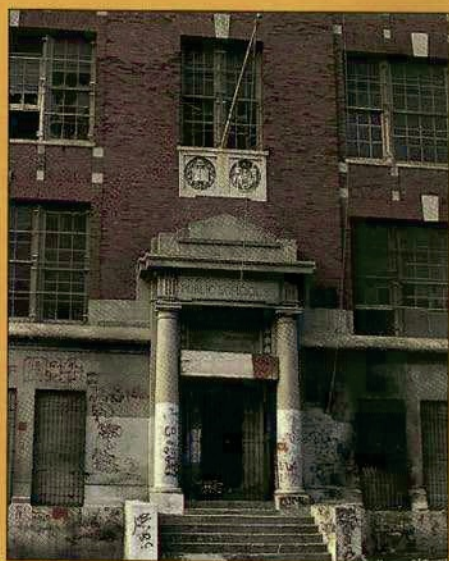


LIBERATING SCHOOLS

Education
in the
Inner City



edited by David Boaz

1. The Public School Monopoly: America's Berlin Wall

David Boaz

No public policy issue is more important to any nation than education. Education is the process by which a society transmits its accumulated knowledge and values to future generations. Education makes economic growth possible, in the first instance by ensuring that each new adult doesn't have to reinvent the wheel—literally. By passing on what it has already learned, the present generation enables the next generation of philosophers, scientists, engineers, and entrepreneurs to stand on the shoulders of giants and see even farther. And only by educating its young people about its history, its literature, and its values can a society—a nation—be said to have a culture.

It is important to remember the distinction between education and schooling. As Mark Twain is supposed to have said, "I have never let my schooling interfere with my education." Education is a process of learning that goes on at all times of day and in all periods of life. It involves books, newspapers, movies, television, experience, and the advice of friends and family. Schooling, on the other hand, is only a small part of any person's education. Nevertheless, for convention's sake, this paper uses the term "education" even though we are really discussing schooling.

Given the importance of education to society, it is not surprising that Americans today are so concerned about the quality of American schools. Throughout the past decade, we have bemoaned the decline of our schools and debated how to reform them. Yet we have had seven years of reform and the schools seem to be little changed. Perhaps it is time to learn, as the reformers around Soviet president Mikhail Gorbachev came to understand, that bureaucratic monopolies don't work and that reform won't fix them. We have run our schools the way the Soviet Union and its client states

ran their entire economies, and the results have been just as disillusioning.

As Albert Shanker, president of the American Federation of Teachers, acknowledged in a recent article:

It's time to admit that public education operates like a planned economy, a bureaucratic system in which everybody's role is spelled out in advance and there are few incentives for innovation and productivity. It's no surprise that our school system doesn't improve: It more resembles the communist economy than our own market economy.¹

But if the Berlin Wall can come down, surely we can liberate American students from the public school monopoly.

How Bad Are the Public Schools?

Just as there were Western intellectuals who continued to hail the performance of the Soviet economy until Gorbachev blew the whistle, so there are those Americans who doggedly insist that the government schools are working pretty well. But the facts tell a different story. SAT scores fell from 978 to 890 between 1963 and 1980; they then recovered slightly, rising to 904 by the mid-1980s, but have remained flat since then. It is sometimes claimed by the education establishment that test scores have fallen because more students are taking college admissions tests these days. But the absolute number of students with outstanding scores has fallen dramatically as well; between 1972 and 1988 the number of high school seniors scoring above 600 (out of a possible 800) on the SAT's verbal section fell by about 30 percent. In 1988 only 986 seniors in the entire country scored above 750—fewer than half as many as in 1981 and probably the lowest number ever.²

Other tests show similar results. According to the National Assessment of Educational Progress, half of all high school seniors cannot answer the following question: "Which of the following is true about 87% of 10? (a) It is greater than 10, (b) It is less than 10, (c) It is equal to 10, (d) Can't tell." And, NAEP reported, "only 7%

¹Quoted in "Reding, Wrighting & Erithmetic," *Wall Street Journal*, October 2, 1989.

²Lawrence A. Uzzell, "Education Reform Fails the Test," *Wall Street Journal*, May 10, 1989.

of the nation's 17-year-olds have the prerequisite knowledge and skills thought to be needed to perform well in college-level science courses." The International Association for the Evaluation of Education reported that in 1982 the average Japanese student outscored the top 5 percent of American students enrolled in college-preparatory math courses.³

A 1989 survey by the National Endowment for the Humanities found that 58 percent of college seniors couldn't identify Plato as the author of *The Republic*, that 54 percent didn't know that the *Federalist Papers* were written to promote ratification of the U.S. Constitution, that 42 percent couldn't identify the half-century in which the Civil War was fought, and that 23 percent thought Karl Marx's phrase "from each according to his ability, to each according to his need" appeared in the U.S. Constitution⁴ (although the latter mistake may just reflect the respondents' observation of Congress's actions). Of eight industrialized countries, the United States is the only one in which people over 55 do better than recent high school graduates at locating countries on a world map.⁵

By comparison, consider author Avis Carlson's description of her feeling of achievement in getting her eighth-grade diploma in a small town in Kansas in 1907. To get her diploma she had to define such words as "panegyric," "talisman," "triton," and "misconception"; to find the interest on an 8 percent note for \$900 running 2 years, 2 months, and 6 days; to name two countries producing large quantities of wheat, cotton, coal, and tea; to "give a brief account of the colleges, printing, and religion in the colonies prior to the American Revolution"; and to "name the principal political questions which have been advocated since the Civil War and the party which advocated each."⁶ Can we imagine applicants to Harvard passing that test today?

³Uzzell.

⁴Kenneth H. Bacon, "College Seniors Fail to Make Grade," *Wall Street Journal*, October 9, 1989.

⁵Surveys conducted by the Gallup Organization for the National Geographic Society; cited in Gilbert M. Grosvenor, "Superpowers Not So Super in Geography," *National Geographic*, December 1989, p. 816.

⁶Avis Carlson, *Small World Long Gone: A Family Record of an Era* (Evanston, Ill.: Schori Press, 1975), pp. 83–84. Some things never change, though, except in the details: In Carlson's youth, students were also required to "write 200 words on the evil effects of alcoholic beverages."

Instead, today we find colleges and businesses doing the work of the high schools: 25 percent of U.S. college freshmen take remedial math courses, 21 percent take remedial writing courses, and 16 percent take remedial reading courses.⁷ Meanwhile, a recent survey of 200 major corporations has found that 22 percent of them teach employees reading, 41 percent teach writing, and 31 percent teach mathematical skills. The American Society for Training and Development projects that 93 percent of the nation's biggest companies will be teaching their workers basic skills within the next three years.⁸

When the poor quality of U.S. education is pointed out, we are frequently told that we need to spend more on the government schools. Otherwise frugal taxpayers sometimes can be coaxed to support tax increases if the goal is to improve education. But the poor-mouthing by the education establishment is a massive scam. As William A. Niskanen points out in chapter 2 of this volume, since World War II, real (inflation-adjusted) spending per student has increased about 40 percent per decade, thereby about doubling every 20 years. In 1989–90, expenditures on elementary and secondary education were \$212 billion, a 29 percent real increase since 1980–81. Per-pupil expenditures in government schools were \$5,246⁹—or more than \$130,000 per classroom of 25 children.

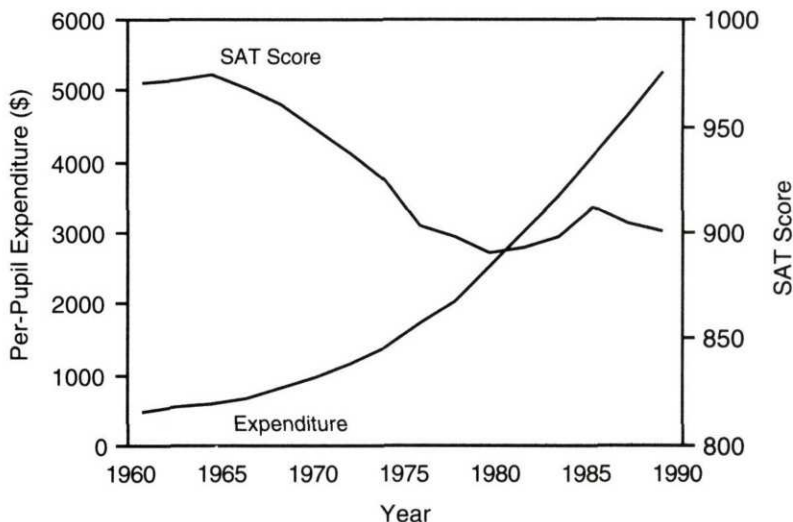
Because SAT scores have been falling while spending has soared, it is obvious even to the casual observer that more spending on schools does not lead to greater educational achievement (see Figure 1–1). Scholarly research and international comparisons confirm this impression. The United States spends significantly more of its GNP on education than do France, Finland, Great Britain, South Korea, and Spain, among other countries—yet students from all those countries outperform Americans on math tests. Our leading economic competitors, Japan and West Germany, also spend less

⁷U.S. Bureau of the Census, *Statistical Abstract of the United States: 1988* (Washington: Government Printing Office), p. 142; cited in Lewis J. Perelman, "The 'Academia' Deception," Hudson Institute Briefing Paper no. 120, May 1990, p. 16.

⁸"C Stands for Company, Turned into Classroom," *Wall Street Journal*, March 1, 1990; cited in Perelman.

⁹"1989 Back-to-School Forecast," Department of Education news release, August 24, 1989.

Figure 1-1
SPENDING AND ACHIEVEMENT IN AMERICAN SCHOOLS



SOURCES: Educational Testing Service; U.S. Department of Education, *Digest of Educational Statistics 1989* (Washington: National Center for Education Statistics, 1989), Table 145; and "1989 Back-to-School Forecast," U.S. Department of Education news release, August 24, 1989.

NOTE: SAT scores for 1961-67 are averages for all students; subsequent scores are averages for college-bound seniors.

than we do and achieve better test results.¹⁰ Education economist Eric A. Hanushek of the University of Rochester reviewed 65 studies of the relationship between educational spending and student performance and reported that only 20 percent found a positive relationship.¹¹ His conclusion, as reported in the *Journal of Economic Literature*, was, "Expenditures are unrelated to school performance as schools are currently operated."¹² John Chubb and Terry Moe of

¹⁰John Hood, "Education: Is America Spending Too Much?" Cato Institute Policy Analysis no. 126, January 18, 1990.

¹¹Eric A. Hanushek, "Impact of Differential Expenditures on School Performance," *Educational Researcher* 18, no. 4 (May 1989).

¹²Cited in Peter Brimelow, "Are We Spending Too Much on Education?" *Forbes*, December 29, 1986, pp. 72-76.

the Brookings Institution came to the same conclusion: "As for money, the relationship between it and effective schools has been studied to death. The unanimous conclusion is that there is no connection between school funding and school performance."¹³

Furthermore, the productivity of our educational system is abysmal. In how many other industries is the basic structure of production the same as it was 200 years ago? The school day and the school year are still geared to the rhythms of an agricultural society. As for the classroom itself, a teacher still stands in front of a group of students and lectures. Sure, we've added computers and video instruction in many classrooms, but those are basically just expensive toys used by the teacher. We actually have more teachers per student now than we did 20, or 200, years ago—in sharp contrast to the experience of every industry in the competitive sector of our economy, wherein firms are constantly learning to produce more with fewer employees. Now, the traditional teacher-at-the-front-of-the-classroom method may be the most efficient way to educate students—but we have no way of knowing that in the absence of market competition, which is the best system the world has yet discovered for testing and comparing alternative methods of production and distribution. And is it really likely that there are no innovations, no efficiencies possible in such a labor-intensive enterprise? Lewis Perelman of the Hudson Institute calculates that we could get 16 years of education—a high school diploma and a college degree—in 10 minutes at a cost of 5 cents if education had improved its efficiency over the past 40 years at the same pace as the computer industry.¹⁴ That may be an extreme example; few industries have progressed as fast as the computer business recently. But, with soaring investment and declining results, education seems to have a productivity record worse than that of any other industry.

