

BOOK REVIEWS

Public School Choice: Current Issues/Future Prospects

Myron Lieberman

Lancaster, Pa.: Technomic, 1990, 199 pp.

Educational choice is currently America's hottest idea in school reform. Disappointed by the lackluster results of the traditional reforms aggressively adopted during the 1980s—primarily more money and higher standards—reformers have been turning to nontraditional reforms such as school-based management, political decentralization, and educational choice. In theory, choice is the most radical of the new reforms because it shifts the control of schools away from political institutions such as school boards and district offices and toward parents, students, and the schools themselves. In theory, choice counts on market forces—competition among schools for students—to stimulate the kind of improvement that political and administrative efforts have been unable to bring about. In practice, however, choice may not be successful.

The single greatest problem with choice is that it is seldom implemented in a way that makes serious use of market forces, that subjects the supply of schools to the discipline of demand. Most forms of public school choice in place today provide families with a few alternatives to their neighborhood school, but the alternatives are not determined by competition. The alternatives are still largely those that school systems, through traditional political and administrative processes, decide to provide. Public school choice is seldom structured in a way that provides schools with meaningful incentives and opportunities to compete for students or that places bad schools—schools that no one wants to attend—at risk of being closed or taken over. Public school choice, in other words, is mostly a demand side reform that does little to influence supply.

As the idea of choice sweeps the nation—eight states have adopted statewide open enrollment for public schools, another twenty are debating it, and hundreds of districts provide some form of choice—the serious limitations of most choice plans need to be better appreciated. Myron Lieberman's *Public School Choice* does a thorough job of exposing these limitations—and of explaining why the major interest groups involved in education policymaking strenuously resist choice plans that are not so limited. In straightforward fashion, Lieberman asks how well choice plans satisfy the standard assumptions that economists make about

competitive markets. For example, how easily can new suppliers enter the educational market? The answer is not very easily. Indeed, Lieberman argues, public school choice is not really about competition at all. Public school choice fails most market assumptions.

As Lieberman persuasively shows, public school choice does not provide schools with sufficient economic incentives to seek new students. Choice plans also typically fail to provide schools with sufficient flexibility to compete. State and district regulations limit their ability to differentiate themselves from one another. And personnel rules, in statutes and collective bargaining agreements, make it exceedingly difficult for schools to create distinctive staffs through hiring and firing. Lieberman is especially insightful in discussing labor-management issues. Besides his productive academic career, Lieberman has worked as a consultant or negotiator in numerous collective bargaining processes. His knowledge of the many tensions between union objectives and school competition is impressive.

This hard-hitting and highly accessible book should jolt those reformers who so often argue that public school choice will transform American education in much the same way that markets are expected to transform socialist economies. Reformers need to be so alerted, for an educational system truly based on principles of competition and choice could bring major improvements in the organization and performance of America's schools. Yes, reformers also need to know that there are problems with markets—for example, uninformed parents, principals and teachers who are currently incapable of running competitive schools, and economic savings associated with some forms of centralized educational organization. Lieberman discusses these problems and more. Still, it would be a shame for American education if the current enthusiasm for market-oriented school reform was squandered on choice plans that do not give markets a real chance and do not provide families with real choice. Lieberman fears that such a sad scenario is a likely one, and I quite agree.

John E. Chubb
The Brookings Institution

The Political Economy of American Monetary Policy

Thomas Mayer, ed.

New York: Cambridge University Press, 1990, 314 pp.

A dramatic shift has occurred in recent decades in the thrust of academic research regarding the operations of the Federal Reserve System. Scholarly studies used to concentrate on technical aspects of Federal Reserve operations. In each of the Fed's domains—monetary policy, lender of last resort, and bank regulator—investigators asked what the Fed was doing and how it was doing it. These studies presupposed that only the public interest animated Federal Reserve activities.