

Cato Policy Report

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Education and the Inner City

The Cato Institute recently sponsored a conference, "Education and the Inner City," held in Washington. Participants included representatives of major urban school districts, private-school associations, and parent groups as well as businesspeople. Cato Policy Report is pleased to present excerpts from some of the papers delivered at that conference. In 1990 a complete set of conference proceedings will be published in book form.

The Performance of America's Schools

by William A. Niskanen

Our public schools are not serving us well. Since World War II real (inflation-adjusted) spending per student has increased by about 40 percent a decade, doubling every 20 years. For much of the postwar period, however, the average test scores declined sub-

stantially. Although the average scores increased somewhat in the 1980s, American students' scores on mathematics and science tests are among the lowest in the industrialized countries. We are now spending much more on schooling, but our students are receiving less education.

The total real expenditure of the public schools increased by 16 percent between 1975 and 1985. Employment in the public schools increased by about 11 percent. The number of nonteaching employees increased the most and by 1985 was nearly equal to the number of teachers.

The real per-student expenditure in the public schools increased by about 35 percent between 1975 and 1985. The decline in enrollment, however, permitted a reduction in real spending for capital, interest, and peripheral programs. Excluding those categories of spending, the real per-student expenditure in the public schools increased by over 50 percent. In 1975 it was about the same as in the private schools; in 1985 it was about 50 percent higher.

As for the schools' outputs, the per-

In This Issue

Boaz on Bill Bennett	2
Is RICO constitutional?	3
Cato scholars' book and magazine articles	4
First issue of <i>Regulation</i>	5
Cato events	6
Cato education conference	7
Do we need a central bank?	8
Tucker book looks at causes of homelessness	9
Cato books reaching Eastern Europe	10
New <i>Cato Journal</i>	11

William A. Niskanen is chairman of the Cato Institute.



More than 300 guests heard Nobel laureate Milton Friedman speak at "Freedom and Technology: Prospects for Progress in the '90s," a dinner in San Francisco cosponsored by the Cato Institute and the Pacific Research Institute.

centage of teenagers completing high school by the normal age has been roughly constant for two decades. The percentage of high-school graduates enrolling in college and the percentage completing one year of college or more each increased by 3 to 4 percent. In 1984, however, 25 percent of the college freshmen were enrolled in at least one remedial course, and 63 percent of the colleges reported that enrollment in remedial courses had increased by 10 percent or more since 1978. Those data suggest that the high schools have maintained a roughly constant graduation rate only by tolerating an erosion in the quality of schooling in the basic subjects.

There was no net change in the average composite score on either of the two major college aptitude tests between 1975 and 1985, despite the large increase in real spending per student in the public schools. Maybe we should be thankful for small favors; during the prior decade the average composite test scores declined sharply, despite a

(Cont. on p. 12)

Czar Bennett's War on Drugs

Editorial



The argument that drug prohibition is doomed to failure seems to have set off a slow but steady increase in support for the legalization of drugs, and that trend has drug czar William Bennett sputtering in outrage and frustration. One is reminded of some tongue-in-cheek advice offered to young lawyers: "When the law is against you, argue the facts. When the facts are against you, argue the law. When the law and the facts are against you, pound on the table."

My article, "Stop the Drug War," in the *New York Times* in March 1988 was followed in short order by Baltimore mayor Kurt Schmoke's call for a national debate on legalization, Rep. Pete Stark's request that his colleagues in Congress consider legalizing drugs, and discussions of legalization on "Nightline," "This Week with David Brinkley," and the "CBS Evening News." In 1989 James Ostrowski's Cato Policy Analysis, "Thinking about Drug Legalization," along with Ethan Nadelmann's work one of the most comprehensive critiques of prohibition published recently, set off a new round of debate.

Those critics and others have argued that prohibition is just as futile in the '80s and '90s as it was in the '20s and '30s. Moreover, they have pointed out that prohibition causes crime, by leading addicts to commit crimes to pay for a habit that would be easily affordable if it were legal and by creating huge enterprises with no means of settling their differences except gunfire; spreads AIDS, by outlawing the purchase of needles; corrupts law enforcement officials; and destroys inner-city communities.

Bennett has responded not with logical rebuttals of that argument but with denunciations and sneers. When a Cato Sponsor wrote to him to ask whether he had read the Ostrowski paper, he replied, "This office is currently conducting a broad review of possible options in our national drive against illegal drugs. . . . We are reasonably open-minded about our project; most questions at issue are very much open to consideration. One that is not, however, is the proposal you advocate. . . . Under no circumstances will this office endorse legalization of drugs." Publicly, he has denounced legalization as "morally scandalous" and "dopey," as "surrender" and "capitulation." He declared in the *Wall Street Journal* that he found it "difficult to respect" Nobel laureate Milton Friedman's case for legalization.

It may be that Bennett simply doesn't understand the effects of prohibition and the argument for legalization. When he was asked after a recent Harvard speech how his addiction to nicotine differed from a drug addiction, he responded, "I didn't do any drive-by shootings." Does he

actually believe that cocaine use causes drive-by shootings? Does he truly not understand why illegal drug markets are marked by violence?

A more likely explanation is that Bennett's near-hysterical invective is just part of an effort to generate a war mentality to sustain his "war on drugs." War, as Randolph Bourne wrote in 1918, "is the health of the state," the only way to create a herd instinct in a free people and the best way to extend the powers of government. In fact, Thomas Paine wrote, the British government didn't raise taxes in order to wage war; it waged war in order to raise taxes. In our own history, wartime has occasioned such extensions of state power as conscription, the income tax, tax withholding, wage and price controls, rent control, and Prohibition, which really began with the Lever Act of 1917.

Bennett is particularly frustrated when the media give coverage to legalization advocates because he knows how important the media are in rallying the citizenry. As Paul Fussell wrote of World War II in his new book, *Wartime*, "Because in wartime the various outlets of popular culture behaved almost entirely as if they were the creatures of their governments, it is hardly surprising to find that they spoke with one voice. Together with skepticism, irony, and doubt, an early casualty was a wide variety of views about current events."

Bennett is hardly alone in his reluctance to engage in a rational debate about drugs. When reporters questioned President Bush about his claim on national television that drugs could be bought in Lafayette Park, across the street from the White House—having learned how difficult it had been for drug agents to lure a dealer to such an unlikely location—Bush's response was, "I don't understand. Has somebody got some advocates here for this drug guy?" And Rep. Charles Rangel, who heads the House Select Committee on Narcotics Abuse and Control, maintained that former secretary of state George Shultz's call for drug legalization would be a "declaration of defeat" and "does not belong in any true forum for national policy making."

As more and more respected Americans argue that drugs should be legalized—to reduce the crime, corruption, and chaos of prohibition—Czar Bennett gets more and more frenzied in his denunciations, but there is some evidence that the media are slowly coming to recognize the validity of the argument. *Newsweek*, which now openly includes opinions in its news stories (as does *Time*), stated in May 1988 that legalization would be "simply a nightmare" and would create millions of new drug addicts. By December 1989 *Newsweek* had retreated to the position that "legalization could become the national disaster Bennett predicts" (emphasis added). It took Western journalists about 75 years to discover that the Soviet economy wasn't outpacing ours; drug prohibition is now 75 years old, so maybe the truth about it is dawning on them.

