



Arne, Katrina and Schumpeter

John O’Leary and William D. Eggers | February 8, 2010

In politics, nothing is more dangerous than the truth. Hence, the kerfluffle over Education Secretary Arne Duncan’s recent statement about New Orleans. “Let me be really honest. I think the best thing that happened to the education system in New Orleans was Hurricane Katrina,” Duncan told Roland Martin.

Some bloggers such as Michelle Malkin and Ed Morrissey are treating this as if Duncan were pro-natural disaster, ready to launch a “Tornados and Tsunamis” program for the nation’s schools.

That’s unfair.

To anyone who has looked seriously at the New Orleans experience, Duncan’s comments aren’t surprising. The story of education in New Orleans post-Katrina is a terrific example of what sensible market-driven efficiencies can do to reform essential services. The hurricane was a terrible tragedy, but there is little doubt that the devastation of Katrina enabled the public school system there to improve in a way that would have been impossible absent the storm. Moreover, the turnaround used the sort of choice-based reforms that market advocates should be applauding.

Providing a high-quality education to the young is essential to our nation’s economic competitiveness. In a global market predicated on knowledge and innovation, a poor education is a ticket to the economic margins of society. Unfortunately, particularly in our cities, the near-monopoly of the public education system traps millions of children in under-performing schools marked by dysfunctional bureaucracies. Lacking the dynamics of a market, including the forces of “creative destruction” which

prompts ineffective producers to either change or disappear, these ossified urban systems rely on political systems to drive change. Over the last 40 years, we have been in a continuous cycle of reform that has brought little change and scant improvement. New Orleans since Katrina is an exception, an urban system that has been dramatically overhauled.

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The outrage of this story isn’t what Arne Duncan said.. The outrage is that it took the natural disaster of Katrina to deal with the man-made disaster of New Orleans’ schools. It shouldn’t take a hurricane to bring real change to a failing urban education system. But it did.

Remember that the schools in New Orleans were a tragedy long before Katrina.

“From my personal experience, I can tell you that the public school system in New Orleans has been troubled for decades,” says Mickey Landry. In the 1970s, Mickey Landry and his wife both taught in New Orleans. “We used to come home and joke that the best thing that could happen to the Orleans Parish school system would be for someone to blow it up and start all over again.”

Frustrated, Landry left New Orleans, but stayed in education, eventually running a prestigious private school in Colorado. Landry was lured back to post-Katrina New Orleans by the opportunity to run a school without the bureaucratic constraints of the old Orleans Parish school system.

Katrina, you see, had wiped the slate clean. Landry was given the chance to run a school, in this case the Lafayette Academy charter school, with much greater freedom than ever would have been possible under the pre-Katrina rules. “This wasn’t just professional for me, it was personal. I was coming home to help my city.”

Mickey Landry had a free hand in retooling every aspect of his school. In just three weeks he hired forty-five new staff members, seeking out qualified teachers every place he could, including Craigslist. He rewrote the school’s charter, fixed the bathrooms, and had the walls repainted. When school started in the fall, he put the focus on teaching kids.

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Two things gave Landry such freedom. The first change was a subtle but important change to state law that occurred prior to Katrina. After decades of trying to fix school districts, lawmakers in Baton Rouge changed the rules so that individual failing schools could be plucked out of their old district and placed into a state entity known as the Recovery School District. The Recovery School District was a way to clear the decks. These schools brought with them only the buildings, the students, and their operating money. Teachers, principals, administrators, and all existing contracts were gone.

Prior to Katrina, the Recovery School District had taken over just four schools in New Orleans, a small breath of fresh air in a troubled system.

The second big factor was Hurricane Katrina.

After Katrina struck in August 2005, the state legislature swept 107 of the 128 public schools in

New Orleans into the Recovery School District. At the time, most were closed anyway as a result of Katrina. For these 107 schools, all existing school leadership, teachers, contracts, processes, procedures, forms, rules, policies, and the Orleans Parish school board that oversaw them were instantly wiped away. These schools were now a clean slate—and a once-in-a-lifetime opportunity for people such as Mickey Landry.

New Orleans today resembles no other urban school system in the country. There are no attendance zones—all schools are schools of choice. There is no teachers’ union. Roughly half the schools are run by independent charter operators.

In markets, consumer choice and the harsh reality of competition drives out inefficient producers. Economist Joseph Schumpeter called this the “creative destruction” of the market, an important driver behind innovation.

Without question, such change is gut-wrenching for producers. Politically, it is almost impossible to enact changes that negatively impact the entrenched interests of education producers.

The harsh winds of Katrina, as Secretary Duncan noted, made it possible.

Recovery School District Superintendent Paul Vallas told the Washington Post that he has “no problem” with Duncan’s statement, noting that prior to Katrina, “there wasn’t any progress being made. And post-Katrina, there is.” Indeed, average test scores have risen two years in a row. In addition to embracing charter schools, Louisiana recently introduced a scholarship program, which some attribute to a post-Katrina openness to new ways of providing education.



In our book on public sector transformation, we cite urban education as one example of the “complacency trap,” which occurs whenever the way things are block the path to what might be. Beating the complacency trap means embracing the power of creative destruction, the organizational equivalent of pruning a bush to make room for new growth.

Public education reforms have historically focused on trying to make the system work, rather than reexamining the system itself. Results have been meager. No doubt, transformative change is painful, but isn't it more painful to watch generation after generation of children robbed of an education? Should it really take a hurricane to do the right thing for the children?