



UNITED CHURCH  
OF CHRIST



# PRIVATIZATION

a challenge to the common good

*Faith Reflections on Privatization*  
JUSTICE AND WITNESS MINISTRIES

## The Values That Drive Privatization “Me First” vs. “Me and You”

### INTRODUCTION

Ron Stief

THE AMERICAN DREAM is a powerful concept for most people in the United States. Individuals are counseled nearly from birth to live by the value system that requires “pulling themselves up by their own bootstraps.” Children are taught to believe that “the best way to get something done is to do it yourself.” Members of American society consider themselves rugged individualists; they are conditioned to equate freedom with capitalism, placing ultimate trust in the market and believing that “what’s good for General Motors is good for the country.” The American Dream is closely linked with what is said to make America great—economic freedom and prosperity. And usually this freedom is exclusively linked to the success of the individual, almost as though community didn’t exist. The private market has become for many a metaphor for the American Dream, a place where its promoters believe all are free to succeed.

The prosperity that many in the United States have enjoyed in the post-war period, built not just on capitalism but also on the civil rights movement and the social safety-net programs of the 1960s, has shrunk and is poised to disappear for all but a few in today’s leaner, meaner era of government budget cuts and growing inequality. Privatization of government programs is contributing to this decline. In this new privatized American theology, government is often seen as a meddler, an interference in the private market.

Gone are the days when compassion tempered competition. Advocates of American radical individualism paint government as a hindrance, rather than a help. An example is the poll posted on the Web site of an Ohio member of Congress, a poll claiming that 44 percent of his constituents want to abolish the Internal Revenue Service (IRS), the agency charged with collecting the taxes that pay for government services. Critics like this public official impugn government without acknowledging that even if government and the IRS were eliminated, somehow society would still need to pay for services like roads, airports, prisons, the military, safety-net services, health care, police, fire protection, and education. What if government were to contract out such services to the private sector? Wouldn’t society still need to collect taxes to pay for them?

“Can’t the private sector really do it better?” is another of the catchphrases of American individualism. Wouldn’t it be possible to shut down what advocates of privatization call “the inefficiency of government-run bureaucracy?” Wouldn’t there be some satisfaction in launching large-scale privatization in the United States—in health care, schools, prisons, the military, public utilities, and social security (and don’t forget the post office)?

The reflections collected in this volume explore what would be the consequences of the radical privatization now being proposed by conservative think tanks and those in the current federal administration, Congress, and the state legislatures who are strong supporters of replacing public with

private services. These essays explore six institutions in which privatization has already taken place or where it is being actively discussed:

Privatizing Water

Privatizing Social Security

Privatizing Health Care

Privatizing Public Education

Privatizing Prisons

Privatizing the Military

The specific pieces are followed by an appendix that examines the sources of advocacy for privatization, because it is important to think about why privatization has suddenly become such a pervasive issue across all kinds of institutions. While these essays surely do not consider every type of privatization being discussed, they do explore many of the greatest concerns. This resource is presented in the hope that, with an eye to God's reign in the world, members of congregations of the United Church of Christ will think together about the role of public services and the marketplace in a good society.

There are important underlying issues that need to be explored more theoretically as a preface to the specific essays in this volume. The private sector is best for handling some functions, but a nonprofit, publicly accountable organization like a government, where costs are paid by taxes, not by consumers, is best for handling others. What are the core differences when services are provided by government and by the private sector?

One difference is accountability. Government services have traditionally been made accountable by law to insure the public good. Members of the public can voice their support or objections and regulations can be imposed; ultimately government is accountable to voters. The checks and balances of the three branches of government contribute to the accountability of the system.

Advocates of privatization paint public services as the turgid work of bureaucratic "government monopolies." Private services, in contrast, are said to be regulated by a market that measures their success by their profitability. The assumption is that customers can "freely choose" from a number of private firms that compete to provide services efficiently and cheaply. Poor-quality programs will automatically close, according to this theory, and those of the highest quality will make a profit and thrive. Ultimately, however, private firms are neither accountable to the public nor even to their customers. Instead they are accountable to shareholders. If it is cheaper to pollute or produce a poor-

quality product, and if competing firms facing the same conditions feel the same way, then consumers will have poor-quality goods and a polluted environment.

The "accountability of the market" ignores other realities in the "real world" provision of services. Advocates ignore problems that arise when an individual's priority, for example, low price or convenience, is not in society's best interest. The ultimate effects of such choices may bring us a polluted world or perhaps poorly educated children, whose parents selected a bad school because of its location near a parent's workplace. Everyone has observed private firms in the real world that have survived despite their shoddy work, because they appealed to some customer value other than quality.

Advocates of privatization neglect to point out that a system of accountability based on the market will automatically create winners and losers—consumers of the services provided by successful businesses and those consumers whose service is interrupted when businesses are held accountable by closure. This is a particularly serious situation in the provision of human services, such as health care and education, where markets incorporate instability in service provision.

Privatization also favors customers who can afford to pay more. Privatization shuts out those with fewer financial means through what are really pay-to-play schemes. It may be fine to let the price of a new car or television be dictated by the market and then let the market determine who can afford to buy a car or television. Not everyone depends on a new car or television. It would be incredibly foolish, however, to let access to education, health care, clean water, or safety be dictated solely by whether someone can pay for these services. Widespread privatization of the services discussed in this volume would commodify many of the things traditionally considered basic human rights. It is important to consider the consequences of brokering what has previously been guaranteed for everyone, and surely the church should pay attention to the inequities that would result.

The process of privatization adds profit making to a service that has previously been provided by government, a nonprofit organization. This actually raises costs. But advocates of privatization assume the market will work more cheaply. While public services are often criticized for being expensive and wasteful, largely due to the huge sums needed to serve millions of people, studies show that any cost savings accrued through privatization are generally due to the lower wages and reduced fringe benefits paid by private firms. Exchanging decent jobs for poor ones is not good for workers or society. Those who simply want to diminish the role of government often pose privatization as an alternative, by implying that if government were removed from the role of providing services, the services would improve and be cheaper. There is no evidence to support such an allegation.

Tax-cut fever often accompanies a frontline strategy of privatization. Tax cuts that diminish public investment and degrade services can be used as a rationale for privatization—a preface to shrinking government. There are some in Washington, D.C., who hope that alarmist reports on “the tax burden” will cause citizens to support all the proposed federal and state tax cuts. Congress took advantage of this gap in our public understanding of tax policy to pass a \$1.4 trillion tax cut in 2001, and this year President Bush has proposed a \$726 billion tax cut, which would eliminate taxes on dividend-investment income. Many in Congress support the president’s proposed tax cuts, which will overwhelmingly benefit upper-income Americans, but for the huge majority who depend on public services, federal tax cuts would translate into guaranteed ongoing cuts in programs as varied as public education, health care, child care, Medicare, Medicaid, veterans assistance, schooling for children on military bases, food stamps, farm programs, environmental protection, and first-responder homeland security (police, fire, and emergency workers).

William S. Gates Sr., father of the much more famous Bill Gates Jr., in his new book, *Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes*,<sup>1</sup> observes that in a democracy it is not necessarily true that “what is mine is mine, and what is the government’s is not mine.” “One way or another,” according to Gates Sr., “a certain amount of money must be paid in taxes to the U.S. government to support its activities.” The wealthy and powerful have been able to privatize their personal and family needs through private schools, private security guards, private health insurance, private retirement investments, private ownership of books and learning tools, and private transportation, notes Gates. Many wealthy people don’t need government services; they seek tax cuts to avoid paying for such services that don’t directly benefit them. The rest of us, however, “depend on the existence of strong community and public institutions.” Libraries, state parks, municipal pools, public schools, police and fire, garbage services, and dozens of other public needs come to mind. Who provides all this? Government. How do we pay for it? Taxes.

Privatization has been tried around the world during the 1980s and 1990s when the International Monetary Fund imposed reforms in the global South with the belief that privatizing services and industries makes them more efficient. In practice, however, all sorts of problems have arisen, such as the selling off of public assets for low prices due to kickbacks to corrupt public officials and enriching stockholders

at public expense. There have been protests in Argentina, Chile, Bolivia, and Mexico, as people have discovered that the private sector is more interested in profit than provision of services. And after the collapse of the Soviet Union,

when the industries and institutions of the old Soviet empire began to fall apart under the weight of decades of mismanagement, lack of investment, corruption, and loss of public faith, the new utopian ideal of “markets” quickly filled the vacuum as Western consultants and business interests swooped in. Sudden pri-

vatization across the former Soviet republics exacerbated extensive layoffs, massive bankruptcies, starvation, social unrest, and a climate of chaos that resulted. Corrupt government was merely replaced by another form of corruption.