Figures on SAT scores and school spending cannot capture the special tragedy of our inner-city schools, which have become a key element of the vicious circle of poverty. A better indicator is the story of the Washington, D.C., high school valedictorian who was

¹³John Chubb and Terry Moe, "Letting Schools Work," *NY: The City Journal*, Autumn 1990.

¹⁴Lewis J. Perelman, "Closing Education's Technology Gap," Hudson Institute Briefing Paper no. 111, November 28, 1989.

refused admission to a local college because he scored only 600 on the SAT. Like so many other urban teenagers, he had been conned into thinking he was getting an education. Virtually every major newspaper in the country has recently—if not regularly—sent reporters into inner-city schools only to discover that such institutions are nightmares of gangs, drugs, and violence, with little if any learning going on.¹⁵ Indeed, physical violence is a constant presence at inner-city schools. A study by the United Federation of Teachers uncovered 3,386 incidents of crime and violence against New York City school employees in 1989–90, a 26 percent increase over 1988–89.¹⁶ Furthermore, a New York-based company, Guardian Group International Corporation, has begun marketing bullet-resistant vests and other protective items for pupils.¹⁷

Phil Keisling has written that inner-city students are “consigned to lives of failure because their high school diplomas are the educational equivalent of worthless notes from the Weimar Republic.”¹⁸ Bonita Brodt, who studied the Chicago schools for the *Chicago Tribune*, writes in this volume that she found

an institutionalized case of child neglect. . . . I saw how the racial politics of a city, the misplaced priorities of a centralized school bureaucracy, and the vested interests of a powerful teachers union had all somehow taken precedence over the needs of the very children the schools are supposed to serve.

And a Carnegie Foundation for the Advancement of Teaching study concluded, “The failure to educate adequately urban children is a shortcoming of such magnitude that many people have simply written off city schools as little more than human storehouses to keep young people off the streets.”¹⁹

¹⁵For instance, see Athelia Knight, “Pursuing the Legacy: A Year at McKinley High School,” *Washington Post*, September 13–16, 1987; *Chicago Schools: ‘Worst in America’* (Chicago: Chicago Tribune, 1988).

¹⁶*Education Week*, November 14, 1990, p. 3.

¹⁷*Ibid.*, September 19, 1990.

¹⁸Phil Keisling, “How to Save the Public Schools,” *New Republic*, November 1, 1982, p. 27.

¹⁹Cited in Barbara Vobejda, “Big Cities Missing Out on Education Reform, Study Finds,” *Washington Post*, March 16, 1988.

It's not that urban schools are underfunded. The Boston schools, for instance, spend \$7,300 per enrollee each year, and more than \$9,000 per student in average daily attendance.²⁰ The figure is \$5,800 per enrollee in Washington, D.C., and over \$7,000 in New York City.²¹ Rather, the problem is that costs soar and school bureaucracies expand exponentially while the D.C. school system manages to "lose" 10-year-old Melissa Brantley, leaving her in second grade for three years; the school system can't find any records indicating why.²² It's no wonder that state Rep. Polly Williams of Milwaukee says that the \$6,000 per child per year spent by the Milwaukee public schools "isn't going to the kids. It's going to a system that doesn't educate them and to a bunch of bureaucrats."²³

University of Chicago economist Kevin Murphy suggests that the poor quality of education provided for black students may account for half the slowdown in black economic progress during the 1980s (as measured by the black/white income gap, which narrowed during the 1970s and remained roughly constant during the 1980s).²⁴

Is it any wonder that those who know the urban schools best—the teachers in them—are much more likely to send their own children to nongovernment schools? In Chicago, private schools are attended by 22 percent of all children—but by 46 percent of the children of Chicago's public school teachers.²⁵ Elsewhere, the proportion of teachers' children in private schools is 29 percent in Los Angeles, 25 percent in Atlanta, 36 percent in Memphis, more than 50 percent in Milwaukee—in every case significantly higher

²⁰Boston Municipal Research Bureau, Boston Public Schools Research Department; cited in Warren Brookes, "The Urban Education Deficit," *Washington Times*, January 18, 1990.

²¹U.S. Bureau of the Census, *Statistical Abstract of the United States 1990* (Washington: Government Printing Office, 1990); Gary Putka, "New York Archdiocese Begins Campaign to Save 140 Catholic Schools in City," *Wall Street Journal*, January 30, 1991, p. A12.

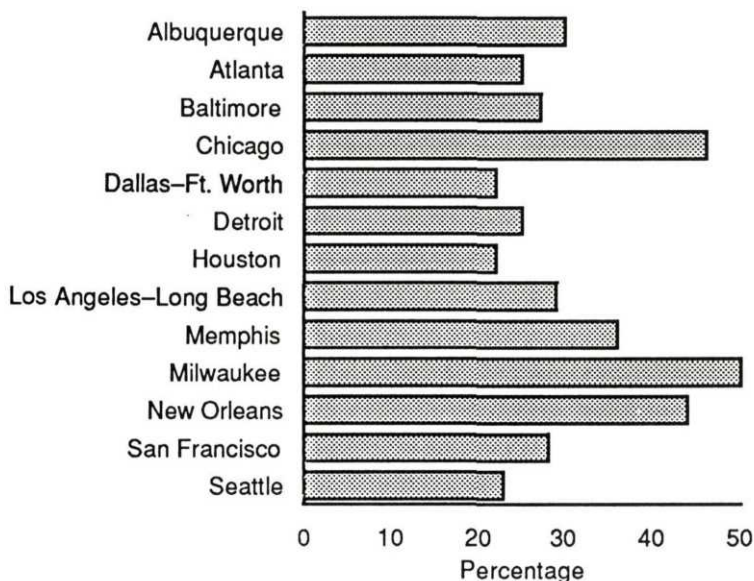
²²Rene Sanchez, "Slipping through the Safety Net in D.C. Schools," *Washington Post*, July 5, 1990, p. A1.

²³"Champion of Choice: Shaking Up Milwaukee's Schools," interview with Polly Williams by John H. Fund, *Reason*, October 1990.

²⁴Kevin Murphy, "The Education Gap Rap," *American Enterprise*, March/April 1990, pp. 62–63.

²⁵*Chicago Tribune*, May 3, 1984; cited in Herbert J. Walberg et al., *We Can Rescue Our Children* (Chicago: Heartland Institute, 1988), p. 11.

Figure 1-2
PUBLIC SCHOOL TEACHERS WITH CHILDREN IN
PRIVATE SCHOOLS



SOURCES: Denis P. Doyle and Terry W. Hartle, "Where Public School Teachers Send Their Children to School: A Preliminary Analysis" (Washington: American Enterprise Institute, unpublished ms., n.d.); *Chicago Tribune*, May 3, 1984, cited in Herbert J. Walberg et al., *We Can Rescue Our Children* (Chicago: Heartland Institute, 1988), p. 11; Clint Bolick, director, Landmark Legal Foundation Center for Civil Rights, remarks before State Bar of Wisconsin, Individual Rights and Responsibilities Section, Milwaukee, January 17, 1991.

NOTE: Figures for Chicago are circa 1984; those for Milwaukee are circa 1990. Figures for all other cities are based on 1980 census data.

than the proportion of all children in the city (see Figure 1-2).²⁶ In New York City, as of 1988, no member of the Board of Education and no citywide elected official had children in the government

²⁶Heritage Foundation Education Update, Fall 1986, p. 7. See also Denis P. Doyle, "Public Teachers, Private Schools," *American Spectator*, November 1984, pp. 32-33; and Denis P. Doyle and Terry W. Hartle, "Where Public School Teachers Send Their Children to School: A Preliminary Analysis" (Washington: American

schools.²⁷ California's superintendent of public instruction, Bill Honig, opposes educational choice, but he moved his son out of the Honig family home in San Francisco to a home in Fremont, California, so his son could attend junior high school there.²⁸

Former Minnesota governor Rudy Perpich has concluded:

As many as one-third of the nation's 40 million school-aged children are at risk of either failing, dropping out or falling victim to crime, drugs, teenage pregnancy or chronic unemployment. What is even more troubling is that, despite the wave of education reform that is sweeping the country, the evidence suggests that the gap between the educational "haves" and the "have-nots" is widening. As Americans, we must come to grips with the fact that our present educational practices are contributing to the creation of a permanent underclass in our society.²⁹

Why Education Matters

The emergence of a global, high-technology economy in the information age has brought home to Americans the importance of quality education. Not only are these our children, we seem to have realized, but they are also our future employees. Business groups are starting to warn us of their need for highly skilled employees and of the failure of the schools to provide them. In the words of David Kearns, chairman of the Xerox Corporation:

Public education has put this country at a terrible competitive disadvantage. American business will have to hire a million new workers a year who can't read, write, or count. Teaching them how, and absorbing the lost productivity while they're learning, will cost industry \$25 billion a year

Enterprise Institute, unpublished ms., n.d.). For Milwaukee, see Clint Bolick, director, Landmark Legal Foundation Center for Civil Rights, remarks before State Bar of Wisconsin, Individual Rights and Responsibilities Section, Milwaukee, Wisconsin, January 17, 1991.

²⁷Samuel G. Freedman, *Small Victories* (New York: Harper & Row, 1990); cited in David J. Garrow, "A Teacher Who Made a Difference," *Washington Post Book World*, May 6, 1990, p. 1.

²⁸"California Superintendent Exercises Choice," Heritage Foundation Education Update, Summer 1990.

²⁹Quoted in "Educational Choice: A Catalyst for School Reform" (Chicago: City Club of Chicago, August 1989), p. 2.

for as long as it takes. Teaching new workers basic skills is doing the schools' product recall work for them.³⁰

A recent National Alliance of Business poll of the 1,200 largest U.S. corporations has found that only 36 percent of them are satisfied with the competence of new employees. Too many such employees lack the reasoning and problem-solving skills employers need and often require on-the-job remedial education in basic reading and math. Moreover, personnel officers said, competence in both reading and math has slipped over the past five years.³¹

John W. Kendrick of George Washington University, one of the nation's leading experts on productivity, has suggested that 70 percent of a country's productivity trends can be explained by "the knowledge factor"—the knowledge and skills of its workers. That would suggest that the decline in U.S. productivity that began in the 1970s can be explained by a falloff in the knowledge factor as those students with declining SAT scores entered the workforce. Cornell University economist John H. Bishop argued in the March 1989 *American Economic Review* that the decline in test scores accounted for 10 percent of the productivity slowdown in the 1970s and 20 percent in the 1980s, and that it might grow to 40 percent by the 1990s.³²

However, important as our economic competitiveness is, it is not the most important reason to worry about the quality of U.S. education, especially education for poor, minority, and inner-city children. Education used to be a poor child's ticket out of the slums; now it is part of the system that traps people in the underclass. In a modern society a child who never learns to read adequately—much less to add and subtract, to write, to think logically and creatively—will never be able to lead a fully human life. He or she will be left behind by the rest of society. Our huge school systems, controlled by politics and bureaucracies, are increasingly unable

³⁰David T. Kearns, speech before the Business Council, Hot Springs, Virginia, October 7, 1988.