David Boaz
—David Boaz

Scholars Debate Constitutionality

Is RICO "the Monster That Ate Jurisprudence"?

The Racketeer-Influenced and Corrupt Organizations Act (RICO) has become a threat to liberty and the rule of law and should therefore be repealed, according to many of the speakers at the Cato conference "RICO, Rights, and the Constitution." The conference was organized by Roger Pilon, a Cato senior fellow and director of the Institute's Center for Constitutional Studies.

In the luncheon address, "RICO: The Monster That Ate Jurisprudence," Judge David B. Sentelle of the U.S. Court of Appeals for the District of Columbia Circuit argued that RICO is trampling on such traditional tenets of jurisprudence as federalism, the separation of powers, and First Amendment rights. When we have to depend on the good-faith restraint of prosecutors operating under Justice Department "guidelines,"

Sentelle concluded, we are perilously close to living under a government of men, not a government of law.

G. Robert Blakey, a professor of law at Notre Dame University and the principal author of the RICO statute, debated New York defense attorney Gerald B. Lefcourt on the constitutionality of RICO. Lefcourt, who has defended a wide variety of RICO cases, said that prosecutors love the power over defendants that RICO gives them. It is wrong that a company such as Drexel Burnham Lambert can be taken to its knees by the will of a prosecutor, he argued, citing Supreme Court Justice Antonin Scalia's remark to the effect that RICO's definitions of a crime are as vague as the statement "Life is a fountain."

Blakey argued that RICO has passed



Civil libertarian Nat Hentoff decries the use of RICO to stifle political debate.

court tests for vagueness and that opposition to RICO has come from corrupt politicians, union leaders, and executives. The purpose of RICO, Blakey said, was to adapt 18th-century laws for today's more complicated world; it was always known that RICO's applications would be primarily civil, not criminal.

Gordon Crovitz, assistant editorial page editor of the *Wall Street Journal*, argued that RICO's vagueness undermines respect for the rule of law. He asserted that RICO provides a great opportunity for arbitrary law and that prosecutors can tell jurors to make judgments on the basis of whether something appears "sleazy."

Attorney Samuel J. Buffone cited the powerful sanctions prosecutors can inflict on defendants under RICO and questioned whether the good will of prosecutors should be relied on. Buffone described the damage prosecutors can

(Cont. on p. 4)



Federal circuit judge Alex Kozinski and attorney Gerald B. Lefcourt listen as RICO author G. Robert Blakey makes a point during the concluding session of Cato's conference on RICO.

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RICO (Cont. from p. 3)

do to legitimate businesses and individuals by labeling them racketeers and pointed out that when prosecutors seize assets under RICO, defendants are often deprived of the means to defend themselves.

Countering RICO's detractors, former U.S. attorney Joseph diGenova argued that RICO remains an essential tool for prosecutors. Defending the seizure of assets and heavy fines, he asserted that RICO was perfect for the massive fraud that occurred in the savings and loan debacle.

Nat Hentoff, a columnist for the *Village Voice* and the *Washington Post*, argued that RICO has been used by activists on both sides of controversial political issues to intimidate opponents and suppress free speech. He cited a RICO action that had been brought against the publisher of a small newspaper in upstate New York for an editorial he had printed defending anti-abortion protesters in Connecticut.

Attorney Theodore B. Olson asserted that the windfall profits that lawyers extract from legitimate businesses under RICO have created incentives to litigate and that the primary beneficiaries of RICO are lawyers. Olson charged that RICO is strangling the justice system, as private prosecutors with private goals are replacing public prosecutors.

Other conference participants included Gerard Lynch of Columbia University, Michael Waldman of Public Citizen's Congress Watch, Ronald Goldstock of the New York State Organized Crime Task Force, Michael Goldsmith of Brigham Young University, Henry Butler of George Mason University, and Antonio Califa of the American Civil Liberties Union.

The revised proceedings of "RICO, Rights, and the Constitution" will be published as a book later this year. ■

Interns Needed

The Cato Institute seeks interns for fall 1990. Please contact Morris Barrett at Cato for more information.

Cato Scholars Publish Widely in Magazines, Journals, and Books

Cato staff members and adjunct scholars frequently write for major newspapers, magazines, and journals and contribute chapters to books, addressing a wide variety of policy issues. Many of their newspaper articles are reprinted in Cato Clippings, which Cato Sponsors and friends of the Institute receive periodically. To acquaint you with the other work of Cato authors, we have listed a sample of their recent publications below.

Doug Bandow

"The Obscenity of Federal RICO Law," in *The RICO Racket*, ed. Gary McDowell, National Legal Center for the Public Interest, 1989.

"Economic and Military Aid," in *Intervention in the 1980s*, ed. Peter Schraeder, Lynne Rienner Publishers, 1989.

Human Resources and Defense Manpower, National Defense University, 1989.

"What Next for NATO? Get the Superpowers Out of Europe," *Reason*, April 1989.

"Service with a Smell," *Reason*, June 1989.

"National Service Debate: Volunteerism or Servitude?" *Alternatives in Philanthropy*, July 1989.

"Meet Uncle Sam, Pick-Pocket," *Crisis*, September 1989.

"A Few Questions about Drug Prohibition," *World*, September 30, 1989.

"The Door Slams Shut," *Reason*, November 1989.

"Leaving Korea," *Foreign Policy*, Winter 1989/90.

David Boaz

"Private Property from Soweto to Shanghai," *Freeman*, November 1989.

"The Legalization of Drugs," in *Representative American Speeches 1988-89*, ed. Owen Peterson, H. W. Wilson, 1989.

James Bovard

"The Failure of Federal Job Training," in *Policy Issues for the 1990s*, ed. Ray Rist, Transaction, 1989.

"The Crimes of the World Bank," *Reason*, April 1989.

"Farm Policy Follies," *Public Interest*,

May 1989.

"The Failure of Job Training," *Society*, May 1989.

"The Terrible Truth of the World Bank," *Reader's Digest*, June 1989.

"Farm Subsidies: The Wheat vs. the Chaff," *World & I*, September 1989.

"A Hazardous Waste," *Reason*, October 1989.

Ted Galen Carpenter

"Overt Military Intervention," in *Intervention in the 1980s*, ed. Peter Schraeder, Lynne Rienner Publishers, 1989.

Peter J. Ferrara

"The High Cost of Catastrophic Insurance," *Consumers' Research*, April 1989.

"The Privatization of Social Security in Chile," *Journal of Economic Growth*, Spring 1989.

"Medicare and the Private Sector," *Yale Law and Policy Review*, Spring 1989.

"Replacing Welfare with Work," *Forum for Applied Research and Public Policy*, Winter 1990.

"Addressing Health Care Concerns," in *Leading Pennsylvania into the 21st Century: Policy Strategies for the Future*, ed. Don E. Eberly, Commonwealth Foundation, 1990.