There is a biblical and theological dimension to the issue of privatization. Sociologist Robert Bellah, author of the best-selling *Habits of the Heart*,<sup>2</sup> notes the injunction of Jesus in Matthew 25 to care for the poor and contrasts Jesus’ concern for the least among us with the self-serving “me-first culture” that characterizes privatization. Bellah identifies a desperate need for conversion to community at a spiritual and ethical level during our times when society has become characterized by a “decline in civic responsibility and a selfish withdrawal into monetary aggrandizement.” “Above all, today the greatest sin is that of thinking that freedom is the freedom to do whatever we want and not freedom to do the right and the good,” Bellah observes. If there is one biblical mandate to consider community over the individual, it is Jesus’ commandment to love our neighbor as ourselves.

This set of articles examines proposals for radical privatization in the United States and looks for alternatives. The essays conclude that the best step toward a strong and enduring U.S. democracy is to preserve a public system that provides for all citizens, and especially those with greatest need, while encouraging private development in areas where the profit motive can be expressed without leaving anyone behind.

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1. William S. Gates Sr., *Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes* (Boston: Beacon Press, 2003).

2. Robert Bellah, ed, *Habits of the Heart: Individualism and Commitment in American Life* (Berkeley: Univ. of California Press, 1996).

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—Robert Bellah

# Privatizing Water Profits Over People

Wallace H. Ryan Kuroiwa

“IF THE WARS OF THIS CENTURY were fought over oil, the wars of the next century will be fought over water.”<sup>1</sup> These words, spoken by the vice president of the World Bank, Ismael Serageldin, in 1995 have proven to be tragically prophetic. Wars over water are occurring with greater and greater frequency throughout our world. Water shortages in countries like India, China, Ghana, and Mexico have fueled conflicts, both verbal and physical. These conflicts are not confined to developing countries, either. In the United States, California, Arizona, and Nevada have long been engaged in water rights disputes over the Colorado River. Internationally the United States and Mexico have fought over rights to waters from rivers that border the two countries.

Vandana Shiva helpfully points out that these water wars are traditional—fought with guns and grenades, as well as paradigm wars—disagreements over how we perceive and experience water.<sup>2</sup> At the heart of this conflict lies the trend toward privatization of water and those who resist it.

Supporters of privatization argue that firms in the private sector are able to provide what had formerly been done by government better, more efficiently, and cheaper. They maintain that the track record of publicly maintained services, in this case providing safe and clean water, is not a good one. The private sector, because of competition between companies who want to provide the service, is said to be a better alternative. If one company does not do a good job, they argue, someone else who does can be hired.

Strongly supportive of the philosophy that competition in the private sector can provide services more efficiently and cheaply, the World Bank and International Monetary Fund have long forced potential borrowers to privatize public services like water as conditions for loans. Thus a growing number of countries have been forced to privatize the rights to water in order to receive badly needed loans. These loans are then packaged into what are called public-private partnerships. Millions of World Bank dollars are being used

to subsidize private firms, who bid for contracts to have the rights to offer water delivery services.

In the United States, deregulation is converting water into a commodity to be bought and sold to the highest bidder in areas of rapid population growth. In 1992, for the first time, large farmers and landowners were given the right to

sell their water to urban areas. Southern California cities and farmers were legally allowed to buy water from Northern California farmers, hoard it, and sell it later, when the price was higher.<sup>3</sup> On the consumption end, the news is no better. Corporations take advantage of this market in water by buying precious water to use in their factories and disposing of contaminated waste water without having to pay for clean up. In Albuquerque in 1996, residents tore out their lawns as a water-

conserving measure, only to have large corporations like Intel increase their use. To add salt to their wounds, residents had to pay four times as much as Intel for water.

Under privatization’s rules, water is considered separate and discreet from the land on which it is found. Thus, the owner of the water can extract it, transport it great distances, and sell it at a profit far from the place where the water originated. This often results in water shortages in rural and farm areas, where the extraction occurred.

We see today how the contemporary “pharaohs” of the world have used the rules of the global economy to appropriate large shares of the world’s water so that people have to come to them to buy this necessity of life.

## BIBLICAL AND THEOLOGICAL REFLECTION

Read Genesis: 41:25–37; 47:13–21

The story of Joseph and the famine gives us insight into how we understand what is going on around us. Although Joseph is considered one of the heroes of the faith in our Judeo-Christian heritage, let us consider this story from a different perspective.

Although the passage deals with food, it holds remarkable parallels with water in our day. Water, like food, is a basic

necessity for life, and therefore can be treated similarly. In the story, Joseph has endeared himself to Pharaoh because of his industry, guile, and loyalty. Pharaoh has a troubling dream and approaches Joseph to interpret it (Gen. 41:1–24). Joseph tells Pharaoh that the dream is intended to warn him of an impending seven-year famine. Joseph further interprets the dream to mean that Pharaoh is to store up grain against that crisis, and Pharaoh agrees to the plan (Gen. 41:25–37). The dream becomes reality, and in the midst of the subsequent famine, the Israelites are forced to come to Pharaoh for help. Joseph, on behalf of Pharaoh, uses the leverage he has gained by having the only food in the area, to buy all the land and make the Israelites slaves (Gen. 47).

This story gives us the backdrop for the bondage and oppression of the Israelites. It also provides the prelude to the freeing of the slaves and exodus. But it also can offer another insight. Consider what happens here. This story portrays how control of a basic necessity for life can provide unmitigated power over the lives of others. It shows how that power leads to the oppression of others. One can argue that Joseph just uses his own considerable intellectual resources, and the people who did not prepare just suffer the consequences for not being ready for possible disasters. However, such arguments run counter to our understanding of human compassion and love for the neighbor.

Seen from this perspective, the commodification of water holds remarkable parallels to the biblical story. We see today how the contemporary “pharaohs” of the world have used the rules of the global economy to appropriate large shares of the world’s water so that people have to come to them to buy this necessity of life. Just as Joseph extracted an unjust price for food, so corporations have been able to reap lucrative profits from selling what should be a human right—the access to adequate, clean, potable water to sustain life.

## DISCUSSION AND REFLECTION

1. Is water a commodity or a basic necessity of life that should be guaranteed to all? Why?
2. Consider water stewardship. How can we better manage the consumption of water? Whose responsibility is it to lead in using water wisely?
3. Consider your own church. What are some ways water can be conserved better by your congregation? What about your community? City or town?

## PRAYER

O fount of all life, we thank you for fresh, clean water. We pray for places where this basic element of life does not exist. Help us work for policies here and throughout our world, so that all may be assured of this basic need. Amen.

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1. As qtd. in Wanda Shiva, *Water Wars: Privatization, Pollution, and Profit* (Cambridge: South End Press, 2002), ix.

2. *Ibid.*

3. Maude Barlow and Tony Clark, *Blue Gold* (New York: New Press, 2002), 73–74.

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# Privatizing Social Security Destabilizing the Future

Edith Rasell

ONE OF THE MOST EFFECTIVE ways society cares for those who cannot care for themselves is through the Social Security program. Social Security provides income to some forty-six million beneficiaries, one in every six Americans including more than three million children. While two-thirds of the beneficiaries are retired workers and their families, one-third are disabled workers and the families of deceased workers.

In many ways Social Security is similar to other retirement programs. Workers become eligible for benefits by making contributions to the program. Higher paid workers make larger contributions and receive larger benefits. But unlike other retirement plans, *Social Security* is a *social* insurance program with larger social goals, such as reducing poverty, guaranteeing benefits for as long as a beneficiary lives, and protecting beneficiaries against inflation. These functions will be damaged by privatization.

Unlike many retirement programs, benefits are not determined solely by how much a person earned and what he or she paid into the program. Additional factors also affect benefit levels, for example, the family size of the beneficiary. A beneficiary with a spouse or children at home receives a higher benefit than another with no family. Benefits are also automatically increased each year to keep pace with inflation. This is very important since at typical inflation rates, buying power would otherwise decline by one quarter over just ten years.

But even among beneficiaries with similar family sizes facing similar rates of inflation, benefits are not just proportional to lifetime earnings. Social Security disproportionately increases benefits for lower earners. A retiree who when working had earnings twice as high as another will receive benefits that are *less than twice* as large. Social Security keeps many people out of poverty. Without Social Security, over

half of all people over age sixty-five would live in poverty. Moreover, no matter how long someone lives, their benefits continue. People cannot outlive their income as they can in many retirement programs. Finally, one of the most important social benefits is that the program is risk free. So long as the United States exists, assuming Congress does not make radical changes in the program, beneficiaries will receive their benefits.