³¹William H. Kolberg, president, National Alliance of Business, in congressional testimony cited by William Raspberry, "Better Education, Better Business," *Washington Post*, November 21, 1990.

³²Kendrick and Bishop cited in Warren Brookes, "Public Education and the Global Failure of Socialism," *Imprimis*, April 1990.

to meet the needs of individual children. Too many children leave school uneducated, unprepared, and unnoticed by the bureaucracy.

Why the Schools Don't Work

As John Chubb and Terry Moe have pointed out, "Until the first few decades of the 1900s, there was really nothing that could meaningfully be called a public 'system' of education in the United States. Schooling was a local affair."³³ But then Progressive reformers set about creating a rational, professional, and bureaucratic school system, based on the concept of the "one best system."³⁴ Control of schools was vested in political and administrative authorities, often far removed from the local neighborhood school.

The one best system grew out of the Progressive Era, when the best-educated Americans believed that experts armed with social science and goodwill—and power—could make decisions about all sorts of social institutions that would be implemented by government to benefit all Americans. The Progressives were not socialists, but the one best system was essentially socialist in nature. Obviously it was intended to be one system for the whole society, centrally directed and bureaucratically managed, with little use for competition or market incentives.

That system has survived to this day, even though the failure of socialism is now recognized around the world. That failure had been recognized long ago in Eastern Europe; when the Soviet Union lost the will to use military force to support its puppets, socialist governments fell like rotten trees. Longtime socialist Robert Heilbroner was forced to concede in 1989, "Less than seventy-five years after it officially began, the contest between capitalism and socialism is over: capitalism has won. The Soviet Union, China, and Eastern Europe have given us the clearest possible proof that capitalism organizes the material affairs of humankind more satisfactorily than

³³John E. Chubb and Terry M. Moe, *Politics, Markets, and America's Schools* (Washington: Brookings Institution, 1990), p. 3.

³⁴*Ibid.*, pp. 3–6. See also David B. Tyack, *The One Best System: A History of American Urban Education* (Cambridge: Harvard University Press, 1974).

socialism."³⁵ And in October 1990, Soviet president Mikhail Gorbachev's economic reform plan began by asserting: "There is no alternative to the transition to the market. The whole world experience proved the vitality and efficiency of the market economy."³⁶

That was no surprise to most people in the United States, where free enterprise has always been an article of faith. Our economy has been perhaps the freest the world has ever seen, with millions of firms competing vigorously to serve hundreds of millions of customers. Yet we have organized a few key elements of our economy along socialist lines—notably the postal service and the public schools.³⁷ In every school district a centralized bureaucracy runs all the schools, collecting taxes and disbursing funds from the district office. Such a unified, centralized system is a dinosaur in the information age. If this sort of system worked well, Eastern Europe would have the world's most dynamic economies.

We expect to get high quality and low prices in every industry—from housing to clothing, from groceries to televisions—through vigorous competition by many producers. Competition is the only way to guarantee steady progress in any field, whether it is competition of ideas or of goods. Competition forces people to develop better ideas—products that consumers will prefer and better ways of manufacturing and delivering those products—and to adopt the ideas developed by successful competitors. Without such a process, an industry, or an athletic team, or scientific discipline, will stagnate.

Yet somehow we expect to get high quality, although perhaps not low prices, in education through one centralized system. Part

³⁵Robert Heilbroner, "The Triumph of Capitalism," *New Yorker*, January 23, 1989, p. 98.

³⁶"Excerpts from Gorbachev's Economic Program," *New York Times*, October 17, 1990, p. A8.

³⁷Many people have trouble grasping the argument that a centralized monopoly school system is run along socialist lines and displays many of the familiar problems of socialism. For instance, Amitai Etzioni, University Professor at George Washington University and one of the nation's most respected social scientists, recently ridiculed the idea, saying that it's absurd to compare the public school system to socialism, the schools don't have tanks and don't shoot people in the public square. (Remarks at the Washington Circle, George Washington University, December 12, 1990.) But socialism had plenty of problems before the Tiananmen Square massacre, and it is those systemic economic problems that are paralleled in the government school system.

of the problem is that we're far more skeptical of the suppliers of consumer goods—the businesses that produce and sell them—than we are of the suppliers of education—the teachers, the superintendents, the school boards. When businesses try to use protectionism or other schemes to gain monopoly prices, we quite rightly resist. But when the education establishment wants to centralize control of the schools and then raise taxes, we treat them not as self-interested suppliers but as “experts.”

Socialism doesn't work in an entire economy, and it doesn't work in one industry. Compared with competitive capitalism, socialist industries are expensive and stagnant. They don't generate much productivity, innovation, creativity, or efficiency. Without competition—and the incentive to make money by attracting more customers—they see little reason to offer new products, try out new ideas, or cut costs. That's why the postal service and the government school systems display all the energy and creativity of Soviet agriculture.

The problem of the government schools is the problem inherent in all government institutions. In the private sector, firms must attract voluntary customers or they fail; and if they fail, investors lose their money, and managers and employees lose their jobs. The possibility of failure, therefore, is a powerful incentive to find out what customers want and to deliver it efficiently. But in the government sector, failures are not punished, they are rewarded. If a government agency is set up to deal with a problem and the problem gets worse, the agency is rewarded with more money and more staff—because, after all, its task is now bigger. An agency that fails year after year, that does not simply fail to solve the problem but actually makes it worse, will be rewarded with an ever-increasing budget. What kind of incentive system is that?

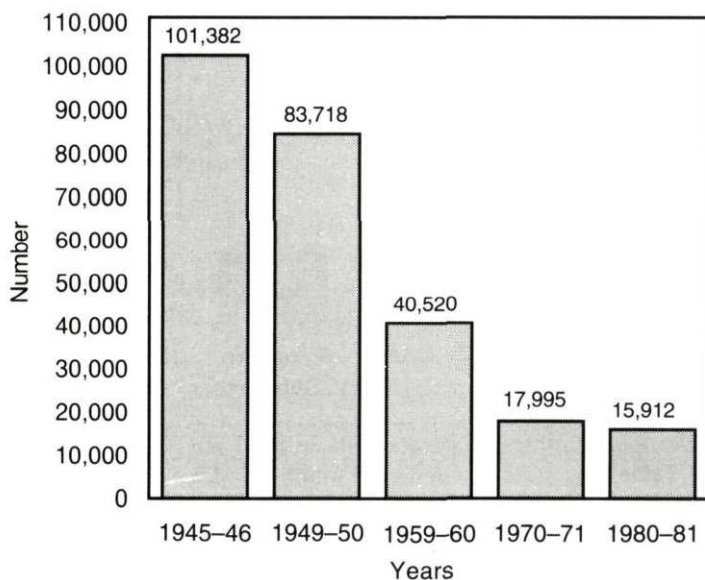
Not only is our public school system run along socialist lines, it has become increasingly centralized. Through most of the 20th century, school districts have been getting larger, reflecting the century's enthusiasm for consolidation, centralization, and planning. The number of school districts plunged—from 101,382 in 1945–46 to 40,520 in 1959–60 to 15,747 in 1983–84³⁸—and the number of parents and students in each district rose dramatically during

³⁸U.S. Department of Education, *Digest of Education Statistics 1987* (Washington: National Center for Education Statistics, 1987), p. 70.

the same period (see Figure 1-3). State and federal funding—and, naturally enough, state and federal control—grew at the expense of local funding and control. The percentage of school funding provided by local government fell from 60 percent in 1960 to 43.9 percent in 1987.³⁹

As school districts became larger and state and federal funding became more significant, local parents and taxpayers had even less control over the way the schools were run. School bureaucracies increased dramatically in size. Between 1960 and 1984 the number of teachers in government schools grew by 57 percent, the number of principals and supervisors in those schools grew by 79 percent, and the number of other staffers grew by 500 percent (see Figure

Figure 1-3
NUMBER OF PUBLIC SCHOOL DISTRICTS, 1945-80



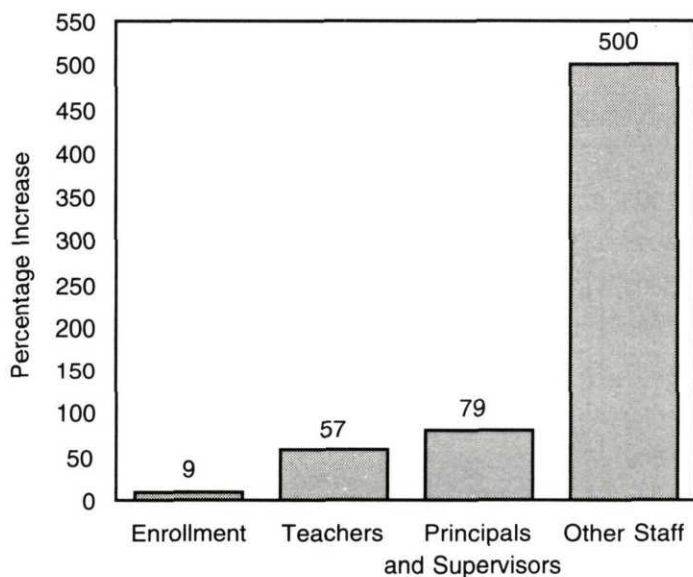
SOURCE: National Center for Education Statistics, *Digest of Education Statistics*, 1989, Table 79.

³⁹Brookes, p. 4.

1-4).⁴⁰ Thus, it's no surprise that the percentage of education dollars paid to teachers fell steadily during the 1970s, from 49.2 percent in 1970-71 to 38.7 percent in 1980-81.⁴¹

When two Japanese government officials visited Chicago a few years ago, they were taken to the main offices of the Chicago Board of Education. They asked their hosts if the massive bureaucracy

Figure 1-4
INCREASE IN SCHOOL ENROLLMENT AND PERSONNEL,
1960-84



SOURCES: National Center for Education Statistics, *Digest of Education Statistics, 1989*, Table 35; Lynne V. Cheney, "American Memory: A Report on the Humanities in the Public Schools" (Washington: National Endowment for the Humanities, 1987), p. 25.

⁴⁰Lynne V. Cheney, "American Memory: A Report on the Humanities in the Public Schools" (Washington: National Endowment for the Humanities, 1987), p. 25.

⁴¹National Center for Education Statistics; cited in E. G. West, "Are American Schools Working? Disturbing Cost and Quality Trends," *Cato Institute Policy Analysis* no. 26, August 9, 1983.

was the U.S. Department of Education and were amazed to be told that what they saw was merely the administrative offices of the schools of one city. They said the offices of the Japanese National Ministry of Education were not as large.⁴² In fact, as of 1987, there were 3,300 employees in the central and district offices of the Chicago public school system.⁴³ By contrast, the schools of the Catholic Archdiocese of Chicago serve 40 percent as many students in a much larger geographical area but make do with only 36 central office administrators.⁴⁴

The same kind of contrast is found in smaller districts. In California, for example, the Catholic schools in Oakland serve 22,000 students and have 2 central administrators (plus 7 clerical staff), whereas the Berkeley public school system needs 27 administrators for 10,000 students and the Richmond public school system needs 24 administrators for 30,000 students (and these figures for Berkeley and Richmond do not include administrators paid with federal and state funds).⁴⁵ In the nation's largest school district, New York, John Chubb found an even more striking contrast: 6,000 administrators in the government schools and only 25 in the Catholic schools, although the Catholic schools served about one-fourth as many students.⁴⁶

Such massive bureaucracies divert scarce resources from real educational activities, deprive principals and teachers of any opportunity for authority and independence, and create an impenetrable bulwark against citizen efforts to change the school system. Like other large bureaucracies, school systems become susceptible to influence only from special-interest groups, notably the teachers' unions and other elements of the education establishment—or maybe we should say the education-industrial complex.