Christopher Layne

"Divorce, Alliance-Style," *New Republic*, June 12, 1989 (with Alan Tonelson).

"Superpower Disengagement," *Foreign Policy*, Winter 1989/90.

William A. Niskanen

"Progressive Taxation and Democratic Government," in *The Political Economy of Progressive Taxation*, ed. Dieter Bos and Bernhard Felderer, Springer Verlag, 1989.

"The U.S. Is the Bully of World Trade," *Orbis*, Fall 1989.

Roger Pilon

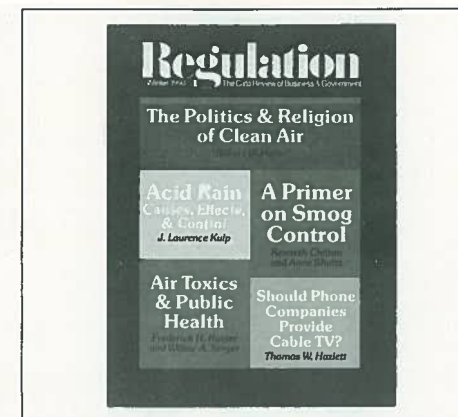
"Economic Liberty, the Constitution, and the Higher Law," *George Mason University Law Review*, Winter 1988. ■

First Cato Issue**Regulation Looks at Environment**

Environmental policy is the focus of the Winter 1990 issue of *Regulation: The Cato Review of Business & Government*. It is the first issue of *Regulation* published since Cato acquired the magazine from the American Enterprise Institute in 1989. Founded in 1977, *Regulation* has played an important role by presenting new scholarly work on the effects of social and economic regulation in a lively, provocative manner.

Joseph A. Grundfest, a member of the Securities and Exchange Commission, commented, "*Regulation* may well be the most timely, readable, and thoughtful window on the process of government." Alfred E. Kahn, a former chairman of the Civil Aeronautics Board, said, "*Regulation* has come to fill a very large need, just as its subject matter has taken on intellectual excitement and political importance."

In the lead article of Cato's first issue of *Regulation* Robert W. Hahn of AEI discusses the politics of the Clean Air Act. J. Laurence Kulp, an environmental consultant, writes about acid rain and its potential effects. S. Fred Singer, a physicist and former chief scientist at the Department of Transportation, outlines a method of arriving at intelligent environmental strategies. Other contributors include Kenneth Chilton and Anne Sholtz, on controlling smog; Frederick H. Rueter and Wilbur A. Steger,



on toxic pollutants; and Thomas W. Hazlett, on reforming cable television.

"For better or worse," said Cato chairman William A. Niskanen, the new editor of *Regulation*, "the next decade will prove to be an active one for regulation, antitrust, and trade policies, and *Regulation*, once again, will be the most important intellectual forum for shaping the perspectives of the policy audience."

Regulation will be published three times a year and will have a controlled circulation, reaching some 5,000 policymakers, journalists, and trade association and business executives. Catherine England, Cato's director of regulatory studies, is senior editor of *Regulation*, and Leigh Tripoli is managing editor. ■



Senior editor Catherine England, editor William A. Niskanen, and managing editor Leigh Tripoli go over articles for Cato's first issue of *Regulation* magazine.

NEW BOOKS FROM THE CATO INSTITUTE**The Rights Retained by the People: The History and Meaning of the Ninth Amendment**

edited by Randy E. Barnett
403 pp./\$22.95

The Excluded Americans: Homelessness and Housing Policies

by William Tucker
256 pp./\$17.95

The Economic Consequences of Immigration

by Julian L. Simon
432 pp./\$24.95

South Africa's War against Capitalism

by Walter E. Williams
160 pp./\$19.95

Dollars, Deficits, and Trade

edited by James A. Dorn and William A. Niskanen
444 pp./\$19.95 paper

Competition and Currency: Essays on Free Banking and Money

by Lawrence H. White
260 pp./\$29.95

An American Vision: Policies for the '90s

edited by Edward H. Crane and David Boaz
358 pp./\$15.95 paper

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East European Scholar-Activists Speak at Cato Forum

Cato Events

October 16: Luncheon for Arvydas Juozaitis of the Lithuanian Academy of Sciences and Kalman Mizsei, a senior research fellow at the Institute for World Economics in Budapest. Each speaker discussed the economic changes in the Soviet bloc and efforts to secure his country's autonomy from Moscow. Mizsei described Hungarians' attempts to restore property rights as the foundation of economic growth. Juozaitis said that attaining their country's independence from the Soviet Union is of primary importance to Lithuanians; promoting markets and property rights is of secondary concern.



Federal Reserve vice chairman Manuel H. Johnson (left) and Brown University economist William Poole (right), a former member of the Council of Economic Advisers, talk with Cato vice president for academic affairs James A. Dorn at book party for *Dollars, Deficits, and Trade*.

October 19: "Who's Afraid of Commercial Speech?" Judge Alex Kozinski of the U.S. Court of Appeals for the Ninth Circuit called for a reconsideration of the commercial speech doctrine, which judges have invoked to provide a lower level of protection for that form of speech. Referring to various historical and hypothetical court cases, he maintained that there is no constitutional justification for the doctrine and that judges have invoked it to weaken the protection afforded to noncommercial speech as well.

October 23: "The Catastrophic Health Care Fiasco." Cato senior fellow Peter J. Ferrara asserted that the catastrophic health care bill socialized services that the private sector was already providing and is a good example of how Washington promotes a welfare state. He pointed out that the elderly never asked for the provisions of the bill. Alexander Polinsky, a legislative assistant to Sen. David Durenberger of Minnesota, argued that 60 percent of the elderly wanted the benefits provided by the catastrophic health care bill and that the wealthy elderly refused to pay for those benefits.

October 26: "Should the Government Subsidize Day Care for the Middle Class?" Kate O'Beirne, a visiting fellow at the Heritage Foundation, charged that the day-care bill now before Con-

gress would primarily benefit the middle class, serving only 10 percent of preschool children while limiting the choices of all families. Moreover, she argued, the many regulations that would be put in place if the bill passed would restrict the supply of day-care centers and cause costs to skyrocket. Barbara Willer, public affairs director at the National Association for the Education of Young Children, countered that regulations are needed to ensure a baseline level of protection for children in day-care centers.

November 8: "Taming the Budget Beast." Rep. Christopher Cox asserted that the 1974 Congressional Budget Act should be repealed. Although the law could



White House economist Lawrence Lindsey discusses prospects for restoring the tax deductibility of IRAs at a Cato Policy Forum.

work in principle, he said, Congress pays no attention to its deadlines. Cox outlined his plan for reform, which stipulates that Congress and the executive branch agree on a one-page budget before making spending decisions. According to Cox, there are enough fiscally responsible Democrats to pass such a reform; in fact, he said, liberal Democrats would be likely to vote for it because it would allow them to make pork-barrel spending promises that the budget process would subsequently negate.