Social Security is able to fulfill these goals because of the way it is set up. The tax money that pays for the program (the FICA line on a worker's pay stub) flows to a single pool out of which all benefits are paid. In any given year, most of the money coming in is paid out to beneficiaries. Working people today pay the benefits of the generation that came before them. However, for roughly twenty years the program has been designed to run a surplus; more money is coming in than needs to be paid out in benefits. The excess is used to purchase treasury bonds that will be

held until a future time when money needed to pay benefits exceeds incoming revenue; then the bonds will be cashed out. The combination of tax payments and the saved treasury bonds will completely fund Social Security benefits for the next thirty-eight years. Even *seventy-five years* from now, with no increase in the tax rate, fully two-thirds of benefits will be covered. The program is extremely sound, while in most other government programs—or private ones—funding even a few years ahead is uncertain.

For some years there have been discussions in Washington, D.C., about “privatizing” Social Security—that is, creating private, individual accounts within the Social Security program. As with a 401(k) retirement account, the worker would determine how the funds were invested. Benefit levels would be determined by the amount of money paid into the private account and the success of the investments. What would happen to benefits for dis-

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—James 1:27

abled and deceased workers and their families is unclear since a worker might be killed or become disabled before accumulating sufficient money in his or her individual account.

Private, individual accounts would change the fundamental character of Social Security by introducing the following factors:

- **RISK**—Workers' core-retirement income would be put at risk from the ups and downs of the stock market.
- **WINNERS AND LOSERS**—While currently no one gets rich on their Social Security benefits, most everyone gets by. Under privatization, some people whose investment choices were especially wise or lucky or who retired when the stock market was up could do very well. But others could fare poorly.
- **LOSS OF EXTRA HELP FOR LOW EARNERS**—The current system that provides special benefits for people who received low pay when working would be lost if benefits were determined by the size of each person's own account.
- **LOSS OF BENEFITS TIED TO FAMILY SIZE**—Benefits would just depend on the money in the private account.
- **LOSS OF AUTOMATIC PROTECTION AGAINST INFLATION**—The Social Security program currently protects against inflation.
- **HIGHER ADMINISTRATIVE COSTS**—Social Security is very cheap to administer. But managing mutual funds, stocks, bonds, and other investments is expensive, costing about 1.5 percent of the value of the account annually. Over the forty-plus years of someone's working life, these fees would reduce the total value of the account by 30 percent compared to just 1 percent in Social Security.
- **NEED FOR AN IMMEDIATE TAX INCREASE**—Higher taxes would be immediately necessary to continue payments to current beneficiaries while allowing current workers to make deposits in their individual accounts.

The Social Security program was established during the Great Depression of the 1930s, when it became very clear that individuals could not just rely on their own efforts and those of their family. Society—in the form of government programs like Social Security—had to step in to reduce poverty and ensure an adequate income for those who had too little. It is easy during more prosperous times to forget society's joint responsibility to care for today's widows, orphans, and others who cannot provide for themselves. Privatizing Social Security would further reduce society's ability to address poverty and want.

## BIBLICAL AND THEOLOGICAL REFLECTION

Read Isaiah 1:16–17, Psalms 68:5, James 1:27

The book of Isaiah begins with God's charge that the Israelites have failed to live up to their covenant. This is followed by instructions about what is needed for repentance. Isaiah gives instructions from God:

Wash yourselves; make yourselves clean;  
remove the evil of your doings from before my eyes;  
cease to do evil, learn to do good;  
seek justice, rescue the oppressed,  
defend the orphan, plead for the widow. —Isaiah 1:16–17

Compassionate and fair treatment of orphans and widows and all the poor and oppressed is central to God's call to repentance. The charge to care for widows and orphans occurs repeatedly throughout the Hebrew Scriptures and the New Testament. Psalm 68 calls God the "Father of orphans and protector of widows." The power and protection of the mighty God would watch over these vulnerable people. James is also clear about the paramount importance of caring for at-risk groups: "Religion that is pure and undefiled before God is this: to care for orphans and widows in their distress" (Jm 1:27).

In New Testament times and up until the last century, there were very few government or social programs to care for those unable to care for themselves. The economically marginalized relied on charity, which may or may not have been available when it was needed. Nonetheless, there was a well-recognized obligation, placed by God on God's people, to care for others who could not care for themselves.

In the United States today, widows, orphans, and the aged who cannot work to support themselves do not depend solely on the charity of others. During the 1930s, the public, acting through its elected representatives, established a social insurance program, Social Security, that covers nearly everyone who is unable to work. Workers' contributions pay benefits to the previous generation of workers and to the disabled and survivors of deceased workers, who paid benefits to the generation who came before them. Since the 1930s, each generation has worked together cooperatively through Social Security, accepting their obligation to provide for the people who preceded them. But today when there is a strong focus on individual responsibility, recognizing and accepting this joint obligation to care for others has become less popular. Privatizing Social Security would break down this collective effort to care for the ones who came

before us. The broader aims of Social Security—guaranteed income for as long as one lives, special benefits for low-income beneficiaries to protect them against poverty, and extra benefits for beneficiaries with families—would be lost.

## DISCUSSION AND REFLECTION

1. Does society have an obligation to provide everyone—including retired workers, disabled workers, and the survivors of deceased workers—with an adequate income?
2. “I may make plenty of money but I work hard for it. I put in long hours and worked hard to get where I am. Why should I give my money to someone else who does not deserve it?” What is your response to this common feeling?

## PRAYER

Loving God, creator of all life: We know that our skills and talents, our health and strength, our words and thoughts all come from you. But too often we forget. Help me remember that I am a great and wonderful part of your creation, not because of what I do or what I say, but because I am made in your image. I am great because I love others, not because others love me. I am great because of what I give, not because of what I receive. You have given us a world of abundance with plenty for all—if it is shared. Help me to love and share with my neighbors so that they do not have too little and I do not have too much. We know all this is possible through you, the one who transforms us with your love. Amen.

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# Privatizing Health Care Undermining Equity

Barbara Baylor

THE UNITED STATES faces serious challenges in health care as it enters the twenty-first century. Health care is rapidly growing more expensive; currently national health care spending, as a percentage of the gross domestic product, is approximately 13 percent, quickly approaching 15 percent. While part of this increase in healthcare costs is due to better technology and better treatment, as reflected by increasing longevity and quality of life, there are alarming inequities in our healthcare system.

America’s healthcare system is one of the most expensive in the world, yet it leaves millions without health insurance and with inadequate care; the United States is the only industrialized nation that does not guarantee access to medical care for its citizens. More than forty-one million Americans, one in six, have no healthcare coverage at all. Few Americans have sufficient health insurance to cover their costs if they actually have a serious illness or hospitalization. Six hundred thousand Americans went broke last year to fund their health care;<sup>1</sup> each year eighteen thousand uninsured Americans die prematurely because of lack of access to appropriate healthcare services. Healthcare expenses are the number one cause of family debt and bankruptcy across the United States. Confronted with high-cost

medical procedures, many uninsured patients and family members engage in various fundraising activities and request donations. Although the United States spends \$4,637 on health care per person, more than any other nation, an amount totaling \$1.3 trillion in 2000, and although America is ranked the best in the world in treating disease, it ranks thirty-seventh in the world for health outcomes, with relatively high rates of infant mortality and uneven life expectancy among population groups.

The healthcare system is undergoing enormous change, including corporatization of nonprofit institutions, growth of managed-care organizations, and a proposal to privatize the Medicare program, the health insurance for the elderly. *Privatize* is the mantra of the moment. The Bush administration’s proposal to transform traditional Medicare into what President Bush argues is a more cost-effective system of managed care is perhaps the most evident example of privatization. And while expanding individual choice is often the justification provided for these changes, it is becoming clearer that the administration’s primary focus will be cutting costs for government, not for patients. There has been no comprehensive vision presented that would address healthcare inequities in America.