⁴²Harold Henderson, "The City File," *Reader* (Chicago), October 9, 1987; cited in Walberg, p. 12.

⁴³Casey Banas, "Enrollment's Down, Central Office Workers Up," *Chicago Tribune*, September 29, 1987; cited in Walberg, p. 12.

⁴⁴Archdiocese of Chicago, *Chicago Catholic Schools, 1987-88 Report*; cited in Walberg, p. 12.

⁴⁵Barbara Erickson, "Parochial vs. the Public Schools," *Berkeley Independent & Gazette*, May 18, 1980, p. 1.

⁴⁶"Making Schools Better" (New York: Manhattan Institute, Center for Educational Innovation, 1989), pp. 10-11.

Parents frequently complain that they want more discipline, more teaching of values, and fewer drugs in the schools. The sorts of problems they complain about stem in large measure from the problem of running a government monopoly institution in a democratic society (even if the society is one characterized more by interest-group democracy than by true popular control). A monopoly generally provides the same sort of product or service to all its clients. In a small, homogeneous community, a one-size-fits-all school may not be a serious problem (even though some children might benefit from schools with more emphasis on science, the arts, discipline, and so on). But in a large and diverse community, a monopoly institution is sure to serve many or most of its clients poorly. When the monopoly is the educational system, which touches on our most deeply held values and prejudices, many people are sure to chafe under its strictures. As economist Walter Williams has written:

A state monopoly in the production of a good or service enhances the potential for conflict, through requiring uniformity; that is, its production requires a *collective* decision on many attributes of the product, and once produced, everybody has to consume the identical product whether he agrees with all the attributes or not. State monopolies in the production of education enhance the potential for conflict by requiring conformity on issues of importance to many people.⁴⁷

What sorts of conflicts can arise? Parents, taxpayers, and other voters can disagree over school prayer, ethnic history, saluting the flag, school uniforms, gay teachers, and drug testing, for instance—not to mention more directly educational issues such as phonics and the new math. For most of these issues, there is no one right answer; different people have different needs, different situations, and different values. In a market system, different preferences and different approaches to production get tested, and customers can choose from a wide variety of options. In a political system, however, one group “wins,” and the losers are stuck with products or

⁴⁷Walter E. Williams, “Tuition Tax Credits: Other Benefits,” *Policy Review* (Spring 1978): 85.

services they don't like. Different preferences become the subject of endless political, legislative, and judicial battles.

Even in basic academic subjects, there is a danger in having only one approach taught in all the schools. Underlying the notion of the one best system, one school system for all students, is the fallacious idea that there is a "correct" understanding of mathematics, history, science, or any academic discipline. A competitive system of education, for instance, would probably not have led to every American school's teaching economics from a Keynesian perspective, complete with the Phillips curve and government pump-priming mysticism, long after that approach had been rejected by most thoughtful people.

There is merit, to be sure, in having the school system inculcate society's values in all students. But our society's principal value is individual freedom, which is difficult to instill through central direction. And the pluralism of a society based on political and economic freedom and built by immigration is not conducive to the calm and apolitical development of a unitary value system for thousands of local schools. Such an ideal may be achievable in Japan, but it is only a pipe dream for the United States.

Occasionally, the government school systems do attempt to serve children's differing needs. Some states have set up centralized high schools for gifted students; a few years ago, New York City established Harvey Milk High School for gay students; in 1990, Milwaukee set up two schools for black boys only, and New York City, Chicago, and Baltimore discussed variations on the same theme; in the suburbs of Washington, D.C., some school systems have set up "alternative" schools that emphasize reading, writing, and arithmetic (strange what passes for an "alternative" approach to education in these modern times). But these attempts to satisfy customers, which happen millions of times a day in the marketplace, are notable in the politicized school systems for their rarity. The usual approach was enunciated by Joe Voboril, chairman of the Portland (Oregon) School Board's legislative committee, in opposition to an education tax credit initiative:

What is wrong with their thinking is that public education is not like the free market place. In a free market place you change your mix if your product is not selling. Public schools

serve everyone. We can't change our mix and that's the big difference.⁴⁸

Educational Reform in the 1980s: How Long, O Lord, How Long?

In 1983 the National Commission on Excellence in Education issued its report, *A Nation at Risk*, which declared that "a rising tide of mediocrity" threatened America's schools.⁴⁹ The nation's political leaders rallied around, with the usual reaction: if the schools are failing, give them more money. But a few governors and others also promised educational reform.

More than 250 state task forces were created, and many states adopted "comprehensive" reform packages. A year after its report, the commission issued a euphoric progress report, declaring that "the response to the announcement that American education is in trouble has been nothing short of extraordinary."

It has now been 8 years since *A Nation at Risk*, not to mention 13 years since the creation of the Department of Education. What have been the results of all the reform? According to a 1988 survey by the National Center for Education Information, 87 percent of school superintendents thought the schools in their communities had improved in the past five years. But only 25 percent of the public—the consumers—agreed with them.⁵⁰

Spending on education has soared since 1983, but test scores have made little progress. According to the NAEP, reading test scores for students aged 9, 13, and 17 were virtually stagnant—increasing less than one point on a scale of 500—from 1984 until 1989.⁵¹ As noted above, SAT scores fell about 90 points in the 1960s and 1970s and gained only 14 points in the 1980s, with even that progress slowing to a halt by late in the decade.

A 1990 report by the Educational Testing Service, "The Educational Reform Decade," found that there had been a good deal of

⁴⁸Cathy Kiyomura, "Former Reagan Aide Backs Measure 11," *Oregonian*, October 16, 1990.

⁴⁹National Commission on Excellence in Education, *A Nation at Risk: The Imperative for Educational Reform* (Washington: Government Printing Office, 1983.)

⁵⁰C. Emily Feistritz, "Profile of School Administrators in the United States" (National Center for Education Information, 1988), p. 32.

⁵¹Cited in Kenneth J. Cooper, "Test of U.S. Students Shows Little Progress," *Washington Post*, January 10, 1990, p. A1.

“reform” in school *inputs*: stricter attendance rules, minimum grades required for permission to take part in extracurricular activities, stricter conduct rules, longer school days, more competence testing, more homework, higher teacher pay, and a longer school year.

But what about school *outputs*? For the 1980s, ETS found, there were no gains in average reading proficiency; very little improvement in mathematics, and none at all at the more advanced high school levels that might be expected after several years of high school math; no improvement in civics knowledge, and some ground lost among 17-year-olds; and no progress in writing.⁵²

Despite this dismal record, school boards and administrators continue to ask for just a little more time to show improvement. But the students who entered high school when test scores began their long fade-out are now 41 years old. The students who entered first grade when the Department of Education was created have graduated from high school. The students who entered school when *A Nation at Risk* was published are now in the ninth grade, and some 20 million students have left high school since then. How many more generations of students will leave school uneducated and unprepared while the education establishment pleads for just a little more time? The establishment’s “reform” has been a failure. It is time to take education away from the establishment.

Empowering Parents, Students, and Teachers

The government schools have failed because they are socialist institutions. Like Soviet factories, they are technologically backward, overstaffed, inflexible, unresponsive to consumer demand, and operated for the convenience of top-level bureaucrats. With every passing year, as we move further into the information age and the global economy, they become more inadequate. They are incapable of keeping up with the needs of a dynamic and diverse society.

In the marketplace, competition keeps businesses on their toes. They get constant feedback from satisfied and dissatisfied customers. Consumers don’t vote on what sorts of products they would

⁵²Educational Testing Service, “The Educational Reform Decade” (Princeton, N.J., 1990); cited in Fred M. Hechinger, “About Education,” *New York Times*, November 21, 1990.

like every two or four years, nor are they forced to buy a particular package that may not reflect all their preferences. They vote every day, every hour, every time they choose to buy or not to buy. Firms that don't respond to the message they get from customers go out of business.

Like all government institutions, the public schools lack that feedback and those incentives. A successful principal doesn't get a raise; an unsuccessful one doesn't get fired. The public school system poorly serves almost everyone: students are denied access to a high-quality education; parents are treated as nuisances (in how many other businesses are the customers blamed for the failure of the product?); good teachers are loaded down with bureaucratic red tape and paperwork and denied the chance to be creative and to attract customers who like their approach; principals are told to carry out the instructions laid down by a centralized bureaucracy; and the whole country suffers because students leave school uneducated. Winning is limited to the bureaucrats and the interest groups that want to control what is taught in the schools.

In their massive surveys of public and private schools, Chubb and Moe found that autonomy from direct outside control is essential to effective school organization. Furthermore:

Autonomy turns out to be heavily dependent on the institutional structure of school control. In the private sector, where schools are controlled by markets—indirectly and from the bottom up—autonomy is generally high. In the public sector, where schools are controlled by politics—directly and from the top down—autonomy is generally low.⁵³

Both bureaucracy and direct democratic control, said Chubb and Moe, interfere with autonomy and school effectiveness. They found that teachers and principals are much more likely to see each other as partners in private schools than in public schools. The politicized bureaucracy of the government schools makes teachers and principals adversaries; the dynamic, market-directed private schools make them colleagues.

What could change this state of affairs? The time has come to give the competitive market economy—the system that has given

⁵³Chubb and Moe, *Politics, Markets, and America's Schools*, p. 183.

us two centuries of dramatically increasing living standards, the system on which we rely for everything from food and clothing to VCRs and world travel—a chance to improve our educational system. We need to give parents and students a chance to choose their schools. Parents don't normally attend. We need to give teachers and principals a chance to be more successful by producing successful students, and—what is just as important—a chance to lose their jobs if they fail.

Ideally, the private sector would be totally responsible for education. Government involvement in education necessarily means all the inefficiencies of socialist production or funding, as well as government control over what children learn and how they learn it—a set of circumstances that should concern a free society. Still, some government involvement seems inevitable for the foreseeable future, so—for now—we should look for opportunities to enhance competition, creativity, and quality even in the face of such obstacles.

A key point to keep in mind is that nongovernment schools, which have to offer a better product to stay in business, do a better job of educating children. Defenders of the education establishment have tried to dismiss that success by claiming that the private schools start with a better grade of students—once again, blaming the customers for the enterprise's failure. But that excuse has been exposed time and again. Urban Catholic schools serve a clientele not terribly different from that of the government schools. Marva Collins's school in Chicago received national publicity for its success with poor black children, many of them declared "learning disabled" by the neighborhood government schools. Joan Davis Ratteray of the Institute for Independent Education describes in this volume the success of many minority-run independent schools. Any remaining doubts should have been eliminated in 1982 when James S. Coleman and his colleagues, after a comprehensive investigation of the results of public versus private schools, concluded that "when family backgrounds that predict achievement are controlled, students in . . . private schools are shown to achieve at a higher level than students in public schools."⁵⁴

⁵⁴James Coleman, Thomas Hoffer, and Sally Kilgore, *High School Achievement: Public, Catholic, and Private Schools Compared* (New York: Basic Books, 1982). See also J. Cibulka, T. O'Brien, and D. Zewe, *Inner-City Private Elementary Schools: A Study* (Milwaukee: Marquette University Press, 1982); Andrew Greeley, *Catholic High Schools and Minority Students* (New Brunswick, N.J.: Transaction, 1982); James Cole-

Private schools have always been available to the rich. Today, one is stunned to discover in the research of Ratteray, Coleman, and others how low the incomes are of some parents who manage to send their children to Catholic or other private schools. But it is time to make high-quality, nongovernment schools available to all parents. Parents should not have to pay twice for education—once in taxes and again in tuition for alternative schools. Giving all parents access to independent schools would bring forth a flourishing supply of new schools and would inject a healthy dose of competition into our educational system. We should look forward to a system in which schools are established by all sorts of institutions—by the Catholic church, the Black Muslims, the YMCA, the Urban League, Operation PUSH, Citicorp, Xerox, Sylvan Learning Centers, the Nature Conservancy, the American Association for the Advancement of Science, Phillips Academy, Boston University, and so on—and by visionary teachers and entrepreneurs. Let them all compete to provide the best possible education.