November 30: Some 100 people attended a book party for Cato vice president James A. Dorn and Cato chairman William A. Niskanen, the coeditors of *Dollars, Deficits, and Trade*. Dorn pointed out that the current global economic disorder stems in large part from a lack of rules binding governments to stable money, fiscal integrity, and open markets. Niskanen asserted that contrary to the conventional wisdom, the trade deficit is not a significant problem. Rather, we should be concerned about the conditions that led to the trade deficit—large budget deficits and low savings rates. Among the guests were Manuel H. Johnson, vice chairman of the Federal Reserve Board, and Michael R. Darby, undersecretary for economic affairs at the Commerce Department. ■

Inner-City Schools Are Failing, Conference Speakers Say; Some Believe Choice and Competition Are Keys to Reform

Free-market competition would improve American schools, said many of the speakers at the Cato conference "Education and the Inner City."

In calling for school choice, former Delaware governor Pete du Pont noted that choice breeds excellence, a sense of shared ownership, and involvement. He outlined his proposal for education enterprise zones, wherein vouchers would be provided to disadvantaged families and surplus public housing would be made available to private-sector groups that start schools.

John E. Chubb, a senior fellow at the Brookings Institution, contended that choice is the most promising reform for education. Chubb noted that efforts to reform American schools have failed for 30 years. Citing the Brookings Institution's study of 500 American schools—public and private—Chubb argued that schools need autonomy and purpose, which can be achieved only by freeing public schools from bureaucratic control. Furthermore, he said, to spur change, public schools should be forced to compete for students, as private schools do.

Lynne V. Cheney, chairman of the National Endowment for the Humanities, noted that from 1960 to 1985 the



Lynne V. Cheney, chairman of the National Endowment for the Humanities, discusses the need for education reform at Cato's conference on education.

number of teachers in the elementary- and secondary-school systems increased by 55 percent and the number of principals increased by 79 percent, whereas the number of bureaucrats increased by 500 percent.

Cato chairman William A. Niskanen pointed out that although real spending in the public schools has increased by 40 percent each decade, test scores have decreased and total enrollment is down. Niskanen argued that the funding increases have largely benefited the bureaucracy.

Bonita Brodt, a reporter for the Chi-

ago Tribune, asserted that public schools have institutionalized child neglect. Brodt, who spent seven months observing Chicago's schools for the Tribune, charged that the Chicago public school system is a political playground and noted that the city's leaders have no incentive to maintain the schools.

During a spirited closing session moderated by Courtland Milloy of the Washington Post, the speakers described their experiences in instituting choice in public schools. Seymour Fliegel, former deputy superintendent of District 4 of the New York City school system, discussed the success of East Harlem's choice plan and emphasized the importance of a school's sense of mission. Robert Peterkin, superintendent of Milwaukee's public schools, described the choice plans of both Milwaukee and Cambridge, Massachusetts. Lawrence C. Patrick, Jr., president of the Detroit Board of Education, spoke of his efforts to expand the constituency for choice at the grassroots level.

John E. Coons, a professor of law at the University of California—Berkeley, insisted that choice plans should include private schools. Attacking the concept of public school choice, Coons argued that choice won't work unless unsuccessful public schools can be closed and poor teachers can be fired. Although private schools are often accused of fostering segregation, he said, the present education system has created high levels of intolerance, resentment, and hostility. He urged that the poor be trusted to make choices for themselves.

Other speakers at the conference included Joan Davis Ratteray, president of the Institute for Independent Education, who asserted that our diverse nation requires diverse schools, and Myron Lieberman, author of *Privatization and Educational Choice*, recently published by Cato, who argued that vouchers should be redeemable at for-profit education centers.

A book of papers from "Education and the Inner City" will be edited by conference director and Cato executive vice president David Boaz. ■



Berkeley professor John E. Coons discusses the problems with choice plans restricted to public schools as Courtland Milloy of the Washington Post, Sy Fliegel of the East Harlem schools, Milwaukee school superintendent Robert Peterkin, and Detroit Board of Education president Lawrence Patrick listen.

Is Free Banking More Stable?

New Book Asks Whether U.S. Needs a Central Bank

In *Competition and Currency: Essays on Free Banking and Money* Lawrence H. White argues that free banking—banks' issuing competing currencies—would have developed naturally if it had been permitted. "There is no question that free banking on a specie standard is a viable system," he writes. "Were it not for the legislative creation of central banks, primarily to meet the demands of central governments for inflationary finance, free banking would be with us today."

Government fiat money has a poor record, White asserts, and is responsible for "the double-digit inflation of the 1970s, the painful disinflation of the early 1980s, and the rampant uncertainty of the present." He therefore sets out to make "a straightforward micro-economic case for eliminating the distortions created by subsidies, taxes, and blunt restrictions on what banks do."

Regulations on banking activity are not necessary for monetary stability, according to White, and "the very least to be done is to open the production of outside money [currency] to potential competition from commodity monies, private inconvertible currencies . . . and foreign currencies." The best safeguard against chronic inflation, he argues, is "competition or potential competition from noninflationary alternative standards."

Americans' wealth would be more secure under a system that permitted private banks to issue currency, White argues. "A private bank that fails to honor its obligations can be taken to



Lawrence H. White

court by any customer who holds them," whereas "a central bank that evades its restraints can only be disciplined through cumbersome political channels."

The Federal Reserve Act of 1913 and the Banking Act of 1935 were "attempts to remedy by centralization the shortcomings of a banking industry whose dysfunctions arose from banking regulations designed to promote the sale of government debt." Government intervention, White charges, was responsible for many of the financial "panics" that occurred in the 1920s and the 1930s.

White maintains that free banking could evolve through the development of first basic money-transfer services, then easily assignable and negotiable bank demand liabilities, and finally

arrangements for the routine exchange of currencies among rival banks.

Jerry L. Jordan, senior vice president and chief economist at First Interstate Bancorp, said, "White's new book will add considerably to the now-emerging debate over the reprivatization of monetary arrangements. Nationalized central banks will not soon disappear, but their monopolies over the issuance of currencies are already being eroded."

Lawrence H. White is an associate professor of economics at the University of Georgia and an adjunct scholar at the Cato Institute. He is the author of *Free Banking in Britain*.

Competition and Currency: Essays on Free Banking and Money, published by New York University Press, is available in cloth from the Cato Institute for \$29.95. ■

U.S. Disengagement Urged in Mideast

The current U.S. policy toward the Middle East is fatally flawed and should be replaced by a policy of "constructive disengagement," concludes a new study from the Cato Institute.

Leon T. Hadar, a former UN bureau chief of the *Jerusalem Post*, writes, "By pursuing a policy of diplomatic and military intervention, attempting to resolve one of the most complex conflicts of this century unilaterally, embracing the concept of Israel as a strategic asset, and bankrolling Israel's socialist economy, the United States is not increasing the prospects for peace in the region."

According to Hadar, a lower U.S. profile might compel both Israel and its Arab adversaries to confront issues that they have been avoiding for years. He maintains that a solution to the Arab-Israeli conflict will have to be based on compromises among the parties to that conflict, not imposed from the outside, if it is to be durable.