Traditionally, medical care in the United States has been comprised of public medical systems and a mix of nonprofit and for-profit providers. Its goal has been to provide the best health care possible for people at all economic levels—to help all people live longer, healthier lives. Those who wish to preserve this system believe that increasing the pressures of market competition through added privatization could lower the quality of health care without reducing the cost. Privatization would also reduce the involvement of government and, to the extent that costs to the government are reduced, expenses will likely increase for individuals. Shirley Douglas stated, “The problem with privatizing health care is that it becomes a business, and like most businesses, the design is to earn a profit. While business is not in and of itself bad, business does not belong in the realm of meeting basic population health care needs.”<sup>2</sup> And according to Congressman Sherrod Brown, “There is a risk in creating an economy and a society that is devoid of public conscience.”<sup>3</sup>

Proponents of privatization in health care have argued that increased privatization would enhance individual choices of insurance plans and would foster innovation and reduce inefficiencies.<sup>4</sup> The process of privatization would shift increasing responsibility to the private sector, where providers compete. Some advocates of privatizing simply distrust government services: “get government out of health insurance no matter what the cost.” Some wish to maximize profit, through private insurance companies’ denying benefits and instituting incentives to withhold care.<sup>5</sup>

Proposed reforms in Medicare are the clearest example today of the pressure to privatize. The Bush administration argues that private insurance companies can provide cheaper health care to seniors, and therefore the federal government would save money if more Medicare seniors were in managed-care style health-insurance plans.<sup>6</sup> Medicare was originally created to fill the gap of health insurance coverage for older Americans and, later, the disabled. Before Medicare, nearly half the elderly lacked health insurance. The private sector either refused to provide insurance coverage to the elderly, who obviously have greater health risks than younger people, or made the coverage so expensive that seniors could not afford to pay the premiums. Lack of health insurance meant seniors had to pay for health care out of their limited retirement incomes, leaving many elderly citizens poverty stricken or without needed care. Medicare has helped people live longer and live better, and for this very

reason the program faces higher costs than ever before. The impending retirement of so many baby boomers will further increase costs.<sup>7</sup>

Of the more than forty million people without health coverage, almost all are under sixty-five years of age. That’s because Medicare covers all people at the age of sixty-five and above in what is a universal health plan; seniors are the most insured population of all Americans.<sup>8</sup> Why reform or change a program that is so successful? The goal is to save money, supposedly through competition. The president’s vision for the “reform” of Medicare is a three-tiered system in which beneficiaries would choose how their health care would be administered:<sup>9</sup>

“The problem with privatizing health care is that it becomes a business, and like most businesses, the design is to earn a profit. . . . business does not belong in the realm of meeting basic population health care needs.”

—Shirley Douglas

- Traditional fee-for-service Medicare would remain with some assistance for prescription drug expenses.
- Beneficiaries could also opt to enroll in managed-care plans, much like HMOs offered through Medicare Plus Choice. These plans would receive a government subsidy for providing a drug benefit to enrollees.
- The third option and Bush’s preference is enhanced Medicare, in which private insurers would compete for beneficiaries’ business by offering preventive health coverage, a cap on catastrophic costs, a drug benefit, and other options not found in traditional Medicare. Beneficiaries would purchase insurance policies and would receive a government subsidy to offset some or all of the cost of the premiums, while the size of the premium itself would be set by the insurance company.

Opponents of the Bush proposal fear that in this three tiered system, the first option, traditional fee-for-service Medicare, would be seriously underfunded, leaving those who choose this option with inferior and inadequate medical care. Another problem is that HMOs also seem to be less efficient than Medicare. Medicare currently spends under 3 percent on administrative costs compared to an average of 15 percent by HMOs.<sup>10</sup> Another danger, as a recent *Public Citizen* report discovered, is that many HMOs participating in Medicare Plus Choice plans offer unreliable coverage.<sup>11</sup> HMOs don’t stick around when things don’t go their way. After their requests for higher reimbursements from Medicare were rejected last year, more than one-fourth of the HMOs participating in Medicare quit, leaving behind

some 450,000 Medicare beneficiaries.<sup>12</sup> From 1999 to 2003 a large number of plans left Medicare, dropping 2.4 million Medicare beneficiaries. For-profit insurers have dropped subscribers at two and a half times the rate of not-for-profit providers. Another serious consequence of moving to a privatized Medicare program is that Medicare beneficiaries would have significant difficulties understanding their very complex system of options. Who would help fragile senior citizens make decisions about health insurance purchases in a market-based system?

Medicare has become a fundamental part of the fabric of our country. It has helped people live longer and live better. It has also been very cost effective. Over the past thirty years, the growth in per-person costs in Medicare has been slower than in private health insurance. Bringing private insurers into Medicare will only lead to higher costs. Rather than move to a privatized system for Medicare, it would be better to improve the existing infrastructure, one that has served elderly and disabled citizens effectively for over thirty years. The truth is that the private sector cannot provide high-quality health services at a lower cost. Paul Elwood, the “father of managed care,” has stated that the private sector is incapable of improving the quality or correcting for the extreme variation in health services across the country. According to Elwood, government intervention is necessary and inevitable: “Market forces will never work to improve quality, nor will voluntary efforts by doctors and health plans. . . . Ultimately this thing is going to require government intervention.”<sup>13</sup> The private sector is not and cannot be a panacea for our healthcare problems.

Another example of the danger of privatizing health care has occurred as large, for-profit hospital networks have bought out nonprofit community healthcare institutions. This corporatizing of hospitals has resulted in upheavals in what had previously been stable local systems, patients scrambling for new health care, high unemployment, hospital losses, and cutbacks in key community services.

Finally, for-profit home health care is expanding rapidly in the United States. As insurance companies have forced hospitals to discharge patients earlier and sicker, the emphasis for care and the funding has shifted from hospitals to home-care services, nursing homes, and community-based services, thereby creating a growing demand for out-of-hospital care. The trend of shorter hospital stays has created greater sales opportunities for private home-care providers. This shift from hospital to home care may be cheaper for the hospitals, but except for the patients with ample insurance policies, the extra care is either paid for by the patient or by family members. The people assured of adequate home care are those who privately can afford it. Many people are going

without the comfort of attendant care, pain relief, medication, and counseling for themselves and family members simply because they cannot pay. Some families are being forced to spend all their savings to care for loved ones discharged early from hospitals. At the same time, nursing homes are receiving residents with the need for greater care without a corresponding increase in funding. As result, residents who can afford it are supplementing their nursing home care with private duty nurses and personal attendants. Again, more out-of-pocket spending for the patient and their family.

## BIBLICAL AND THEOLOGICAL REFLECTION

Read Genesis 1:27 and Matthew 25:31–46

The creation story in Genesis 1 affirms that every person is created in God’s image. Health is not a luxury, nor should it be the sole possession of a privileged few. We are all created in the image of God, and this makes each human life as precious as the next. By “pricing out” one-sixth of this country’s population from healthcare coverage, we mock the image of God and destroy the vessels of God’s work.<sup>14</sup> Justice would guarantee every person access to decent health care as an essential human right. The same theme is used by Jesus in his teaching about the nations of the world in the scripture story. The teaching could not be clearer: when we look into the eyes of someone who is sick, it is Jesus we see. When we encounter someone whose suffering is intensified because health care is denied, it is Jesus who is present in the agony of the marginalized one.<sup>15</sup>

Our Christian ethic is the moral framework by which we decide what is right and what is wrong. An ethical system is values based. Some of the values that comprise our ethical code are dignity, equity, justice, honesty, and respect. A different ethos underpins the public and private health sectors. The public sector ethos, closer to our Christian ethics, is one of inclusiveness or universal entitlement. The private, for-profit sector is more oriented to exclusiveness, allowing those who have money to participate, while excluding those who cannot afford to pay.<sup>16</sup> The debate around privatization in health care is a debate about the fundamental values of our society. The principal healthcare value of the United Church of Christ and many other faith traditions is justice, achieved through comprehensive, affordable, high-quality health care that is accessible for all. Privatization threatens to erode this core healthcare value when profit motive and market competition replace the concept that health care is a basic right and not a commodity to be sold to the highest bidder.

## DISCUSSION AND REFLECTION

1. Share a time when you were able to sense the presence of Christ in someone who was ill, suffering, or in need.
2. Do you agree with the statement that, “privatization is the solution to the health care crisis”? Why or why not?
3. What are the implications of your understanding in question two for our society as a whole?

## PRAYER

We give praise and thanks to you, O God. In Jesus Christ you have given us life, brought ministry, forgiveness, healing, and peace; you have commanded the disciples to heal the sick; and you have continued the healing ministry among us to this day. Keep us mindful of your love and mercy that we may be faithful throughout all our days. In the name of Jesus Christ. Amen.

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# Privatizing Public Education A Threat to the Common Good

Jan Resseger

VOUCHERS—TAX DOLLARS GIVEN to parents to pay tuition at private and parochial schools—are the perhaps the most-discussed example of privatization of public services. Only three school-voucher programs currently operate in the United States—in Cleveland, Milwaukee, and Florida, where a small voucher program continues while on appeal after its having been found illegal on state constitutional grounds. Despite wide media attention, currently only approximately fifteen thousand children are using vouchers nationwide, only one-tenth of 1 percent of school-age children,<sup>1</sup> while more than 90 percent of all children in the United States attend public schools. Although President Bush proposed vouchers as part of his No Child Left Behind Act, they were removed by Congress, and although proponents of vouchers have secured enough signatures to get voucher programs onto referendum ballots, none has ever passed. It is clear that while there is much talk of vouchers, they remain controversial and relatively unpopular.