So how do we make independent schools available to all families? We need a program of educational choice. Such a program would ensure that every parent could choose from a variety of schools, both government run and independent. The government would pay or reimburse each child's educational expenses up to a certain level, but students would not be required to attend a government school to receive government funding.

The program of educational choice could be adopted at the federal, state, or local level. It would probably make sense to adopt a choice program at the state level for at least three reasons: (1) state governments increasingly provide the bulk of school funding, (2) a statewide program would offer families more choices than a local district program, and (3) it would be less than ideal in a federal system to implement sweeping educational changes at the national level. A statewide school-choice plan would be an ideal way to respond to political and judicial demands for "educational equalization"; it would help to equalize financial resources available to students throughout the state without further centralizing education in the state capital.

man and Thomas Hoffer, *Public and Private High Schools: The Impact of Communities* (New York: Basic Books, 1987).

The simplest way to create a system of educational choice is a voucher plan. Under such a plan, the state would give the parent or guardian of every child a voucher worth, say, \$2,500 per year to be spent on educational services at any public or private school in the state. (Actually, there's no reason to forbid families to spend their vouchers at an out-of-state school, and such an option would give families even more opportunity to choose just the right school for each child.) Government-run schools would accept the voucher as full payment, but independent schools should be free to charge an additional amount if they choose so as to allow more variety in the educational system. If schools could not charge more than the voucher, then elite, expensive schools would probably refuse to accept vouchers at all; that would mean that to send a child to, say, the Harvard School in Chicago, a family would have to come up with the full \$4,000, leaving families that could just manage \$1,500 shut out of the school and reducing the demographic diversity of elite schools.

Defenders of the government school monopoly usually charge that voucher plans would cost the taxpayers more money because they would now be paying for students who attend private schools. But there would be a net loss to the taxpayers only if very few students switched from government to independent schools. Given that the average school district spends \$5,246 per enrolled student per year, the taxpayers would save \$2,700 for every student who left a government school and claimed his or her \$2,500 voucher. According to one analysis, if as few as 8 percent of students left the government schools, the taxpayers would save money.⁵⁵

One real objection to a voucher plan is that the government might use it to further regulate nongovernment schools. Colleges that receive federal funding and private businesses that sell to the government have certainly found that government money always comes with strings attached. Once an institution becomes dependent on government funding, it becomes very difficult to turn down the government's mandates. Of course, a voucher should not be seen as government funding for schools; the funding is for families, who would choose the schools. A voucher is no more government

⁵⁵See E. G. West, "An Analysis of the District of Columbia Education Tax Credit Initiative," *Cato Institute Policy Analysis*, October 27, 1981, p. 13. See also E. G. West, "The Real Costs of Tuition Tax Credits," *Public Choice* 46 (1985): 61-70.

support for a particular school than food stamps are government support for Safeway. But governments always seek to expand their control, and there would certainly be an attempt to use vouchers that way—especially if the private schools were to effectively challenge the monopoly of the public schools. Through the regulatory process, state governments could turn independent schools into perfect copies of the government schools—burdened by paperwork, hamstrung by bureaucracy, top-heavy with administrative personnel and guideline writers. The government would have surreptitiously destroyed the existing alternatives to the public school monopoly.

Some advocates of school choice would try to counter that tendency by increasing the separation between the government funding and the nongovernment school. One way to do that is through a program of education tax credits or tax refunds. Under such a system, the government would not give families a voucher that would be turned over to the school and then submitted to the government for payment. Rather, parents (or guardians, or preferably any individual or business) would pay the school directly for the child's education and then request a tax refund for the amount they spent on education—up to, say, \$2,500—on their state income tax form. No government check would ever be written to an independent school, and it would be even more clear that the schools were not receiving government funds.

The tax refund program, too, has problems. First, bureaucrats no doubt would ignore the fact that the schools were receiving their funds directly from parents and would still try to use the program to regulate the schools. Second, many low-income families pay little or no income tax and would not be able to benefit from the program. Many tax refund plans, such as those proposed in the District of Columbia in 1981 and in Oregon in 1990, take that fact into account by allowing individuals and corporations to receive a tax credit for money spent to educate other people's children in independent schools. But that leads to the third problem, which is that such plans are complicated to explain, especially in initiative campaigns (which may well be necessary to get around the entrenched legislative support for the education establishment). These problems may make vouchers the preferred way to break the education monopoly.

In the case of either vouchers or tax credits, those who design the specific plan should try to limit the potential for regulation in

the enacting legislation, as was done in the Wisconsin voucher program and the unsuccessful Oregon tax credit initiative. If there must be some sort of regulation, the state or city should seek to regulate outputs, not inputs—that is, they should require participating schools to meet performance standards for their students rather than arbitrary requirements on textbooks, classroom size, teacher education, number of restrooms, and so on.

Public School Choice Is Not Enough

The school choice plan that has gotten the most attention in the past five years is public school choice. In this volume, Sy Fliegel and Robert Peterkin describe public school choice plans in East Harlem (in New York City) and Cambridge, Massachusetts. In 1988, Minnesota introduced a statewide public school choice plan.

Under public school choice plans, a student can go to any public school in the district or state. Because district and state funding is based largely on average daily attendance, funding follows the students. There have been some promising results from such plans, especially in East Harlem (although if one starts out with the worst schools in New York City, any change should offer some improvement).

However, as John E. Coons points out in this volume, public school choice is really a form of market socialism, an idea that was once—in the 1930s—the last best hope of socialists who realized that pure socialism really wouldn't work. The idea is to make government bureaus—or schools—act like private, competing firms. But why do private firms compete? Because if they attract customers, their managers, stockholders, and employees prosper. And if the firms don't attract customers, those people lose their jobs and investments. Why would a government bureau compete, or compete efficiently? Under the original market-socialism concept, such a bureau would face at least the negative incentive of going out of business if it failed to attract customers. However, under the existing public school choice plans, according to Myron Lieberman, not a single principal has lost his or her job because the school couldn't attract customers.

Moreover, negative incentives are really not enough to produce a dynamic, creative, and innovative system. We could, after all, employ the Stalinist incentive system: meet your quota or run the

risk of execution. But that system didn't make the Soviet Union a dynamic economy. There are no positive incentives for teachers and principals in a public school choice system, at least not of the kind that we usually use in a capitalist system to make people give us what we want. No principal or teacher will get a raise for attracting more students to his or her school. (In fact, such a prospect would probably be disconcerting and irritating in a bureaucratic system; one would have to do more paperwork, requisition more supplies, rearrange classrooms, and so on.) A successful manager in a private business gets a raise, or gets hired away for a bigger salary. A successful entrepreneur expands his or her store or opens a branch. Can one imagine a public school choice system allowing a successful principal to open another school across town and run both of them? So there is little incentive, either positive or negative, to do a good job in a bureaucratic system, even one with parental choice.

As for parents and students, it's obviously helpful for them to have more options. Some government schools, for a variety of reasons, are better than others, and public school choice does allow families to choose schools they think will be better. (But if everyone agrees that, say, Jefferson High is the best in town, a choice plan has to resort to a lottery or some other form of rationing to keep attendance at the preferred level; a free-enterprise system would encourage Jefferson to expand and its competitors to try to emulate it.) But families still don't get the full benefits of competition—the basic system they count on to deliver automobiles, housing, food, books, movies, banking, and other goods and services.

Magnet schools are one form of public school choice, under which a school district may emphasize specialized programs—science and mathematics, performing arts, computers, or foreign languages—in one or several schools. Frequently, magnet programs are designed to keep white and middle-class students in public school systems. We have come so far from solid basic education in the United States that the Arlington, Virginia, school system in the Washington, D.C., suburbs now has several “alternative” schools that offer a strong emphasis on reading, writing, and arithmetic skills. Magnet programs are often astoundingly expensive and often have little in the way of results to show for the money, as has

happened in Kansas City, Missouri.⁵⁶ And the *Washington Post* regularly reports on the plight of parents forced to wait in line for hours or days to get their children into preferred magnet schools.⁵⁷ In Prince George's County, Maryland, for example, there were almost 4,000 applications for about 1,100 magnet school openings in the 1989–90 school year. In response to the days-long parent campouts, the school superintendent suggested that the system switch from first-come, first-served to a lottery. Can one imagine a private firm responding to increased demand in such a way? The market is shouting, "Make more schools like this," and the suppliers respond by looking for new ways to ration access.

Myron Lieberman has described the likelihood of competition and innovation under public school choice:

Let us assume that a company owns 90 percent of the grocery stores in a state and controls all the assets of those stores. Company policies, which can be changed at any time, govern the products the stores sell, the days and hours the stores are open, the territories they serve, and a host of other matters. Shoppers can legally patronize the stores owned by other companies, but the cost of doing so is prohibitive, even if those stores are conveniently located and have high-quality merchandise. Moreover, shoppers must pay for the products sold by the dominant company's stores whether they patronize those stores or not.

Let us also assume that the dominant company uses various means of discouraging potential competitors from entering the market. It requires entrants to offer certain products, operate stores of a certain size, locate stores in certain areas, provide their employees with certain benefits, and meet other expensive and time-consuming conditions.⁵⁸

Clearly, we would not call such a situation competition, and we would not expect to get high-quality products, good service, and

⁵⁶Rick Atkinson, "Kansas City's High-Stakes Education Gamble," *Washington Post*, May 13, 1990.

⁵⁷See, for example, Michele L. Norris, "Lottery Urged for Pr. George's Magnet Schools," *Washington Post*, December 1, 1989; Stephen Buckley and Rene Sanchez, "Enrollment Ritual Becomes an All-Nighter," *Washington Post*, April 3, 1990.

⁵⁸Myron Lieberman, "Education Reform as a Conservative Fiasco," *Cato Policy Report*, November/December 1989, p. 7. See also *idem*, *Beyond Public Education* (Westport, Conn.: Praeger, 1986); *idem*, *Privatization and Educational Choice* (New York: St. Martin's, 1989); *idem*, *Public School Choice* (Lancaster, Pa.: Technomic, 1990).

innovation from that dominant grocery company. Add to Lieberman's scenario the layers of bureaucracy and central planning found in large public school systems, the inability to fire unproductive employees, and the difficulty of opening and expanding outlets, and the likelihood of progress becomes infinitesimal. Bureaucracies don't compete very well.

If we want to give low- and middle-income families the same educational opportunities that wealthy families have, we must give them access to nongovernment schools. That means providing a program of vouchers or tax credits that will transform parents from hapless clients of a bureaucratic monopoly to consumers with real clout—the clout that comes from having money to spend on or to withhold from a particular supplier.