The fundamental pitfall of America's activism in the Middle East, Hadar argues, is that "it creates expectations that cannot be fulfilled. When such expectations are thwarted, regional actors sabotage the negotiations and

blame Washington for the diplomatic stalemate—or, even worse, the outbreak of military hostilities—that ensues."

Hadar maintains that although there appears to be an unbridgeable conflict between American "peace process partisans," who insist that the United States should play a diplomatic role in ending the *intifada*, and American neoconservatives, who advocate U.S. support for an Israeli suppression of the uprising, in reality the two groups are "rival intellectual twins" that share an ill-advised enthusiasm for U.S. intervention in Middle Eastern affairs.

Hadar concludes that "ironically, the strategic alliance between Israel and the United States has weakened Israel's position in the Middle East as well as America's. At the end of the Reagan presidency Israel found itself totally dependent on the United States politically, militarily, and economically." America's policy of viewing Israel as a strategic asset has been "detrimental to the interests of both countries."

"Creating a U.S. Policy of Constructive Disengagement in the Middle East" is no. 125 in the Cato Institute's Policy Analysis series. It is available from Cato for \$2.00. ■

Rent Control, Zoning Cause Homelessness, Book Says

America has a housing crisis because local majorities have been so effective at abridging the rights of people who build and maintain housing, according to William Tucker, author of *The Excluded Americans: Homelessness and Housing Policies*, a new Cato book, and "The Source of America's Housing Problem: Look in Your Own Back Yard," a new Cato Policy Analysis.

With topics ranging from the development of such cities as Kansas City, Cincinnati, and Boston to the economic theories of David Ricardo to the violent disputes between landlords and tenants in New York City and Berkeley, *The Excluded Americans* offers a com-



William Tucker

prehensive yet highly readable account of housing and homelessness in America.

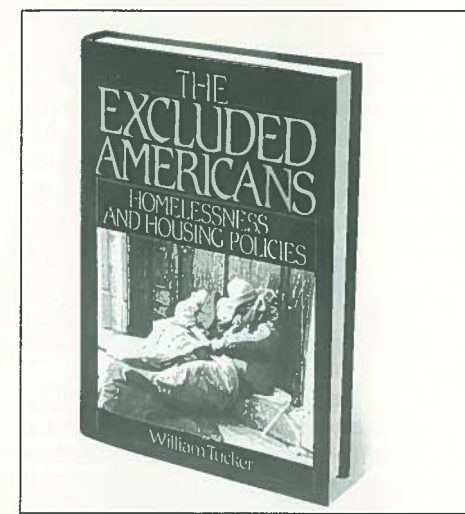
In a free market, housing could be within reach of all Americans, Tucker asserts. By holding prices below market levels, rent control disrupts the flow of information between producers and consumers. "If buyers and sellers cannot communicate through prices, neither can tell what the other wants to do." Housing shortages are often the result.

"Remarkably," Tucker notes in his Policy Analysis, "in 1984 every American city with rent control had a vacancy rate of less than 3 percent, whereas every American city without rent control except Worcester, Massachusetts, had a vacancy rate of more than 4 percent."

Neither gentrification nor the private housing market should be blamed for the lack of affordable housing. The housing industry, Tucker writes, "is so strong and versatile that it can produce just about anything people want"—if it isn't hampered by rent control and other regulations, such as building codes and impact fees.

The best way to help low-income and homeless Americans, Tucker asserts, is to encourage the construction of durable, high-quality housing, which eventually "filters down" to the poor. Such construction also frees up existing housing. Subsidized public projects, says Tucker, invariably become crime-infested ghettos full of slipshod housing that will either fall apart or have to be torn down within a few years of construction.

Tucker's book features a detailed description of what he calls Moscow-on-the-Hudson—New York City—whose rent control laws have made it nearly impossible for newcomers to find a place to live. The author lists some of the numerous celebrities—including actress Mia Farrow, singer Carly Simon, and former New York mayor Ed Koch—who take advantage of rent control by living in luxurious apartments at well-below-market prices.



William Tucker is an award-winning journalist who has written for *Harper's*, the *New Republic*, the *Atlantic*, the *New York Times*, the *Washington Post*, the *Wall Street Journal*, *Life*, and *Reader's Digest*. He is the author of *Progress and Privilege* and *Vigilante*.

The Excluded Americans, published by Regnery Gateway, is available in cloth from the Cato Institute for \$17.95. "The Source of America's Housing Problem: Look in Your Own Back Yard," no. 127 in the Cato Institute's Policy Analysis series, is available for \$2.00. ■



Cato adjunct scholar Walter E. Williams and Judge Stephen Williams talk with syndicated columnist Warren Brookes at a reception for Cato's board of directors.

Solidarity with Liberty

Cato Books Play a Role in Poland, Soviet Union

Five years ago Cato sent copies of *Solidarity with Liberty* (in Polish) and *Friedman and Hayek on Freedom* (in Russian) into Poland and the Soviet Union via various channels. The success of that attempt to spread free-market ideas was evidenced by a full-page article in the Polish national army newspaper denouncing *Solidarity with Liberty*. The book was reported to be "all over Poland" by Western European groups with contacts behind what was then the Iron Curtain.

In October 1989 Cato sent the translated editions of *Solidarity with Liberty* and *Friedman and Hayek on Freedom* to new members of Poland's parliament and the Soviet Politburo. Cato president Edward H. Crane called that step "part of an ongoing effort to get classical liberal ideas to the intellectuals and leaders of Poland and the Soviet Union, many of whom probably have never learned how capitalism works."

Solidarity with Liberty, edited by Cato adjunct scholar Don Lavoie of George Mason University, contains 13 seminal essays in which Milton Friedman, Ludwig von Mises, F. A. Hayek, and Vladimir Bukovsky, among others, criticize socialism and central economic planning and advocate an unhampered free-market economy. In *Friedman and Hayek on Freedom* the two Nobel laureates present the arguments for economic and political freedom and point out the immorality and inefficiency of socialism. The book con-



Tom G. Palmer (right), director of the East-West Outreach Program of the Institute for Humane Studies, presents a copy of Cato's Russian-language book *Friedman and Hayek on Freedom* to Vladimir Dobrenkov, vice rector of Moscow State University.



Lithuanian scholar Arvydas Juozaitis, Cato president Edward H. Crane, Hungarian economist Kalman Mizsei, and Roger Pilon, director of Cato's Center for Constitutional Studies, discuss East European reform after a Cato luncheon for Juozaitis and Mizsei.

tains four essays drawn from *Capitalism and Freedom*, *Free to Choose*, and *The Road to Serfdom*.

Cato executive vice president David Boaz said, "With all the dynamic changes taking place in the world today,

the Eastern bloc countries are fertile ground for new ideas. Cato's Polish and Russian-language books are an important way of advancing classical liberal ideas at a crucial time in European history." ■

CATO INSTITUTE CALENDAR

Global Monetary Order: 1992 and Beyond
Eighth Annual Monetary Conference
Cosponsored with the Institute of Economic Affairs
Queen Elizabeth II Conference Centre • London
February 22-23, 1990

Speakers will include Manuel H. Johnson, Pedro Schwartz, W. Lee Hoskins, Yoshio Suzuki, Antonio Martino, Pascal Salin, Anna J. Schwartz, Jerry L. Jordan, Georg Rich, Lawrence H. White, Allan H. Meltzer, and Alan Walters.