The Cleveland program was challenged in federal court on First Amendment grounds, because more than 99 percent of the vouchers have been used at religious schools,<sup>2</sup> many of which have required children to participate in religious instruction regardless of their family's faith tradition. On June 27, 2002, in a 5-4 opinion, the United States Supreme Court found Cleveland's program constitutional because the vouchers are given to the parents, who have a range of secular and religious choices. The United Church of Christ's (UCC) Justice and Witness Ministries, which had joined an *amicus* brief opposing vouchers in this case, repudiated the Supreme Court for affirming the use of public money to pay for mandatory religious instruction. Although the United Church of Christ has always defended the right of parents to choose private or parochial schools, it has historically supported public investment in the schools that serve all children on behalf of the community.

While the court case focused entirely on the establishment of religion under the First Amendment, many of the most serious concerns around vouchers involve public policy. The UCC Justice and Witness Ministries has criticized Ohio for creating a program that removes financial support from severely underfunded public schools in a state where the school-funding system has now been found unconstitu-

tional three times. The voucher program in Cleveland redirects money away from Cleveland's public schools and serves the few (4,000 voucher students) at the expense of the many (77,000 students in the public school system). In the 2001–2002 school year alone, the voucher program cost the city's public schools more than \$8 million in state Disadvantaged Pupil Impact Aid, the funding created by the Ohio legislature to assist school districts with a large percentage of children in poverty.<sup>3</sup> Like many urban districts, Cleveland faces the challenge of providing extra educational and social services for children to counterbalance the effects of poverty and racial discrimination.

While proponents of market "choice" extol vouchers for improving public schools through competition, critics of vouchers raise serious philosophical questions, on top of concerns about spreading scarce resources even thinner. People who promote vouchers allege that the rights of the individual are paramount and that the choices of the aggregate of individuals will by definition constitute what is good for the community as a whole. Opponents of privatization are likely to point out that the needs of individuals and the needs of the community are different and must be carefully balanced to protect the vulnerable and powerless. Political philosopher Benjamin Barber rejects, "That proud disdain for the public realm that is common to all market fundamentalists, Republican and Democratic alike. . . . Democracy . . . demands the consideration not only of what individuals want (private choosing) but also of what society needs (public choosing). These ends are public, the *res publica* that constitutes us as a common people."<sup>4</sup>

Because 90 percent of children in the United States attend public schools, a system of excellent, well-funded public schools is society's best hope for universal economic participation. In earlier agrarian societies, the skills for participation in remunerative work could be passed on from parents to children. Even in the industrial nineteenth and twentieth centuries, many skills could be learned on the job through apprenticeship or work experience in factories. In contrast, today's well-paying jobs require sophisticated literacy, numeracy, and computer skills. Those who are formally educated can prosper; those without a high school diploma are left few opportunities other than minimum-wage jobs in the

service sector, where even when two parents work full time a family of four cannot rise above the federal poverty level.

Sociologist Robert Bellah emphasizes the civic role of public education: “However pluralistic its forms, education can never merely be for the sake of individual self-enhancement. It pulls us into the common world or it fails altogether.”<sup>5</sup> Democracy requires that all citizens can understand and evaluate complex social issues, be informed enough to vote intelligently, be able to serve on juries, and understand each other’s points of view. Education provided privately would equip for public life only the children of parents with the means, the personal connections, and the ambition to be active choosers. Public schools potentially enable all children to realize their promise, and when schools do a good job, they ensure for each citizen an opportunity to contribute. Public schools thereby improve our collective well being by developing the gifts of each one.

Many fear that an education marketplace will exacerbate the polarization of society. Public school engagement is among the remaining places where adults come together to develop shared dreams and expectations for all children and for the nation’s future. For parents and children alike, public schools have the potential for building consensus amidst diversity. While the nineteenth- and early-twentieth-century common school was seen as the way to assimilate immigrant children into a dominant and seemingly homogenous society and to unite those in the cities with those on the frontier, the pluralistic society in the twenty-first century United States challenges society’s willingness to work for a level of consensus necessary to support schools that authentically represent the dreams and values of many cultures. According to educational philosopher Walter Feinberg, “The common school must be involved in teaching students both to speak from the knowledge that their cultural identity provides and, as audience, to hear the voices of others.”<sup>6</sup>

Now that the U.S. Supreme Court has found vouchers constitutional, there will be attempts to expand their use. A voucher bill for the District of Columbia has been introduced in Congress, and vouchers will likely also be introduced in

many state legislatures. Currently thirty-seven states constitutionally prohibit public funding of religious schools, and because the federal Constitution does not automatically override a state’s constitution, any state may prohibit vouchers. The future of vouchers will therefore depend on how state supreme courts interpret their own constitutions.

Several states have established tuition tax credits, another form of privatization, in which individuals receive tax breaks to compensate for the cost of private school tuition. A study conducted by Arizona State University, however, demonstrated that instead of expanding opportunity for poor families as intended, Arizona’s tuition tax credits are benefiting middle-class and upper-income parents. The average tax credit of \$856 makes up such a small part of the median private elementary school tuition of \$3,175 that only families with significant means can afford to make up the difference.<sup>7</sup> Through this form of privatization, Arizona has reduced its capacity to

fund public education without expanding educational opportunity, the program’s stated goal.

In another form of privatization, school boards, convinced that private companies can run schools more cheaply, have contracted out the management of schools, clusters of schools, and in some cases entire districts. Baltimore and Hartford terminated private contracts when it became apparent their districts were not improving as promised. The most recent example of large-scale privatization has involved the School District of Philadelphia and Edison Schools. In December 2001 the State of Pennsylvania paid Edison \$2.7 to develop a plan for the district, an arrangement the Pennsylvania auditor general later called “a sweetheart deal.” Edison’s consultants not surprisingly advised Pennsylvania to hire Edison Schools as the manager.<sup>8</sup> While Edison was eventually hired to run only twenty of the district’s 260 schools, the disadvantages of turning over public services to a for-profit firm became immediately clear. Early in October 2002, after the collapse of Edison’s stock on Wall Street, the school superintendent had to seek a legal injunction

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tion to force Edison to guarantee “that Edison’s assets in city schools, such as textbooks and computers, would go to the district and not be reclaimed by lenders in the event the company filed for bankruptcy.”<sup>9</sup>

Finally, as states have established charter schools, private companies have sometimes found a way to insert themselves into the role of management to make a profit. While in some states charter schools are well regulated and fill a specialty niche or reflect the vision of educators with a dream, in other circumstances private entrepreneurs have taken advantage of loopholes in state law to profit from what was designed as a not-for-profit venture. Because Ohio law grants a charter school the full basic aid amount for any child enrolled, the Ohio Virtual Academy has been openly collecting \$4,814 per child, while admitting that as a cyber school, it supports home schooling for less than \$1,000 per child by providing a computer, an on-line curriculum, and books and educational materials, without paying for teachers or the services of a school institution.<sup>10</sup> Here is a case where a state legislature abandoned the public interest by neglecting to regulate privatization.

## BIBLICAL AND THEOLOGICAL REFLECTION

Read 1 Corinthians 12:14–26

In this well-known passage from 1 Corinthians, Paul writes about the church as the body of Christ. Paul’s description may also be read as an exploration of the concept of community itself, and the community Paul describes is not unlike twenty-first century communities across the United States. The body is a metaphor for the connectedness of the member parts and for mutual dependence, each one with needs and each able to serve the others. Paul emphasizes the importance of unity and a sense of belonging in the midst of a wide diversity of roles and gifts. Paul’s community embodies responsibility and caring, especially for the least privileged and most vulnerable. Historically, in the United States, our society has protected the needs of the whole community, the body, with public services paid for with taxes and regulated by law. In a 1980 UCC resource,

Malcolm Warford interprets the mutuality implied in the concept of the public: “At the heart of the public is a set of personal, social and economic relationships that exist between ourselves and others. In this regard citizenship is nothing less than the way we care for these relationships.”<sup>11</sup>

While the Bible never specifically names public education as an institutional part of community, because agrarian societies in biblical times had no system for formal education, our Christian theology of mutual support, care, and nurturing has caused the United Church of Christ historically to support a system of universal formal schooling, managed through the public sphere, to enrich all the members for the mutual benefit of all: “The inclusiveness of the public schools is taken as an image of God’s all-encompassing purposes. Affirmations regarding the ultimate purpose and meaning of human life support the necessity to ‘secure for each child of God that education

which will fully develop his or her capacities and which will enable that person to serve as a responsible person in the common life.”<sup>12</sup> Our theology would cause us to appreciate public education as among our nation’s most powerful institutions for overcoming widespread poverty and injustice, if we would choose to understand public finance as a way to share God’s abundance.