Objections to Choice

In response to the growing demand for educational choice, die-hard defenders of the education monopoly have thrown up a smoke screen of charges against vouchers and tax credits. Many of the charges are the same complaints that have always been made against competitive capitalism. In fact, if American history had evolved in such a way that education was provided privately with school stamps for the poor, but food was sold in government-run grocery stores with assigned geographical areas and a Central Grocery Authority in every city and a State Department of Public Nourishment laying down the rules, the nourishment establishment would be telling us, "Of course private enterprise can provide education, but food is different; it's vitally important, consumers wouldn't know how to choose proper foods, you could never be sure there was a grocery store in your neighborhood," and so on.

Liberty magazine recently speculated about an alternative world in which telephone service had become the province of government:

"But Mr. Freeman, how could private industry possibly provide telephone service? . . . With eight million operators, we still can't get decent phone service. The Post Office Phone System will never be privatized." . . .

Ever since Michael Faraday had invented the telephone in Britain, governments had built giant, showy telephone systems, each trying to outdo the others with the mightiness of their networks. Elaborate palaces of communication

adorned world capitals. Massive cables with millions of wires carried signals across the country to those congressional districts fortunate enough to have one of the giant National Telephone Bases. Border translation stations, staffed with thousands of bilingual specialists, hummed with the commerce of the planet, moving vital data between financial nerve centers in mere hours. It would be hard to imagine private firms running a massive system such as this!⁵⁹

The point is that whatever enterprise the government chooses to monopolize will most likely become a massive bureaucratic undertaking, and we will find it difficult to imagine how the enterprise could be privately run. The only way that education is different from other industries is that the government runs it, so that it is expensive, inefficient, and stagnant.

"Choice Is Unconstitutional"

One objection to choice that may be unique to education is the claim that vouchers and tax credits are unconstitutional under the First Amendment because government money would be given to schools run by religious denominations (unless, of course, religious schools were forbidden to participate in a choice plan). In the first place, it should be noted that the G.I. Bill (formally, the Serviceman's Readjustment Act of 1944) was a voucher program for college students. Veterans chose the colleges they wanted to attend, and the federal government paid their tuition. Many veterans attended religious colleges, even seminaries. If the University of Notre Dame can accept students with education vouchers, why can't Potomac Muslim School?

The Supreme Court has long recognized a substantial degree of educational freedom. In a 1925 decision striking down Oregon's attempt to ban private schools, the Court ruled that

the fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the state; those who nurture him and direct

⁵⁹Keith Lofstrom, "A Place Much Like Our Own," *Liberty*, November 1990, p. 10.

his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations.⁶⁰

Half a century later, Justice Lewis Powell observed in *Wolman v. Walter* that private schools

have provided an educational alternative for millions of young Americans; they often afford wholesome competition with our public schools; and in some states they relieve substantially the tax burden incident to the operation of public schools. The State has, moreover, a legitimate interest in facilitating education of the highest quality for all children within its boundaries, whatever school their parents have chosen for them.⁶¹

In the late 1970s and early 1980s, however, the Court struck down a number of measures designed to assist private schools and their students, holding that because many of the benefits ultimately flowed to religiously sponsored institutions, the “primary effect” of such benefits was inevitably the advancement of religion. But in fact the primary effect of programs designed to ease access to private schools (including religious schools) is to expand educational opportunities. As Clint Bolick of the Landmark Center for Civil Rights has argued:

Indeed, religiously affiliated schools appear to influence the academic success of students far more than their religiosity. More than half of inner-city parochial school students are Protestants, and fewer than 15 percent of the students in such schools describe themselves as “very religious.” Even in parochial schools with mandatory religion classes, students still spend more time in secular academic classes than do public school students.⁶²

In 1983, in *Mueller v. Allen*, the Supreme Court upheld a Minnesota statute that provided tax deductions for primary and secondary

⁶⁰*Pierce v. Society of Sisters*, 268 U.S. 510, 535 (1925).

⁶¹*Wolman v. Walter*, 433 U.S. 229, 262 (1977) (Powell, J., concurring in part, concurring in judgment in part, and dissenting in part).

⁶²Clint Bolick, “Solving the Education Crisis: Market Alternatives and Parental Choice,” in *Beyond the Status Quo: Policy Proposals for America*, eds. David Boaz and Edward H. Crane (Washington: Cato Institute, 1985), pp. 219–20.

school expenses. Although available for both private and public school parents, most of the benefits were claimed for expenses in religiously affiliated schools. Writing for a five-member majority, Justice William Rehnquist declared that a tax deduction designed "to defray the cost of educational expenses incurred by parents—regardless of the type of schools their children attend . . . plainly serves [the] purpose of ensuring that the state's citizenry is well-educated."⁶³ He went on to conclude that the First Amendment prohibition against the establishment of religion "simply [does] not encompass the sort of attenuated financial benefit, ultimately controlled by the private choices of individual parents, that eventually flows to parochial schools."⁶⁴

Mueller suggests that vouchers and tax credits may survive constitutional challenge if they are not restricted to religiously affiliated schools and are conferred directly upon parents rather than on the religiously affiliated schools.⁶⁵ Changes in the Supreme Court since 1983 make it likely that the Court will be even more sympathetic to educational choice in the 1990s than it was then.

The bottom line is that at present most nongovernment schools—and certainly most of the affordable ones—are to some degree religiously affiliated. If those schools are excluded from a school choice program, many parents will be unable to find a high-quality neighborhood school. And a voucher program that allows parents to purchase education from a Catholic school is no more an establishment of religion than is a social security program that allows recipients to use their check to make a tithe to the Catholic church.

"Choice Won't Help Unaware Parents"

One of the favorite—and most revealing—criticisms of educational choice is that it won't help parents who are uneducated, unambitious, or unaware. There is a great deal of paternalism, if

⁶³*Mueller v. Allen*, 77 L.Ed.2d 721, 728 (1983).

⁶⁴*Ibid.* at 731.

⁶⁵For a full explanation of the impact of the *Mueller* decision, see Clint Bolick, "Private Sector Educational Alternatives and the *Mueller* Decision," *Journal of Social, Political, and Economic Studies* 9 (Spring 1984): 79; *idem*, "A Crack in the Wall: The Supreme Court Paves the Way for Private School Tax Relief," *Cogitations on Law and Government* (Winter 1983): 46; *idem*, "Choice in Education: Part II: Legal Perils and Legal Opportunities," Heritage Foundation Backgrounder no. 809, February 18, 1991.

not outright racism, in this charge. It's not the parents in Scarsdale and Fairfax County who are said to be unable to choose their children's schools; it's the parents in the ghetto. Now one might respond that random selection would give inner-city children better schools than they have now. And, as economist Thomas Sowell has pointed out, this patronizing attitude means that "black parents who want to make a better future for their children must be stopped and their children held hostage in the public schools until such time as all other people in the ghetto share their outlook."⁶⁶

In any case, there is simply no evidence that most poor black parents cannot do an adequate job of finding good schools—if they have the wherewithal to do so and they know that their involvement in the decision will make a difference. And if even 20 percent of the parents in an inner-city neighborhood—maybe even fewer—took their children out of the local government schools, the pressure on those schools to shape up would be severe. As for inner-city parents being able to choose among many different schools, economists have demonstrated that it really isn't necessary for all or even most consumers to be well informed about market alternatives; a small number of educated consumers will force all suppliers to compete for *their* business, thereby providing reasonable combinations of price and quality for all their customers. For instance, my mother read the grocery ads carefully and compared the price and quality of meats and produce at different groceries. I just dash into the Safeway down the block and buy what's available. But because there are shoppers like my mother, I can be reasonably certain that Safeway and its competitors are attempting to offer the best value for the money possible. Certainly even an ignorant consumer like me is better off than if the government ran all the groceries in town.

"Choice Would Enhance Segregation"

A charge frequently thrown at advocates of educational choice is that choice would lead to more racial segregation in the public schools. In large measure this argument stems from memories of the "segregation academies" set up in some southern cities in

⁶⁶Thomas Sowell, "Tuition Tax Credits: A Social Revolution," in Sowell, *Education: Assumptions versus History* (Stanford, Calif.: Hoover Institution Press, 1986), p. 106.

response to the busing orders of the 1970s. But it reflects a misunderstanding of the situation in our schools today. In the first place, choice would have the greatest effects in our inner cities, and in most inner cities the public schools are already effectively segregated. In Manhattan, for instance, the public schools are nearly 90 percent black or Hispanic, while the private schools are more than 80 percent white.⁶⁷ And James S. Coleman and Thomas Hoffer found that nationally there was a smaller percentage of black students in private schools but less racial segregation within the private sector.⁶⁸ By definition, the movement of children from the almost-all-black public schools to the less-black private schools would increase integration.

Today few private schools are segregation academies. As long as a decade ago, Oakland's inner-city Catholic schools were 95 percent black and Hispanic (and 48 percent non-Catholic). Here's what Barbara Erickson of the *Berkeley Independent & Gazette* found when she studied those schools:

When Henry Jespersen came to teach at St. Columba School in Oakland after five years in the public schools, he was surprised at what he found there. They were inner-city kids, mostly poor, black and from single-parent families, and they were reading and solving math problems at levels far beyond their counterparts in . . . public schools of the same racial and economic composition.⁶⁹

St. Mary's College High School in nearby Albany, California, was 39 percent black, 51 percent white, and 10 percent Asian and other.

The story is the same around the country: in major cities there is more racial integration in private schools than in public schools. That suggests that white parents don't object to large numbers of black students; they object to the quality of education in inner-city government schools.

Besides, do we really want to make racial integration more important than quality education for black students? In Queens, New

⁶⁷Howard Kurtz, "Racial Quotas and the 'Tipping Point,'" *Washington Post*, October 19, 1987, p. A1.

⁶⁸James S. Coleman and Thomas Hoffer, *Public and Private High Schools: The Impact of Communities* (New York: Basic Books, 1987), p. xxiv.

⁶⁹Erickson, p. 1.

York, during the 1980s, more than 1,400 students every year asked to transfer from Andrew Jackson High School, a struggling, all-black high school, to high schools in nearby white neighborhoods—but the New York City Board of Education refused to let any of those nearby high schools admit more than 50 percent black students. The board's noble goal was to encourage integration, but the result was to trap black students in an ineffective high school.⁷⁰ Surely black students will be better served by schools they choose than by government schools that offer them no choices.

"Choice Means the Public Schools Won't Be a Melting Pot"

The traditional argument in favor of a unitary, near-monopoly school system—related to the concern about racial segregation—is based on the myth of the American melting pot: everyone goes to the same school and learns to get along with people of different races, different incomes, different cultures. In small towns this myth may still be reality; indeed, it was in the small Kentucky town where I went to school. But most Americans now live in cities or suburbs, and there's much less social interaction in those schools. As noted above, inner-city schools are overwhelmingly poor and black. Suburban schools are heavily middle and upper middle class. And even if they are racially integrated, almost all the students come from families of similar socioeconomic status. Charles Glenn, a long-time equal-opportunity advocate who now serves as executive director of the Office of Educational Equity in the Massachusetts Department of Education, points out that "the student body of the elite boarding school Phillips Academy in Andover, Massachusetts, is more diverse than is that of Andover High School."⁷¹

Only massive interdistrict busing programs could overcome the effects of largely homogeneous neighborhoods and communities. Busing tends to cause middle-class parents to withdraw from school systems that insist on sending their children to schools that are perceived as being low quality or even dangerous. As state Rep. Polly Williams of Milwaukee has said, busing is

feel-good politics for [white liberals]. They think their kids are going to have a neat cultural experience by going to

⁷⁰Kurtz.