A Century of Antitrust: The Lessons, the Challenges
Willard Hotel • Washington
April 11-12, 1990

Speakers will include James C. Miller III, D. T. Armentano, Henri Lepage, Fred McChesney, Thomas J. DiLorenzo, Steve Calkins, Rick Warren-Boulton, and Don Boudreaux.

The U.S.-South Korea Alliance: Time for a Change
Capital Hilton Hotel • Washington
June 21, 1990

Speakers will include Selig Harrison, Doug Bandow, Edward Olsen, Stephen Goose, A. James Gregor, William Taylor, Kim Changsu, and Dae-Sook Suh.

Twelfth Annual Summer Seminar in Political Economy
Dartmouth College • Hanover, N.H. • June 30-July 7, 1990
Dominican College • San Rafael, Calif. • July 14-21, 1990

Speakers will include Ralph Raico, George Smith, David Kelley, Mario J. Rizzo, and Ted Galen Carpenter.

Journal Looks at Free Banking

Nobel laureate and Cato Distinguished Senior Fellow James M. Buchanan, Cato adjunct scholar Lawrence H. White, and Jerry L. Jordan of First Interstate Bancorp are among the contributors to the latest issue of the *Cato Journal*, which features papers from Cato's seventh annual monetary conference, "Alternatives to Government Fiat Money."

"There exists no monetary constitution, as such, in the United States," Buchanan argues. "What does exist is an institutionally established authority charged with an ill-defined responsibility to 'do good,' as determined by its own evaluation. . . . Viewed in this perspective, it becomes difficult, if not impossible, to mount intellectually respectable defenses for continuation of the monetary institutions that are now in being."

White, whose research has rekindled interest in free banking, contends, "We should keep in mind that the ingenuity of potential monetary entrepreneurs makes it impossible for any economist to list all the possible forms competitive money might take."

Jordan advocates ending the Federal Reserve's open-market operations, eliminating reserve requirements for "alternative moneys" such as traveler's checks, and legalizing the enforcement of contracts written in terms of alternative currencies. He believes that such reforms would "facilitate the evolution away from the present governmental, discretionary fiat monetary system," which has not led to monetary stability.

Other contributors to the new *Journal* issue include George A. Selgin, author of the Cato Institute book *The Theory of Free Banking*; Allan H. Meltzer of Carnegie Mellon University; Richard W. Rahn, vice president and chief economist at the U.S. Chamber of Commerce; Cato chairman William A. Niskanen; and Leland B. Yeager of Auburn University.

The *Cato Journal*, edited by Cato vice president for academic affairs James A. Dorn, is available from the Institute. Single issues cost \$7.00; a one-year subscription costs \$21.00. ■



Circuit judges Stephen Williams, Douglas Ginsburg, and Danny J. Boggs join Cato senior fellow Roger Pilon during the luncheon session of Cato's conference "RICO, Rights, and the Constitution."



Detroit Board of Education president Lawrence Patrick talks with two participants in Cato's conference "Education and the Inner City" after his address.



Cato president Edward H. Crane listens as George Gilder, author of *Microcosm*, speaks at the Cato Institute-Pacific Research Institute dinner "Freedom and Technology: Prospects for Progress in the '90s."

Education (Cont. from p. 1)

similar increase in real spending per student.

The time for excuses is over. Conventional proposals for reforming our public schools have been implemented—and have failed. The real expenditure per student has increased for 40 years; class sizes have decreased; real teacher salaries have increased; the centralization of public-school finance by state governments has substantially reduced the variation in school districts' per-student expenditures; and there has been a gradual consolidation of the smallest school districts and schools. Although the average student's performance increased somewhat in the 1980s, it is now about the same as in 1974 and much lower than in 1963. And the absolute level of understanding of basic subjects is dismally low, both by our own standards and by international comparisons, even among our best students. ■

A Generation at Risk

by Bonita Brodt

I learned all kinds of "lessons" when I spent almost four months observing Goudy Elementary in 1988. At Goudy, an inner-city Chicago public school, things were not always what they seemed.

The principal also served as truant officer and social worker because the school system did not fund enough of those positions. The building engineer made \$34,301, more than many of the teachers.

The federal government was spending nearly \$75,000 so that the students in one classroom could receive remedial instruction in reading and math. The teacher explained that she did not actually teach; an elaborate computer system showed the children how to chart their own courses of study. That teacher was paid \$34,110 a year and had a large enough budget to fund a full-time aide to help her "teach" the

Bonita Brodt is a reporter for the *Chicago Tribune*.

six groups of 16 children who reported to her classroom each day, a luxury the school system did not normally provide.

Because of a professed lack of space, some children were given reading lessons in a noisy auditorium. Others were taught in a narrow hall in the school's garagelike annex, their desks shoved together. Two remedial classes of first-graders, many of whom had already flunked a year of school, shared a classroom. A row of bulletin boards served as a makeshift and hardly soundproof room divider.

The children's welfare was often subordinated to other considerations when it came to doling out rooms. Except for the small reading group she taught each morning, the teacher with the most political clout—her mother was a former school board member—had a classroom virtually all to herself. It served as her office, complete with a telephone.

The voices crackling over the public-address system all day gave Goudy a M*A*S*H-like atmosphere. One afternoon the principal alerted the whole school that a group of boys was running wild in the second-floor corridor. The clerk would use the PA system when she wanted to continue an argument with a teacher who had stormed out of the school office and on paydays, when she would order teachers to go to the office during classes to pick up their "negotiables," the school's euphemism for paychecks.

Although the two eighth-grade classrooms were side by side, the teachers seldom shared their plans. Still smarting from political battles over who would get to teach the school's most highly motivated students, they did not always speak to each other.

In a classroom where fights were common, the teacher was the first to admit that something was wrong. "I have a roomful of overage, unmotivated sixth- and seventh-graders," she explained. "Most of them have already flunked one year of school. And I am not prepared for this. I have absolutely no idea what to do." She had been given the responsibility of teaching 39 of the school's most abysmal achievers, not because anyone thought she would do the job well but because, she was told, it was her turn.

The public schools are not responding to the desperate needs of the disad-



Joan Davis Ratteray: "Education for African-Americans could be improved significantly if independent schools gradually replaced public schools."

vantaged. That is not true of the Chicago public schools alone; it is true of virtually every urban school district in the nation with a significant number of poor families. As a result, we are at risk of losing an entire generation of children to the culture of poverty. ■

Autonomy and Accountability

by John E. Chubb and
Terry M. Moe

In a system of competition and choice, autonomous schools—schools that were substantially free from top-down regulatory control—would nonetheless be held accountable for their performance. To be sure, the accountability that would be provided by market forces is different from the accountability that is provided in the current system. Schools would be more accountable to students, parents, and teachers and less accountable to bureaucrats, politicians, and the interest groups that influence them.