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—Malcolm Warford

## DISCUSSION AND REFLECTION

1. Identify a dozen important functions of government and then prioritize them. How do the members of your group value public schools among all these governmental responsibilities?
2. How do government agencies and employees represent the caring role of government? In your opinion, is this a description of the popular view of government today? Have you noticed changes over time in the way people understand the role of government?
3. Stewardship is not only the money we give to the church but also our best use of all that God has entrusted to us. Consider taxes as a way of sharing God’s abundance. Does this context of public stewardship challenge the way you feel about paying your taxes?

## PRAYER

Compassionate God, forgive our blindness to the power of your rich blessings. Open our eyes to see and our hearts to share your abundance to support children and their education. Help us to recognize the personal, social, and economic relationships that bind us together and to care for those relationships as citizens. Help us remember always that if one suffers, all suffer together. We pray for your compassion and your justice. Amen.

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# Privatizing Prisons Exploitation or Rehabilitation?

Sala W. J. Nolan

THE PRISON SYSTEM IN AMERICA is inextricably entwined with private enterprise. Subsidiary businesses supply food, labor, uniforms, security systems, and building materials. Major corporations use prison labor for telephone sales, and airlines use prison laborers to book flights. And very recently there has developed a growing practice of contracting prison management to corporations: the privatization of incarceration.

The history of private industry and prisons is long and deep. Shortly after the first English colonists arrived in Virginia in 1607, convicted felons began to be transported to North America (and later to Australia) by entrepreneurs who, in exchange for transport, sold them into indentured servitude. This practice allowed European states to impose punishments without supplementing their administrative structure or costs, and it transformed the administration of criminal justice. Modern prisons in America only emerged in the eighteenth century as a viable alternative to servitude or death. Modeling their system after English criminal justice, Americans relied on privately operated facilities. For a fee, states allowed independent contractors (jailers) to supervise prisoners inside state-owned facilities. Only the most basic services were provided by these jailers. Prisons were crowded and unsanitary, and women and children were incarcerated with men. It was generally understood that jailers could charge money for almost any benefit. It was also common for jailers and business owners to increase their income by employing prisoners as laborers and craftsmen and selling their work and wares. This became an important practice in the South, where cheap labor was scarce after the Emancipation. The practice of private contracts for prisoners effectively returned significant numbers of emancipated people to plantations as cheap or free labor. By 1885 thirteen states had formal leases to provide inmate work forces to private enterprises. Through the nineteenth century, the costs of incarceration were a galvanizing issue, and private industry was generally seen as a less expensive and more efficient way to institutionalize people.<sup>1,2</sup>

San Quentin, established in mid-century, was the first privately owned and operated prison enterprise. However, widespread scandals and evidence of gross mismanagement in private prisons soon surfaced, and by the twentieth century, ownership and management of prisons became a government function. Prisoner labor continued to be expected to generate significant revenues for jailers (now government officials)

until the intervention of organized labor, manufacturers, and farmers who strongly opposed competitive convict leasing. Since the beginning of the twentieth century and until recently the tradition of American correctional institutions has been to consolidate all management and ownership functions of prisons under governmental umbrellas.<sup>1,2</sup>

So what has happened to bring privatization of prisons to the forefront of policy once again?

- **FIRST:** This is a large industry. The United States has the highest prison population rate in the world. Most countries (about two-thirds) imprison 150 or fewer people for every 100,000 citizens; the United Kingdom has 125 prisoners per 100,000, high for European Union countries. In contrast, the United States imprisons more than 700 people for every 100,000 citizens. The U.S. rate is higher than, but more comparable to, those of Russia (665), the Cayman Islands (600), Belarus (555), the U.S. Virgin Islands (550), and other areas of the Caribbean.<sup>3</sup> The wider criminal justice system includes people who are on probation (serving sentences outside of prison) or are paroled (released before the sentence is complete). Including parolees and probationers would bring the total number of people in the justice system to more than 6.5 million—or one out of every thirty-three adults in the United States.<sup>4</sup>
- **SECOND:** Prisons are a growth industry. Mandatory minimum sentencing, “three-strikes” and “career-criminal” laws, and the war on drugs have caused inmate populations to soar. The inmate population of the United States has more than quadrupled since 1980, when about 500,000 people were incarcerated, to more than 2.1 million today. Parole and probation populations are growing as quickly as those of inmates.<sup>2,4,5</sup>
- **THIRD:** Prisons are overcrowded. The U.S. Department of Justice estimates that the number of prisoners in federal and state prisons is more than 34 percent beyond capacity. This has occurred at a time when states’ ability to finance construction and staffing of prison facilities is shrinking. Although states have generally slowed or stopped building facilities, the federal government is building or contracting for an increasing number of prisons for federal purposes.

- **FOURTH:** The financial market in criminal justice is extremely large. In 2002 the federal budget appropriated \$4.7 billion for prisons, an 8 percent increase over 2001 that allowed for new prison construction and additional contract bed space. These additions are necessary to prevent further prison overcrowding but only account for physical plants. Last year's federal budget alone included \$1.3 billion for U.S. attorneys, \$1.5 billion for the Drug Enforcement Administration, \$3.5 billion for the FBI, and the first installment of a \$500 allocation to increase border agents and to provide services to immigrants.<sup>6</sup>

Criminal justice systems have turned to private providers for prison management at the federal, state, and local level, and there is increasing emphasis on private ownership of the physical plants as well. By year's end 2001, private companies managed 158 facilities for state and federal governments and an additional forty-seven local jails. Most privately operated prisons are in the South and Southwest regions. Privatized Texas prisons far outnumber those in other states with forty-two prisons; California has the second highest number with twenty-two. All other states have fewer than ten. Four are located in Puerto Rico. The corporations that run these facilities receive more than \$1 billion each year from public funds.<sup>2</sup>

In the 1990s, private prison management prospered. The Corrections Corporation of America (CCA) was founded in 1983 with capital from Kentucky Fried Chicken. CCA is the oldest and largest private sector correctional company, and it showed an annual income of more than \$100 million in 1995, that more than doubled by 1996. Wackenhut Corrections produced revenues in excess of \$150 million yearly and has been listed among Forbes Magazine's "200 Best Small Companies," with sustained growth of at least 10 percent per year. Esmore Correctional Services is the third largest publicly held operator of correctional and detention facilities with a compound average growth in the mid-1990s of 36 percent.<sup>7</sup>

While private prison companies were once viewed as a panacea to providing inexpensive prison management for government and were expected to produce big profits for investors, in recent years they have been plagued by violence and escapes. There has been serious criticism of guards not sufficiently trained, prisoners not well treated, and labor used to profit investors with no benefit to inmates or the

public. The profit trend has shifted. CCA's stock, which once traded as high as \$44 per share, dropped to 18 cents per share by year's end 2000. The corporations now see themselves in a time of transition, and Wackenhut and CCA recently scored significant contracts for the rapidly growing federal prison population, which includes deportable aliens. Since 1996 the number of non-U.S. citizens in federal prisons has increased by 62 percent. CCA alone expects to collect \$780 million in revenues in the next ten years by filling two prisons it had built on speculation.<sup>8</sup>

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## BIBLICAL AND THEOLOGICAL REFLECTION

Read Matthew 6:24

Privatization in criminal justice raises deep faith concerns. If we believe that redemption and rehabilitation are available to all God's

children, must we not make provision for prisoners to have opportunities to redirect and grow? If we believe in dealing fairly with one another, by what right do we allow prisoners to be exploited for their labor and given nothing in return? When we render our taxes to Caesar, do we intend these public funds to be entrusted to businesses that profit only a few?

When government contracts with private companies to manage prisons, the corporations must place the well being of stockholders first, before the inmates they house and the public from whom they receive money. What interest has private enterprise in teaching skills to inmates so that they can make whole lives? What interest has private enterprise in reducing recidivism? To do so would only reduce the prison population and thereby reduce corporate income.

Governments are flawed, just as individuals are flawed. But governments are accountable to citizens. It is in the public interest of a good society that prisoners be educated, taught skills, treated when they are ill, and counseled when they are troubled. It is in the public interest of a good society that prisoners be treated fairly by a staff that has been adequately trained. It is in the public interest of a good society that a prison is a relatively safe environment and not one that inherently places its prisoners and guards in extreme danger.

Government shares with our faith the fundamental idea that we are responsible for one another. It is in service to one another that we give our service to God. We are not called to profit. We are called to the Spirit that binds us all, one with another.