⁷¹ Charles Glenn, "Parent Choice and American Values," in *Public Schools by Choice*, ed. Joe Nathan (St. Paul: Institute for Learning and Teaching, 1989), p. 47.

school with African-American kids. But they don't want to really relate to them; they just want to take them out to the playground . . . so they can point to some black kids. . . . It reminds me of a zoo. It has nothing to do with education.⁷²

The melting pot theme emerged in the late 19th century as a rather un-American fear of diversity. The Progressive reformers wanted to force everyone into the same schools so that everyone would receive the same education designed by those elite reformers. One of the oft-stated goals of the reformers was to use the schools to "Christianize the immigrants"—most of whom were Catholic. To do that they tried to discourage attendance at private and parochial schools, a campaign that was most pronounced in Oregon's attempt to ban nongovernment schools. What those reformers did not realize is that the United States thrives on diversity. Our common commitment is to political and economic freedom, not to a particular set of religious and moral values. We are most likely to produce students with the values of both individualism and respect for others by allowing parents to choose from a diverse array of schools.

As with the concern about segregation, the real issue is whether we want our schools to provide education or a social experience. It hardly makes sense to sacrifice educational achievement in the name of a largely mythical melting pot.

"There Aren't Enough Schools"

Perhaps the most absurd criticism of educational choice is that students can't really benefit because there aren't enough private schools to absorb all the students who might want to transfer: after all, there are, say, only *X* private schools in Cleveland and *they're all full!* People who make such charges completely misunderstand the nature of the free market—and have apparently never walked down the street in a capitalist country.

The whole point of the market is that it is constantly changing, responding to changes in supply and demand. A few years ago there were no personal computer stores and no video stores. And there certainly wasn't enough poultry and seafood in the groceries a few years ago to satisfy today's demand for lower-fat meats. But

⁷² "Champion of Choice" (*Reason* interview).

when demand arose for such products—or when entrepreneurs perceived that there would be demand for those products if the products were made available—stores were established to meet the demand. On every block, old stores are closing and new stores are opening to keep up with changing consumer demand. When every family has the ability to choose a private school, we can count on entrepreneurs—nonprofit and profit-seeking—to respond. After all, we want choice to lead to diversity and dynamism. We should look forward to seeing new schools established, new teaching methods tested, and new technologies employed—all of which will happen when consumer demand is there.

A related objection is that there won't be enough alternative schools in poor neighborhoods. Again, that is certainly true today, when few poor parents can find the money to send their children to independent schools. But when all parents in Harlem have \$2,500 per year to spend on each child's education, we can expect schools to spring up in response (although many Harlem parents may well want to send their children to schools on the Upper East Side, in Scarsdale, or in the Catskills). There are, after all, groceries and other stores in ghettos, even though fewer than in more affluent areas because the local people have less money. But a voucher plan will mean that poor parents will have as much money to spend on education as many middle-class families, so there may well be more schools than groceries in poor neighborhoods.

“Choice Isn't Necessary; Monopoly Works in Other Countries”

People sympathetic to the idea of educational choice often point out that centralized monopoly school systems seem to work in other countries; Japan is the example usually cited. There are several problems with this argument. First, to say that one centralized monopoly is more efficient than another is not to prove very much. The U.S. Postal Service may be more efficient than other national postal monopolies, but that doesn't mean a competitive system wouldn't be better. Second, the Japanese educational system in fact has a number of competitive elements that ours lacks. Admission to good high schools is highly competitive, so parents and students work hard in the lower grades to pass that hurdle. Many high school students attend private after-hours schools, called *juku*, at family expense, to improve their chances of college admission. And

the Japanese have recently been attempting to make their own schools less centralized and more creative, more like their view of American schools. Third, as Chubb and Moe have demonstrated, much of the problem with American education is not simply centralization but bureaucracy. A less-democratic society than ours, with a social consensus on what should be taught in the schools and little concern for due process in expulsions and so on, would find it easier to maintain traditional high standards. But the United States is not Japan, and we are not going to have a political system that will let the educational authorities set the rules without democratic input.

Which leads to the final point: as James Fallows put it, we should not seek to be more like Japan, we should seek to be “more like us.”⁷³ Consensus, conformity, and order may be Japan’s strengths; pluralism, diversity, individualism, and creative *disorder* are ours. Rather than try to emulate an alien system, we should build on our own strengths.

“Choice Means Giving Up on Public Schools”

This is the last-ditch defense of the education establishment: with educational choice, you’re giving up on the public schools. Shouldn’t we try to make the public schools work instead? The problem is that we’ve tried government monopoly for years, and it’s just getting worse. Costs keep rising and test scores keep falling—despite a decade of high-priced reform. How many more generations of students will leave school unprepared while administrators say, “Give us just a little more time”? Teachers in government schools, who should know the state of those schools best, send their children to private schools at rates far in excess of other parents—yet they don’t want to make it easy for other parents to choose alternatives.

Some defenders of the education monopoly boast that they send their children to the public schools: they say such things as, “When our children reached school age, we moved to Palo Alto, or Greenwich, so we could keep our children in the public schools.” For those parents, we already have educational choice; it’s just that parents have to be able to afford a \$500,000 mortgage in an elite

⁷³James Fallows, *More Like Us: Making America Great Again* (Boston: Houghton Mifflin, 1989).

suburb to send their children to a good school. It's time to make school choice a little more affordable.

Sometimes the claim is that educational choice would cause a wholesale flight from the government schools. But given the difficulties of finding a new school, quite possibly farther from home than the neighborhood government school, as well as the natural tendency to stick with the familiar, surely such a wholesale flight would indicate that the government schools are truly terrible. If that were the case, why should we want to force students to stay there? At least the mass exodus would give the government schools a strong signal that they need to reform; and if they were unable to do so, society would be far better off if parents were allowed to get their children a good education elsewhere.

As for the notion that a school-choice plan would allow the private schools to "skim the cream" of the students and leave the government schools with "the dregs," such an attitude reflects a bureaucratic mentality that treats students and parents as a caseload rather than as customers. Profit-seeking businesses rarely describe potential customers as dregs. Schools would develop to meet a variety of educational needs, and some of them would likely be able to motivate the students written off by the bureaucratic schools as unmotivated, undisciplined, or uneducable. Indeed, Marva Collins's Westside Prep in Chicago has a long tradition of teaching Shakespeare to elementary students tagged as "learning disabled" by the public schools; those students weren't learning disabled, they were schooling disabled. Under educational choice, all schools would improve to attract the students whose parents are most demanding, and consequently, the schools would be better able to educate the less-motivated students.

No Downside Risk

The fundamental issue is that the government schools are failing. Like bureaucratic monopolies from Moscow to Nairobi to Buenos Aires to the U.S. Postal Service, they have failed to serve their customers, fallen woefully behind in technology and innovation, and demanded higher and higher subsidies. American schools are not teaching the skills that American workers need to compete in a global market. Our current school system is doing the worst job with students who need a good education most—those whose

families fail to give them the knowledge and the learning skills they will need to earn a decent living.

Yes, there will probably be bad schools in a competitive education market, just as there are bad restaurants, bad barbershops, and bad automobiles. But anyone who has compared the range of restaurants and automobiles available in the competitive U.S. market with that found in an uncompetitive market such as Poland's will recognize that the odds of finding a good product in a competitive market are enormously higher than in a monopoly system. Indeed—and obviously—even what may be judged to be bad products in a competitive market are almost always an order of magnitude better than the best products available in noncompetitive systems. And the U.S. educational system is in many ways less competitive than, say, the Warsaw grocery market. At least Poles are not assigned to groceries by geographical districts.

For anyone who doesn't trust private education providers, the neighborhood public school will still be available under a school-choice plan. Alternative schools that are not as good as the existing public schools will not likely attract much business. And particularly in our inner cities, the public schools are so bad that a range of alternatives could hardly be worse.

Political Prospects for Choice

Support for radical reform of the education monopoly is growing. A 1990 Gallup poll showed that 62 percent of Americans favored educational choice. Support was slightly higher among parents with children in the public schools and in big cities. It was highest among middle-income people and among nonwhites, 72 percent of whom backed choice. Interestingly, support varied directly with age: 54 percent of people over 50, 63 percent of those aged 30 to 49, and 72 percent of those aged 18 to 29 supported choice.⁷⁴ A 1985 poll by the Chicago Panel on Public School Policy and Finance revealed that 69 percent of parents with children in Chicago's public schools would enroll their children in private schools if they could afford it.⁷⁵

⁷⁴Stanley M. Elam, "The 22nd Annual Gallup Poll of the Public's Attitudes toward the Public Schools," *Phi Delta Kappan*, September 1990, pp. 42–55.

⁷⁵Patrick J. Keleher, Jr., "Equity, Economics, and Education Vouchers: Redistributing the Redistribution" (Chicago: TEACH America, 1990).

Public school choice has been in effect in East Harlem for some 15 years, and even this halfway form of educational choice has produced some impressive results, as Sy Fliegel reports in this volume. When East Harlem's public school choice plan began in 1974, District No. 4 ranked last out of New York City's 32 districts in reading scores. Within a decade the district ranked 16th, and it held that ranking through the 1980s. The proportion of students reading at or above grade level rose from 15.9 percent to 62.6 percent. In 1988 Minnesota created a statewide choice plan, allowing students to attend any school in the state (subject to certain bureaucratic restrictions). Although it's too early to judge the success of the Minnesota plan, it's already being emulated; in 1989 alone, 23 states considered some form of educational choice.⁷⁶ And four states—Nebraska, Iowa, Arkansas, and Ohio—have now followed Minnesota's lead and implemented statewide choice plans.

Cambridge, Massachusetts, enacted a citywide choice plan in 1981, as described by Robert Peterkin in this volume. Despite strict rules about racial balance, more than 90 percent of Cambridge students get to attend one of their first three choices, and average combined SAT scores of public school students have risen 89 points over the past seven years. And, after a decade of public school choice, both white and black students in Montclair, New Jersey, are scoring well above national averages on standardized tests.⁷⁷

Even the nation's governors—in a sense the chief executive officers of our 50 monopoly education systems—are declaring their own systems bankrupt and in need of fundamental change. At the 1989 presidential summit on education in Charlottesville, Virginia, President Bush and the governors declared their "willingness to dramatically alter our system of education" because "more of the same will not achieve the results we need."⁷⁸ Unfortunately, like Mikhail Gorbachev, so far they have been better at identifying the problem than at implementing a solution.

⁷⁶Clint Bolick, "A Primer on Choice in Education: Part I—How Choice Works," Heritage Foundation Backgrounder no. 760, March 21, 1990.

⁷⁷Jaclyn Fierman, "Giving Parents a Choice of Schools," *Fortune*, December 4, 1989.

⁷⁸"The Statement by the President and Governors," *New York Times*, October 1, 1989, sec. IV, p. 22.

Business leaders have long been committed to improving the public schools in the face of overwhelming evidence that monopoly doesn't work. Perhaps the low point of their efforts has been the numerous "Adopt a School" programs around the country, in which a particular business gives money and other contributions to one local school. It would be equally logical to try to solve the problems of the U.S. Postal Service with an "Adopt a Post Office" campaign. In both cases the problems are systemic, structural, and a result of the system's monopoly status—and not simply of a shortage of money. But some business leaders are finally beginning to suggest that the very system that has made U.S. business successful be applied to schools. The California Business Roundtable is backing statewide "school of choice" legislation. The City Club of Chicago and the Illinois Manufacturers Association have joined forces to support educational choice.⁷⁹ The Louisiana Association of Business and Industry, forced to rely on the graduates of one of the country's worst statewide school systems, has proposed a choice plan for that state. And the Arizona Business Leadership for Education, a group of leading executives, has issued a report calling for a "market-driven system" of open enrollment on a statewide basis.⁸⁰

Dissatisfied parents and taxpayers have pressured city councils and legislatures to come up with a variety of alternatives to the education monopoly, although few such alternatives really qualify as school-choice plans. As of 1990, each of the 600 government schools in Chicago is governed by an elected parent-majority council with wide authority over the school's educational priorities and budget—and the power to hire and fire the principal. Chelsea, Massachusetts, has turned over the management of its public schools to Boston University for 10 years. Boston University president John Silber also tried to get the city of Boston to make the same arrangement; he promised to cut costs and produce better results. Half a dozen states have authorized themselves to take over the

⁷⁹Heritage Foundation Business/Education Insider no. 1, March 1990.