In an ideal world, a new system of public education could be created from scratch and previous systems would be of no consequence. We could therefore institute competition and choice by

John E. Chubb is a senior fellow at the Brookings Institution. Terry M. Moe is a professor of political science at Stanford University. They are the coauthors of the forthcoming *What Price Democracy? Politics, Markets, and America's Schools*.

means of educational vouchers or scholarships.

Unfortunately, we do not live in an ideal world. Thus, we may need to employ less sweeping reforms than vouchers to institute competition and choice. The leading options include district- or statewide open enrollment systems and magnet schools. Mechanisms other than vouchers would bring about many of the improvements in school organization and performance promoted by competition and choice, but only if we made substantial changes on both the demand side and the supply side of public education.

On the demand side, students should not be assigned to schools on the basis of geographic proximity or other strictly administrative considerations. Rather, they should be given the right to attend the schools that they and their parents have chosen.

On the supply side, a number of changes would be required. To begin with, the schools should not be entitled to have students. Any school that was not selected by students and their parents should be closed. No student should be forced to attend such a school.

Schools that had been closed could be reopened under new management and would have new objectives, new programs, and perhaps even new teachers. Of course, that raises the question of what would happen to the employees of schools that parents and students had rejected and that therefore were not entitled to financial support. In the private sector, the employees of a failed business must seek employment elsewhere. In the public school system, rules negotiated by unions protect employees' jobs on the basis of such factors as tenure and seniority. If the school system maintained all of the job protection rules established prior to the installation of competition and choice, many of the employees of closed schools would likely be reassigned to successful schools, however unwelcome those employees might be. The supply of schools would ultimately fall far short of satisfying parent and student demand and improving school performance.

An obvious way to avoid that kind of rigidity in the supply system, which could force students to attend undesirable schools, is to allow teachers, prin-

cipals, and any other qualified entrepreneurs, including parents, to start schools.

A school system organized according to the principles of competition and choice would not relegate the children of apathetic or uneducated parents to mediocre schools. To begin with, many of the benefits of a market can be enjoyed by consumers regardless of their level of sophistication or knowledge. Schools would recognize that because many parents and students were making informed choices, a school that did not strive to meet their demands would risk losing financial support. Hence, all schools would be encouraged to improve. Parents who knew little about the relative quality of the schools and based their choices solely on geographic proximity would nonetheless know that their chosen schools had survived the test of competition.

An uninformed parent would be much like a hasty shopper in a supermarket—even a shopper who pays little attention to unit prices and other indicators of value is well served by the informed choices of millions of other shoppers and the competitive pressures on producers. That is not to say that schools would never take advantage of uninformed parents. But in the long run schools that did not serve parents' needs relatively well would tend to be forced out of the market. ■

Inner-City School Choices

by Joan Davis Ratteray

There is no such thing as uniform quality in any human activity. Therefore, the notion that public schools can deliver uniform quality in education is a cruel and unjust hoax. That hoax has been visited on African-Americans for over 70 years, and it must not be allowed to continue.

Evidence of systemic failure can be found in the state of education for African-Americans today. The formal education of African-Americans got off to a roaring start immediately after the abolition of slavery. At the close of the

Joan Davis Ratteray is president of the Institute for Independent Education.



John E. Chubb: "Schools that did not serve parents' needs well would tend to be forced out of the market."

Civil War over 90 percent of the freedmen could not read or write, but by 1900 the rate of illiteracy among African-Americans had been reduced to 45 percent. Unfortunately, that early progress did not continue. Today the illiteracy rate among minority youngsters is approximately 48 percent, slightly worse than the rate among African-Americans in 1900.

The Institute for Independent Education recently examined the test scores and enrollment patterns of the elementary-school students in several urban areas. We found that 74 percent of the African-American students in Detroit, Indianapolis, Rochester, New Orleans, Baltimore, and Prince George's County, Maryland, attend schools at which the median percentile rank is below the national norm in reading, mathematics, or both.

Five years ago I was intrigued to discover that so many independent elementary and secondary schools had been created by African-Americans, Hispanic Americans, American Indians, and Asian-Americans, and I was heartened to discover that they stood as beacons of hope in the devastated landscapes of so many inner-city communities. In many cases those schools had restored the faith of families disillusioned by the failure of inner-city public schools to educate their children. Over one-third of the schools found so far are in the Northeast. Over 87 percent of the families served are African-American.

The African-American schools in the private sector have been developed by

(Cont. on p. 14)

Education (Cont. from p. 13)

educators who have high expectations for urban youth—and who, consciously or unconsciously, have begun to move Africa back to the center of their educational theory and practice. Some have been more successful than others in that regard, but all have created environments that nurture children.

Having talked with principals, teachers, students, and parents all over the country, I have concluded that education for African-Americans could be improved significantly if independent neighborhood schools gradually replaced most, if not all, of the inner-city public schools. Independent schools embody the right to choose and are viable options for many low-income families. Parents choose them not only because of what they teach and how they teach it but because they are safe havens from the violence and chaos that affect so much of inner-city life. ■

Education Enterprise Zones

by Pete du Pont

The federal government should identify school districts where the dropout rate exceeded, say, 40 percent, where students were getting low scores on standardized tests, where many high-school graduates couldn't read their diplomas, where drugs and violence had taken over the schools to the extent that a student had a better chance of learning how to become a petty criminal than of learning math or grammar. Then it should designate the 20 or 30 worst school districts in America as education enterprise zones.

First, the federal government should create a voucher that parents could use in any school in an education enterprise zone—or better still, in any school in the city. The \$700 in federal assistance that a school receives for each disadvantaged student, under Title I, should instead be made available to such a student in the form of an education voucher. That step would benefit

Pete du Pont is a former governor of Delaware.

the students who needed the most help in getting a good education.

During the presidential campaign of 1988 I talked with a woman who sorted plastic bottles at the end of a conveyor belt. I asked her what her children needed, and she said, "My children need the best education they can get." I asked, "Where's the best school in the city?" She said, "It's across the district line, but my children can't go to it because we live on this side of the line."

Bureaucrats are destroying opportunity for that woman's children by drawing a yellow line down the middle of a map. Replacing her children's Title I assistance with education vouchers would solve that problem instantly.

Second, within those education enterprise zones, the federal government should make space in public housing projects available, at no cost, to any group of parents that wanted to start a school. The government should cover the cost of the space and the utilities.

Those incentives and others would break up the bureaucratic logjam that has impeded our schools. They would revolutionize education in the worst school districts in America. ■

Perestroika and the Private Provider

by John E. Coons

In this age of cynicism about the capacity of socialism to do anything right, it is a seventh-day wonder to behold a president who advocates a government monopoly of subsidized schooling. President Bush had been known to endorse parental responsibility, and some supposed that he might even extend the principle to low-income families. Those attending the White House Conference on Choice in January 1989 can thus be forgiven for having had a fleeting impression that the president-elect was kidding. Why else would a free-enterprise Republican assemble a group of the very people who practiced what he had been preaching and then announce that the only pro-

John E. Coons is a professor of law at the University of California—Berkeley and the coauthor of *Education by Choice*.