## DISCUSSION AND REFLECTION

1. What are the fundamental purposes of prisons? Prisons separate people who commit crimes from people who have been or may come to be their prey. How do we discern the differences between separation and isolation and protection and shunning? What of rehabilitation?
2. A crime is an offense against us all, and that is why prisoners are said to be paying their debt to society. How is this debt accounted? What is paid? Who benefits? Who suffers the losses?
3. When prisons are privatized, what is the effect on public accountability? How are the purposes of prison best served?

## WHAT YOU CAN DO

Become educated about incarceration facilities in your area. Find out where they are, what kind of facilities they are, and who is housed there. Then make it personal. Find a way to meet prisoners, parolees, and prison administrators. Write letters. Visit. One of the most effective ways to ensure fair dealing in prison is to bring attention and visibility to the facilities. Visit so that you can see conditions. If you go, you can be assured that prisoners will be treated to better food, washed clothes, and cleaner conditions.

Pray for prisoners. Make this a clear objective in your church, in your home, and in your daily prayer life. Write to representatives in government outlining your concerns about the increasing prison population, especially among young people, women, and people of color. Remind them that privatization removes prisoners yet another level from public oversight and accountability. Remind them that you want them to represent citizens' interests in justice and that you want them, elected officials, in charge.

## PRAYER

Holy Spirit, Creator, God of us all: Teach us to serve one another. Teach us to claim one another as sisters and brothers, all your children, ready for redemption. You have guided us with your love and your example. Let us put your will before our own. We claim you as our own and praise your name.

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*Teach us to claim one another as  
sisters and brothers, all your children,  
ready for redemption.*

# Privatizing the Military

## A Danger to Democracy

Edith Rasell

IN MANY NATIONS, including the United States, only a few specially sanctioned groups—such as the military—can lawfully use force against another person or destroy private property. But there are also extensive arrangements designed to ensure these special powers are carefully kept in check. Members of the military are subject to special military codes of behavior and discipline. The military is under the control of the president, the commander-in-chief, who is elected by the public. Congress is the only body empowered to declare war.

To carry out its duties, the military has long relied on civilians outside its ranks to provide a wide range of products and services, everything from uniforms and guns to secretarial and cleaning services on bases at home and abroad. But in recent years, contracting out, or privatization, has grown rapidly. Military contractors are engaged in expanded roles in new settings, including war zones. Potential problems arise when civilians employed by a contractor replace active-duty military personnel engaged in military roles. Contract employees running the cafeteria at a military base in the United States are probably not a problem. Contract employees replacing U.S. troops to patrol the streets of Bosnia or train the Nigerian military could well be. And while these civilian soldiers are not technically allowed to engage in combat, and while many of them do not even carry arms, their expanded role raises serious questions nonetheless.

Military contractors are private, for-profit firms. Contractors' employees are not under the command of the military, even in a war zone, but are accountable to their employer, a private firm. The primary responsibility of these firms is to maximize profits for their shareholders, not to further the interests of the American people or the goals of U.S. military or foreign policy.

Supporters of contracting out argue that it saves money. However, there is little evidence to support this claim.<sup>1</sup> The military brass is generally positive about contracting out although their conflict of interest on this point must also be recognized. Upon leaving the military, high-ranking officers can move into very well-paid leadership positions in contract firms, cashing in on the skills and expertise they acquired during their military careers. As top employees of private, successful companies, they receive stock options

and other perks in addition to salaries much larger than their military pay.

But there are larger questions involved. Private contractors can constitute a private army operating below the awareness of the general public and even below the oversight of Congress, including Congressional committees specifically established to monitor armed services and intelligence agencies. Contractors allow U.S. intervention in places and situations where scrutiny is “undesirable” whether by the “host” country, Congress, or American citizens concerned about their government's actions. The Defense and State Departments or the White House may use contractors to evade congressionally set limits on troop deployments or activities.

The use of contractors can raise serious questions about oversight and congressional control of force employed by the U.S. government. Until recently Congress limited the U.S. role in Colombia to antinarcotic activities. Private contractors were employed in the operation, and some were even killed while engaged in these activities. In 1999 a plane shot down by guerrillas was found to be filled with sophisticated electronic equipment. *Newsweek* quoted “a source familiar with the mission” saying the plane was used for surveillance of guerrillas. This was a direct violation of the Congressional ban on counterinsurgency activity.<sup>2</sup>

Another example of the perversion of U.S. policy that can easily happen when using contractors is the 1980s Iran Contra operation. Arms were sold to Iran in violation of U.S. policy. The funds received from these sales were illegally diverted and used to arm the Nicaraguan contras, an activity prohibited by Congress at that time. The work was directed by national security staff working for the White House but was largely carried out by contractors. This so-called off-the-shelf operation led to the conviction of eleven people including two White House national security advisors. More recently, the *New York Times* reports that contractors have been used in Nigeria, Macedonia, and other hot spots where the U.S. government would like to stay anonymous.<sup>3</sup> When a United Nations arms embargo restricted American military activity in the Balkans, private military contractors were sent in instead.

There are also issues of accountability and liability. In 2001 a plane transporting missionaries in Peru was shot down by military contractors working with Peruvian government officials engaged in antinarcotic activities. Two passengers were killed, a mother and her son. The husband who survived “asked” and threatened to sue the U.S. government for \$35 million in compensation. Approximately one year later, he settled with the Bush administration for an undisclosed, smaller amount.

There are other dangers. We know that campaign donations to candidates and political parties reap benefits for the donors. Americans must be concerned that billion-dollar military contractors who would profit from U.S. intervention around the world can exert undue influence over U.S. foreign policy, military strategy, and the size of the pentagon budget and what it buys.

There is also the potential for graft and corruption. Consider the Bush administration’s plans for rebuilding Iraq after the war. The administration recently asked five companies to bid on \$1.5 billion in reconstruction work in post-war Iraq. Despite the extensive experience of these five companies, international-aid organizations and firms from other countries were not allowed to bid. The five companies who received the invitations contributed \$2.8 million to political candidates and parties over the last two election cycles.<sup>4</sup> Included among the five firms is Kellogg, Brown & Root, a subsidiary of Halliburton Company, the company headed by Dick Cheney at the time he was picked to be George Bush’s running mate.

With careful oversight and attention to avoid conflicts of interest, some military services—things like managing base housing and food service—might safely be privatized. But other types of privatization raise troubling questions and should be avoided. The possibility of cost savings and convenience should not outweigh the grave dangers associated with the use of contractors in roles more properly left to the military, directly under the control of the president and Congress.

## BIBLICAL AND THEOLOGICAL REFLECTION

Read Proverbs 2:1–15

In today’s world essentially all countries have military forces. Most nations claim they are to be used only for defensive purposes. But however military personnel and weapons are used, and whatever the justification for their use, wars do horrible damage. By some estimates, about 180 million people were killed in twentieth-century wars, and most of these wars occurred before weapons of mass destruction were available.

While some people argue that there is no reason ever to engage in war, everyone can agree that the destructive power of military might must be used judiciously. Before the United States uses force against another nation, we must first seek wisdom through prayer, public discussion, congressional debate, and a full consideration of all options by the White House. “If you cry out for insight, and raise your voice for understanding; then you will

“If you cry out for insight,  
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find the knowledge of God.  
Then you will understand  
righteousness and justice and  
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will come into your heart, and  
knowledge will be pleasant to  
your soul”

Proverbs 2 : 3, 5, 9–10

understand the fear of the Lord and find the knowledge of God. Then you will understand righteousness and justice and equity, every good path; for wisdom will come into your heart, and knowledge will be pleasant to your soul” (Proverbs 2 : 3, 5, 9–10).

Any attempt to skirt this discernment process, to employ force or threats of force against another nation or people without careful consideration, is foolhardy. Private military contractors used to replace active-duty military personnel in military and not only support roles can short-circuit the normal process of checks and balances within our political process. The risks to democracy, to justice around the world, and to peace are grave.

## DISCUSSION AND REFLECTION

1. In the interests of national security, should the president be allowed to engage the military in operations overseas without informing Congress? Should the president be allowed to engage private contractors in military operations? What should be the role of Congress in this case?
2. In your judgment, in order for a contract firm to consistently produce promised products in an efficient, cost-effective, and timely way, what kind of process should the government set up for oversight and the bidding process?
3. Where would you draw the line between activities that contract firms could be allowed to engage in and those that are impermissible. Consider the following: running a base cafeteria (in the United States or in a war zone), training foreign military troops, patrolling streets in Bosnia, conducting aerial surveillance of guerrillas in Colombia, assisting the Pentagon to plan military strategy, fighting beside U.S. troops in a foreign conflict.