⁸⁰Peter West, "Arizona Business Leaders Issue School-Reform Plan," *Education Week*, November 14, 1990, p. 22.

management of school districts that fail to produce adequate results; the first place such a threat has been carried out is Jersey City.⁸¹

In some parts of the United States, teachers, frustrated by the bureaucracy of impersonal school systems, have transformed themselves into entrepreneurs, contracting with schools or school districts to provide specified services. About 50 such teachers have formed the American Association of Educators in Private Practice.⁸² Ombudsman Educational Services Ltd. of Libertyville, Illinois, operates what founder Jim Boyle calls "electronic one-room school-houses." As a public school teacher, principal, and assistant superintendent, he found it impossible to implement new ideas. So he opened Ombudsman and now has 800 students at 22 schools in Illinois, Minnesota, and Arizona. The schools provide individualized instruction for students about to drop out. Boyle charges less than half what the contracting school districts spend per student and boasts an 85 percent success rate.⁸³ In Miami Beach, the Dade County school system has contracted with Education Alternatives Inc., a for-profit company from Minneapolis, to run South Pointe Elementary School for five years.⁸⁴

Around the country, more and more parents are giving up on the government schools and the various reform plans and are putting their children into alternative schools. In metropolitan Baltimore, for instance, public school enrollment is down 15 percent in 10 years while private school enrollment is up 50 percent.⁸⁵

Other parents are fed up not only with public schools but also with private schools—which, in today's barely competitive market, often have similarly uncreative styles of teaching and learning. Some of those parents have begun teaching their children at home. It's estimated that the number of children being taught at home has

⁸¹Chester E. Finn, Jr., "The Radicalization of School Reform," *Wall Street Journal*, February 2, 1990.

⁸²Carolyn Lochhead, "A Lesson from Private Practitioners," *Insight*, December 24, 1990–January 7, 1991, pp. 34–36.

⁸³*Ibid.*

⁸⁴Steven A. Holmes, "In Miami, a Private Company Will Operate a Public School," *New York Times*, December 7, 1990, p. A12.

⁸⁵Monica Norton, "Boom Times for Private Schools," *Evening Sun* (Baltimore), October 30, 1990.

risen from 10,000 to 15,000 in the 1970s to some 60,000 to 120,000 in the mid-1980s to as many as 300,000 to 500,000 today.⁸⁶

Home schoolers predict that as more and more home-schooled students take the SAT and enter college, the education establishment is going to be faced with the embarrassing fact that most of them will be able to outperform students taught in the public schools—demonstrating that there's nothing magic about teaching children and that the public schools are thoroughly to blame for today's educational problems. Already, the establishment is preparing its response, but it's one that does not seem to make much of a claim for the educational advantages of the public schools. According to Gene Wilhoit, executive director of the National Association of School Boards, "We think that children should be in the traditional setting because home schooling takes away from a child's social skills and isolates children racially and ethnically."⁸⁷ Home-schooling parents take pains to see that their children spend time with other children, but—given that most families are indeed monoracial—they would probably have to acknowledge that during school hours their children are "racially isolated."

Of all the political challenges to the education establishment, the most important is the Milwaukee voucher plan shepherded through the Wisconsin legislature by state Rep. Polly Williams. Williams—a Democrat, former welfare mother, and Jesse Jackson's Wisconsin campaign chairman in 1984 and 1988—put the lie to the claim that educational choice is some sort of scheme of the religious right and also left Wisconsin's white liberal establishment sputtering in frustration as Republicans—including Gov. Tommy Thompson—lined up behind her legislation. As passed, the plan would give a \$2,500-per-year voucher to 1 percent of Milwaukee's public school students—that is, just under 1,000 children—to be used in any nonsectarian private school. Williams reacted with scorn to fellow Democrats in the state legislature who wouldn't back her plan: "They say they're liberal, but whenever it comes to empowering

⁸⁶William Celis 3d, "Growing Number of Parents Are Opting to Teach at Home," *New York Times*, November 22, 1990, p. A1. Some estimates run as high as 1 million. See Casey Banas, "More Parents Teaching Children Themselves," *Chicago Tribune*, May 29, 1989, p. 8.

⁸⁷Celis.

black people, they stab us in the back. We want self-determination, not handouts and dependency.”⁸⁸

The education establishment wasn’t willing to take the state legislature’s yes for an answer. After the plan was passed, the teachers’ union and State Superintendent of Public Instruction Herbert Grover went to court to get the plan overturned. Among their charges was that the plan would let schools operate without any accountability to the taxpayers. Education reformer John E. Chubb of the Brookings Institution responded:

That’s a laughable position. Milwaukee officials have been holding their public schools “accountable” for years with disastrous results. It’s quite comical to say that private schools whose diplomas are recognized by state universities can’t be held accountable by the parents who send their kids there.⁸⁹

After the education establishment lost on the merits of the case, it went back to court arguing that the technicalities of legislative procedure had been violated when the bill was passed. Having grown up in Kentucky, where most of our laws passed after the biennial legislative session had legally expired—and having lived in Washington in 1982 when the biggest tax increase in U.S. history was unconstitutionally initiated in the U.S. Senate instead of the House—I know how seriously the political establishment and the courts take such technicalities when they approve of the legislation in question. Assuming Polly Williams’s voucher plan survives the education establishment’s counterattacks, almost 1,000 low-income black children will have a chance to get a decent education outside the Milwaukee school monopoly, and the plan is likely to spread.

After just one semester, the plan seems to be working as well as Polly Williams predicted. According to the *New York Times*:

Wisconsin school officials say it is too early to assess the program officially. But as the program’s first semester draws to a close, the parents [of the 345 students who managed to transfer to private schools] speak in jubilant tones about their children’s progress, directors of the six participating private schools describe a relatively smooth transition and

⁸⁸Quoted in “Up from Mediocrity,” *Wall Street Journal*, March 29, 1990.

⁸⁹“The Polly Williams Backlash,” *Wall Street Journal*, June 14, 1990.

[seven-year-old] Javon Williams, for one, says that for the first time he looks forward to school.

Javon's mother said the public schools bored him, giving him "baby work," but that Urban Day School had challenged him and turned his energy from fighting to learning. Another parent, Fernando Delgadillo, said that the public schools gave his two daughters "rote learning" but that the Woodlands School teaches them to "reflect and analyze and be creative." And Gail Draeger said, "I'll rob a bank if I have to" to keep from sending her daughter Erica back to the public schools.⁹⁰

In 1990 an initiative to establish an education tax credit program was placed on the Oregon ballot by a small group of parents and taxpayers, none of whom was an elected official. Although the organizers managed to get 127,000 signatures on their petitions, opponents threw every conceivable charge at the initiative: it would cost the state money, violate the separation of church and state, give taxpayers' money to "cult schools" and out-of-state schools, and so on. Television ads showed a classroom full of children in Ku Klux Klan robes. Some of the charges stuck; the voters of Oregon were understandably reluctant to make such a major change in their educational system without being sure about the idea, and the initiative lost. But most initiatives proposing new ideas fail the first—and the second—time they are on the ballot, and educational choice will be back on the ballot, in Oregon or elsewhere, in 1992.

Already, across the country, the small town of Epsom, New Hampshire, has instituted a \$1,000 tax rebate for families that send their children anywhere but the local public high school; the education establishment is planning a lawsuit.⁹¹ The latest indication of the demand for educational choice is in Chicago, where 27 low-income parents have filed suit against the state of Illinois, claiming that the state has failed to meet the state constitutional mandate to give their children "high quality public education" and asking to

⁹⁰Isabel Wilkerson, "For 345, Poverty Is Key to Door of Private School," *New York Times*, December 19, 1990.

⁹¹Fox Butterfield, "Tax Rebate in New Hampshire Town Poses Test for School-Choice Issue," *New York Times*, January 30, 1991.

be allowed to use their share of state education money at non-government schools.⁹² As long as state legislatures resist making real changes in the education monopoly, parents are going to look for ways to take matters into their own hands.

Is Educational Choice a Panacea?

Toward the end of their book, Chubb and Moe wrote, "It is fashionable these days to say that choice is 'not a panacea.' Taken literally, this is obviously true." But they go on to say that only choice will address the basic institutional causes of educational failure and thus that "reformers would do well to entertain the notion that choice *is* a panacea. . . . It has the capacity *all by itself* to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways."⁹³

Chubb and Moe make the point that choice must not be considered just one among many strategies for reform, as Chester E. Finn, Jr., of the Education Excellence Network did in a recent speech:

A full policy agenda [for education reform] will entail ten or a dozen significant changes. . . . I'd draw curriculum, for example, from California and accountability [from] South Carolina and New Jersey; choice from Minnesota; school site management and parent control from Chicago and Miami; alternate certification of teachers from New Jersey; school-level report cards from California or Illinois; teacher career ladders from Tennessee and Cincinnati; "no pass-no play" rules from Texas; parent education from Missouri; increasingly hard-nosed business involvement from several places, and so on.⁹⁴

Finn's proposal is the equivalent of telling an Eastern European reformer that his country needs double-entry bookkeeping, high-tech factories, a better telephone system, property rights and free markets, trained managers, foreign investment, and a stock market.

⁹²Amy Stuart Wells, "Chicago Parents' Suit Adds New Twist to Voucher Issue," *New York Times*, December 19, 1990; Maribeth Vander Weele, "Lawsuit Asks a Voucher Program for Schools Here," *Chicago Sun-Times*, December 14, 1990.

⁹³Chubb and Moe, *Politics, Markets, and America's Schools*, pp. 215-17. (Emphasis in original.)

⁹⁴Chester E. Finn, Jr., "Real Education Reform for the 1990s," Heritage Foundation Lectures no. 256, February 23, 1990.

Creating a system of property rights and free markets will lead to the right mix of all those other hallmarks of an advanced economy. Similarly, educational choice will lead, as if by an invisible hand, to the selection of the best ideas for educational improvement—not just those currently being tried by government schools but also new ideas that bureaucrats would never dream of and that entrepreneurs will naturally discover.

Conclusion

Rising costs and slipping performance are typical of bureaucracy, monopoly, and socialism around the world. What we need is an educational *perestroika*. So far, as with Gorbachev's Soviet Union, we have had lots of *glasnost* but little *perestroika*—lots of talk about how bad the system is but little real reform. It's time for real reform. It's time to give parents the opportunity to choose the schools their children will attend, just as they choose the family's housing, food, medical care, clothing, and entertainment. Specifically, it's time to give working-class and poor families the same opportunity that rich families have to choose good schools.

A program of vouchers or education tax credits, with few restrictions on the kind of schools that parents can choose and a reasonable figure of \$2,500 or so per student, will give families the clout that valued customers have. Schools will compete to attract them. Parents will be more involved in their children's education. Teachers will be freed to teach unhampered by a stack of regulations from a distant central office. Businesses will be able to hire the educated workers that a world-class economy in the information age demands. And most important, students will be able to attend schools that meet their needs and that make learning an exciting experience.