to do it. If government even tries to do it, they get it wrong. Let's do it ourselves, and we can emancipate education, and everything will be much better if we do. That's the sort of summary of the book. Thanks for the plug.

WOODS: Well, it's thrilling. Obviously, when that book comes on, I'm recruiting you back for another appearance. I'd like to know, in the meantime, I will continue to promote *The Beautiful Tree*. We'll link to that — this is Episode 1292 — so at TomWoods.com/1292, I'll link to that. Is there any other internet real estate you'd like me to link to related to your work, or is that sufficient for now?

TOOLEY: Well, just one other book then: *Education: War and Peace* was a small book I published with the Institute of Economic Affairs in London. If you could link that too, that's again, a nice bit of, as you say, internet real estate, which people can read and understand more of what's going on.

WOODS: I love the Institute of Economic Affairs. They must help keep you guys sane over there.

TOOLEY: They do. They're a real source of sanity. I'm on their advisory council, looking forward to the Christmas luncheon in just two weeks' time.

WOODS: Oh, gosh, that sounds great. Well, listen, I know everybody listening is thrilled and excited and wants to know more, so we'll look forward to your book. And continued success and good wishes to you for all the good work you're doing.

TOOLEY: Tom, it's been a pleasure to be on here, and thanks for pushing me where I need to be pushed, as well. It's been helpful.

WOODS: [laughing] I'm good at telling other people to do work. That's one of my strengths. Thanks again.

TOOLEY: All right, thanks, Tom.