## PRAYER

God, we know you are the only source of true power. Only through our relationship with you will we know true safety and security. Help us to remember always that we are our brothers' and sisters' keepers. You call all people to wholeness. Our nation has enormous power to do good and to do harm. Help us to be attentive to your voice so we will know how to best use our resources to do your will in the world. Amen.

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# Appendix

## Where Is All the Talk About Privatization Coming From?

### Jan Resseger

WHY IS THERE SO MUCH TALK LATELY of privatizing the services that always in the past were provided publicly by government? The reason is not, as it has been made to appear, that government services have suddenly diminished in quality. Instead, a small number of groups supporting privatization have banded together very effectively to formulate policy, promote their ideas, and thereby transform the national conversation. Recent activity around the issue of school vouchers is an example. While it may appear that talk of vouchers is simply bubbling up from the grassroots to emerge in court cases, state constitutional amendments, and media campaigns featuring concerned parents, in reality voucher advocates have pursued a narrow political agenda but made it appear to be a broad grassroots movement. They have calculated every stage—developing public policy background materials—organizing state legislators to sponsor bills—providing legal assistance—advertising on television.

Advocates for privatization of education often cloak the conversation in idealistic-sounding language—individualism, parental rights and freedom, political and economic freedom, limited government, individual liberties, free markets, and strengthening democratic capitalism—when in fact they are advocating for profits for private companies, reduction of the kind of regulation that has historically protected the public interest, and elimination of community institutions designed to meet the needs of the broad public. Advocates for vouchers employ loaded phrases to smear public schools, like “big government,” “the public school bureaucracy,” “public monopoly schools.” While vouchers are posed as the road to quality schooling, this conversation is really instead about economic philosophy—market capitalism and privatization.

The Web sites of particular policy think-tanks make it immediately clear that their work to develop support for privatization of education reflects a political agenda. In February 2003 the Cato Institute released its Policy Analysis Paper No. 466, “True Private Choice: A Practical Guide to School Choice after *Zelman v. Simmons-Harris*.” Author Marie Gryphon advises that, “This paper . . . provides advocates, lawmakers, and concerned parents with a clear explanation of the rules that the Supreme Court has established for school choice. It includes examples and strategy advice to help proponents of school choice win the next legal bat-

tle before it even begins—by crafting an obviously constitutional school choice program that opponents can’t effectively challenge.”<sup>1</sup> Clearly the paper furthers Cato’s stated support of “limited government, individual liberty, free markets.”<sup>2</sup> Cato’s resources to promote the privatization of education reflect its libertarian principles; they do not constitute an independent analysis of public school management, operations, curricula, or pedagogy.

The Manhattan Institute’s Center for Civic Innovation is another example of a think-tank openly supporting research to further its stated agenda. Its Web site states: “Education reform is the top public policy concern today. . . . One of the most important areas of research for our experts will be the need for school vouchers. . . . CCI has released a number of studies by Dr. Jay Greene demonstrating the power of school choice. . . . Dr. Greene ranked each of the fifty states according to the degree of freedom they afford parents to choose how to educate their children.”<sup>3</sup> The Manhattan Institute uses the degree of parental choice as its sole measuring stick of quality education, while public school educators and advocates would likely examine class size, teacher quality, academic expectations, and indicators of equality of opportunity.

Clint Bolick was one of the litigators defending vouchers in the Cleveland *Zelman* case, in which the U.S. Supreme Court in June 2002 made it legal in particular circumstances for parents to be granted public vouchers to carry to private and even parochial schools. Bolick also served as one of the attorneys who successfully defended the Milwaukee voucher program through the Wisconsin court system. Bolick is vice president of the Institute for Justice, that describes itself as “the nation’s premier libertarian public interest law firm.” Here is how the Institute for Justice describes its mission: “We are in courts across the country preserving freedom of opportunity and challenging government’s control over individuals’ lives.”<sup>4</sup> On its Web page, “Advancing School Choice,” the Institute for Justice describes the wave of lawsuits it will take across the states to challenge clauses in more than half of the fifty state constitutions prohibiting the use of public funds in private and religious schools.<sup>5</sup>

The American Legislative Exchange Council’s Education Task Force describes its mission as “to help promote excellence in our country’s educational system . . . by advocating

for strong accountability in public schools and advancing education reform policies, such as charter schools and vouchers.”<sup>6</sup> According to the liberal group, People for the American Way, the American Legislative Exchange Council (ALEC) claims a membership of 2,400 state legislators,<sup>7</sup> whom it serves by providing background and model legislation on particular targeted issues. ALEC has posted a model bill, the Education Certificate Act, that can easily be adapted by any state legislature to establish a voucher program, “by providing to parents the opportunity for the exercise of parental choice in the selection of schools for the children . . . [in] a program whereby children with educational certificates, requested by parents, may be admitted to public or private schools participating in the program.”<sup>8</sup> Although the model bill purports to improve educational quality, its sole purpose is to promote privatizing schools.

Finally, there are groups designed to create the impression of independent, spontaneous, broad public support for vouchers, when in fact they are well-funded programs of institutions that support privatization. One such group is the Black Alliance for Educational Options (BAEO). According to its Web site, BAEO purports to improve school systems serving “poor children of color living in urban areas.” “We need systems that truly empower parents, that allow dollars to follow students. . . . We do believe that parent choice must be the centerpiece of strategies and tactics aimed at improving education for children.”<sup>9</sup> The BAEO has launched television ads in which African American parents describe vouchers as the way to help their children. This campaign would only appear, however, to be grassroots. The BAEO is a project of the Institute for the Transformation of Learning at Marquette University and has received millions of dollars from the Lynde and Harry Bradley Foundation for its media campaign. According to the *Christian Science Monitor*, the BAEO spent \$3 million in the early phases of its television-advertising campaign to promote vouchers and undermine public education in Washington, D.C., and other cities.<sup>10</sup> The current federal administration favors privatization. President Bush has introduced numerous proposals for federal vouchers (none yet passed by Congress), and in fall

2002 the U.S. Department of Education granted \$600,000 to BAEO for its television advertising. When the grant was made to BAEO, U.S. Undersecretary of Education Gene Hickok announced, “We want to change the conversation about parental choice by positively influencing individuals who are resisting parental choice options and get them to reconsider their outlook.”<sup>11</sup>

The Lynde and Harry Bradley Foundation of Milwaukee is one of several foundations that intentionally fund organizations supporting privatization. The foundation’s Web site describes its mission as, “devoted to strengthening American democratic capitalism and . . . limited, competent government.”<sup>12</sup> The foundation’s annual report criticizes large, governmental institutions in which, according to the Bradley Foundation, “authority and accountability tend to flow away from citizens toward centralized, bureaucratic, ‘service-providing’ institutions.”<sup>13</sup> The Bradley

Foundation’s goal is quite simply to reduce government services. It should, therefore, be no surprise that the Bradley Foundation has been a strong supporter over the years of the Cato and Manhattan Institutes, the Institute for Justice, the American Legislative Exchange Council, the Black Alliance for Educational Options, and other pro-voucher groups. This foundation is leveraging funding across the whole spectrum of promotion of privatization of K–12 education in the United States.

Economist Paul Krugman writes: “Money buys political influence; used cleverly, it also buys intellectual influence.”<sup>14</sup> The National Committee for Responsive Philanthropy (NCRP) concludes that politically conservative foundations like the Bradley Foundation, “departed from grantmaking norms in the philanthropic sector by funding extremely aggressive and ideological institutions routinely committed to influencing budget and policy priorities, maintained an unusually strong focus on national public policy institutions, and demonstrated a preference for the marketing of ideas in their grantmaking . . . [through] sophisticated and effective media outreach strategies.”<sup>15</sup> NCRP President Robert Bothwell comments, “Millions effectively spent by conservative think tanks have enabled them virtually to dictate the issues and terms of national political debates.”<sup>16</sup>

It is important for consumers of information to pay attention to who is developing it . . . and who is paying for it, because what may appear to be a spontaneous new trend may instead be the result of a calculated strategy, in this case to promote privatization.

The groups described here and others like them have strategically framed a broad, national conversation about school vouchers as though it were possible to create a private infrastructure to replace our nation's fourteen thousand public school districts, including ninety thousand public schools and as though extensive privatization is a desirable goal. Privatization of other governmental institutions such as social security is also being promoted by many of these same groups. It is important for consumers of information to pay attention to who is developing and presenting it and who is paying for it, because what may appear to be a spontaneous new trend may instead be the result of a calculated strategy, in this case to promote privatization.

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*The best step toward a strong and enduring U.S. democracy is to preserve a public system that provides for all citizens, and especially those with greatest need, while encouraging private development in areas where the profit motive can be expressed without leaving anyone behind.*