Pete du Pont: "The federal government should designate the 20 or 30 worst school districts in America as education enterprise zones."

vider he would subsidize was the government? It was hardly likely that the president had mistaken us for a group of defense contractors; military procurement is the last function he would entrust to the government.

Word of Bush's postelection conversion to government monopoly reached the White House precisely at the historical moment that world socialism chose to declare its moral and economic bankruptcy. While Mikhail Gorbachev had been secretly consulting Adam Smith, Bush, it seems, had been thrown from his horse by a vision of Albert Shanker.

The restoration of the school monopoly to official favor followed a decade of pioneering work on private schools that had shown them to be both a less expensive and a more effective means of educating children from disadvantaged families. The message had been confirmed by 10 years of polls showing that the poor aspire to escape to the private sector.

As is often the case, the poor seem to have already known by intuition what academics had to learn the hard way. The waiting lists for low-budget, low-tuition private schools have underscored the tragedy that poor families—often minorities—are getting stuck with the schools that public educators shun when it comes to their own children. The testimony of the queues seems all the more poignant when one perceives that those private havens for the poor are perishing; the clientele they serve cannot cover the modest costs of their operation.

If there is some objection to allowing the poor to use private schools—some factor to which a fair-minded person would give weight—it remains largely a secret. Honest folk such as David Kearns have occasionally argued that the public schools would collapse in the face of fair competition. Such a despairing thesis, however, can explain only why the public schools need a government monopoly; it cannot begin to suggest why they deserve one.

Furthermore, can an authentic system of choice in the public sector even be imagined? Two features would be crucial: (1) effective access to (and transfer from) every school within a reasonable distance of a child's residence, and (2) no government rescue of either unwanted schools or the jobs of unwanted teachers. In short, the public school system would amount to an open market in which the consumers were subsidized but the producers were not. Each public school would have to rest on its own merits. It would have to attract and live on the subsidies controlled by parents. Failing that, its assets would become available to its creditors, as with any other bankrupt enterprise. Employees of schools that went under would be at risk, just as in the private sector.

The awful but stimulating reality is that in any authentic system of choice, administrative and faculty blood would have to be spilled. There can be no painless *perestroika* even for our only socialist institution.

There may be a lesson about competition inside the old fortress to be learned from the desperately unhappy nations that have tried top-down control not only in the schools but in every area of productive life. East European economists are only now retrieving what they consider the best socialist thinking of the 1930s from the dustbin. That model—whatever one thinks of it—specifies a role for competition among government producers. Oskar Lange sought to prove that socialism could become as efficient as capitalism in deciding which goods to produce yet avoid the social injuries that he associated with capitalism. The proposals advanced by Lange and Bush seem almost completely compatible, an important exception being that Bush has shown no commitment to subject-

ing the unproductive workers in our schools to the discipline of the market.

Some critics of choice maintain that private schools make it difficult for Americans to work and live in harmony because, as one such critic put it, they "necessarily create a divisive experience rather than one which converges on a common educational experience." In that view, public school serves to teach nonrich Americans the civic virtues.

Now, the evidence that private schools produce uncivil and ill-natured citizens is unknown to me. The chief threat to civility from formal education has consistently been the systematic disenfranchisement of the family. The coercive structure of the public school system—that leviathan within which the poor are conscripted by bureaucratic strangers—could not have been better designed to create hostility in its clientele.

Antecedent to class and racial hostility is the simple despair of the parent of ordinary means who must relinquish authority over a child for the prime hours of the day. The rich can buy out of that social and ideological draft and thereby maintain the sovereignty of the family, but most parents are stuck. It is appropriation of parental authority by the state that makes the present system a cauldron of social discord. Private



Bonita Brodt: "The public schools are not responding to the desperate needs of the disadvantaged."

choice is necessary to avoid social division because public schools cannot begin to supply the range of reasonable parental choices.

Parental choice is the only remedy for social conflict because it is the only system that respects the family's values. Poor families and minority families have never been trusted and have always resented that mistrust. Parental choice would, over time, help to heal that pathology. Equally important, it would give disadvantaged families a crucial stake in the educational process. ■



Milwaukee school superintendent Bob Peterkin asks a question as some 200 participants in Cato's conference on inner-city education listen.

"To be governed..."

And other people's deaths

Proceedings: How would the new legislation with regard to shooting down suspected drug-carrying aircraft affect your operations if it became law?

[Vice Admiral James C. Irwin, commander, Joint Task Force Four, U.S. Coast Guard]: If that legislation were passed, it would considerably simplify our lives.

—U.S. Naval Institute *Proceedings*, Oct. 1989

Please—debate flag-burning

The Senate last night stalled just short of approving House-passed legislation to ban defacing of the American flag. . . .

Several senators suggested yesterday that the Senate would honor the flag most by doing its regular legislative business. "Budget deficits, crime, drugs, education and health care demand our attention," said Sen. Patrick J. Leahy (D-Vt.).

—*Washington Post*, Oct. 5, 1989

Budget austerity

In the report accompanying its version of H.R. 3015, the Senate Appropriations Committee noted "the substantial growth in the popularity of bicycling" and perceived a need for a National Bicycle Program Manager.

—*Traffic World*, Sept. 18, 1989

Deadline's passed—it's party time!

"[A spending bill] will add to the deficit; that's right," White House press secretary Marlin Fitzwater said.

Fitzwater noted that because the deadline set in the Gramm-Rudman-Hollings balanced budget law has already passed, new spending can be added to the deficit without triggering offsetting budget cuts.

—*Washington Post*, Oct. 24, 1989

Wanted: a new war

As we move into a post-Cold War world . . . the temptation will increase to believe that once the main challenge facing this society—the contest with communism—has been won, we can become even more focused on our individual goals.

—David Broder in the *Washington Post*, Nov. 29, 1989

Just like every other day

The New York telephone strike endangered world peacekeeping efforts today after the United Nations' telephone system went on the fritz shortly before noon. . . .

One spokesman said he hoped "nuclear war does not break out today, because if it does, there is nothing we can do."

—*Washington Post*, Oct. 25, 1989

Nor a taxpayer that had not been touched

Richard J. Sullivan's 33-year tenure on the staff of the House Public Works Committee ended yesterday with his abrupt retirement [following] an Oct. 6 *Washington Post* article that detailed how the 72-year-old Sullivan solicited speaking fees from lobbyists while on committee business trips. . . .

Committee Chairman Glenn M. Anderson (D-Calif.) said . . . "There is truly not a community in this country that had not been touched and enhanced by his efforts on behalf of the infrastructure, economic development and environment."

—*Washington Post*, Nov. 1, 1989

The secret's out

Rep. Marcy Kaptur, of Toledo, contending that American automakers have failed to develop high performance, energy efficient vehicles: "I don't think the Big Three are in business to make cars; I think they are in business to make money."

—*Cleveland Plain Dealer*, Nov. 19, 1989

We'd complain, but we're going shopping

The man who is soon to be Japan's ambassador to the United States has written that Americans are "self-centered."

—*Washington Post*, Nov. 29, 1989

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