Milton Friedman, *"What's Wrong with our Schools?"*

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Education has always been a major component of the American Dream. In Puritan New England, schools were quickly established, first as an adjunct of the church, later taken over by secular authorities. After the opening of the Erie Canal, the farmers who left the rocky hills of New England for the fertile plains of the Middle West established schools wherever they went, not only primary and secondary schools, but also seminaries and colleges. Many of the immigrants who streamed over the Atlantic in the second half of the nineteenth century had a thirst for education. They eagerly seized the opportunities available to them in the metropolises and large cities where they mostly settled.

At first, schools were private and attendance strictly voluntary. Increasingly, government came to play a larger role, first by contributing to financial support, later by establishing and administering government schools. The first compulsory attendance law was enacted by Massachusetts in 1852, but attendance did not become compulsory in all states until 1918. Government control was primarily local until well into the twentieth century. The neighborhood school, and control by the local school board, was the rule. Then a so-called reform movement got under way, particularly in the big cities, sparked by the wide differences in the ethnic and social composition of different school districts and by the belief that professional educators should play a larger role. That movement gained additional ground in the 1930s along with the general tendency toward both expansion and centralization of government.

We have always been proud, and with good reason, of the widespread availability of schooling to all and the role that public schooling has played in fostering the assimilation of newcomers into our society, preventing fragmentation and divisiveness, and enabling people from different cultural and religious backgrounds to live together in harmony.

Unfortunately, in recent years our educational record has become tarnished. Parents complain about the declining quality of the schooling their children receive. Many are even more disturbed about the dangers to their children's physical well-being. Teachers complain that the atmosphere in which they are required to teach is often not conducive to learning. Increasing numbers of teachers are fearful about their physical safety, even in the classroom. Taxpayers complain about growing costs. Hardly anyone maintains that our schools are giving the children the tools they need to meet the problems of life. Instead of fostering assimilation and harmony, our schools are increasingly a source of the very fragmentation that they earlier did so much to prevent.

At the elementary and secondary level, the quality of schooling varies tremendously: outstanding in some wealthy suburbs of major metropolises, excellent or reasonably satisfactory in many small towns and rural areas, incredibly bad in the inner cities of major metropolises.

"The education, or rather the uneducation, of black children from low income families is undoubtedly the greatest disaster area in public education and its most devastating failure. This is doubly tragic for it has always been the official ethic of public schooling that it was the poor and the oppressed who were its greatest beneficiaries."[1]

Public education is, we fear, suffering from the same malady as are so many of the programs discussed in the preceding and subsequent chapters. More than four decades ago Walter Lippmann diagnosed it as "the sickness of an over-governed society," the change from "the older faith…that the exercise of unlimited power by men with limited minds and self-regarding prejudices is soon oppressive, reactionary, and corrupt…that the very condition of progress was the limitation of power to the capacity and the virtue of rulers" to the newer faith "that there are no limits to man's capacity to govern others and that, therefore, no limitations ought to be imposed upon government."[2]

For schooling, this sickness has taken the form of denying many parents control over the kind of schooling their children receive either directly, through choosing and paying for the schools their children attend, or indirectly, through local political activity. Power has instead gravitated to professional educators. The sickness has been aggravated by increasing centralization and bureaucratization of schools, especially in the big cities.

Elementary and Secondary Education: The Problem

Even in the earliest years of the Republic, not only the cities but almost every town and village and most rural districts had schools. In many states or localities, the maintenance of a "common school" was mandated by law. But the schools were mostly privately financed by fees paid by the parents. Some supplementary finance was generally also available from the local, county, or state government, both to pay fees for children whose parents were regarded as unable to do so and to supplement fees paid by parents. Though schooling was neither compulsory nor free, it was practically universal (slaves, of course, excepted). In his report for 1836, the superintendent of common schools of the State of New York asserted: "Under any view of the subject it is reasonable to believe, that in the common schools, private schools and academies, the number of children actually receiving instruction is equal to the whole number between five and sixteen years of age."[3] Conditions doubtless varied from state to state but by all accounts schooling was widely available to (white) children from families at all economic levels.

Beginning in the 1840s, a campaign developed to replace the diverse and largely private system by a system of so-called free schools, i.e., schools in which parents and others paid the cost indirectly by taxes rather than directly by fees. According to E. G. West, who has studied extensively the development of government's role in schooling, this campaign was not led by dissatisfied parents, but "mainly by teachers and government officials."[4] The most famous crusader for free schools was Horace Mann, "the father of American public education," as he is termed in the Encyclopaedia Britannica article on his life.[5] Mann was the first secretary of the Massachusetts State Board of Education established in 1837, and for the next twelve years he conducted an energetic campaign for a school system paid for by government and controlled by professional educators. His main arguments were that education was so important that government had a duty to provide education to every child, that schools should be secular and include children of all religious, social, and ethnic backgrounds, and that universal, free schooling would enable children to overcome the handicaps of the poverty of their parents. "In his secretarial reports to the Massachusetts Board of Education, Mann proclaimed repetitively…that education was a good public investment and increased output."[6] Though the arguments were all pitched in terms of the public interest, much of the support of teachers and

administrators for the public school movement derived from a narrow self-interest. They expected to enjoy greater certainty of employment, greater assurance that their salaries would be paid, and a greater degree of control if government rather than parents were the immediate paymaster.

"Despite vast difficulties and vigorous opposition…the main outlines of [the kind of system urged by Mann] were achieved by the middle of the 19th century…."[7] Ever since, most children have attended government schools. A few have continued to attend so-called private schools, mostly schools operated by the Catholic Church and other religious denominations. The United States was not unique in moving from a mostly private to a mostly governmental system of schools. Indeed, one authority has described "the gradual acceptance of the view that education ought to be a responsibility of the state" as the "most significant" of the general trends of the nineteenth century "that were still influencing education in all western countries in the second half of the 20th century."[8] Interestingly enough, this trend began in Prussia in 1808, and in France, under Napoleon, about the same time. Britain was even later than the United States. "[U]nder the spell of laissez faire [it] hesitated a long time before allowing the state to intervene in educational affairs," but finally, in 1870, a system of government schools was established, though elementary education was not made compulsory until 1880, and fees were not generally abolished until 1891.[9] In Britain , as in the United States , schooling was almost universal before the government took it over. Professor West has maintained persuasively that the government takeover in Britain, as in the United States, resulted from pressure by teachers, administrators, and well-meaning intellectuals, rather than parents. He concludes that the government takeover reduced the quality and diversity of schooling.[10]

Education is still another example, like Social Security, of the common element in authoritarian and socialist philosophies. Aristocratic and authoritarian Prussia and Imperial France were the pioneers in state control of education. Socialistically inclined intellectuals in the United States, Britain, and later Republican France were the major supporters of state control in their countries.

The establishment of the school system in the United States as an island of socialism in a free market sea reflected only to a very minor extent the early emergence among intellectuals of a distrust of the market and of voluntary exchange. Mostly, it simply reflected the importance that was attached by the community to the ideal of equality of opportunity. The ability of Horace Mann and his associates to tap that deep sentiment enabled them to succeed in their crusade.

Needless to say, the public school system was not viewed as "socialist" but simply as "American." The most important factor determining how the system operated was its decentralized political structure. The U.S. Constitution narrowly limited the powers of the federal government, so that it played no significant role. The states mostly left control of schools to the local community, the town, the small city, or a subdivision of a large city. Close monitoring of the political authorities running the school system by parents was a partial substitute for competition and assured that any widely shared desires of parents were implemented.

Before the Great Depression the situation was already changing. School districts were consolidated, educational districts enlarged, and more and more power was granted to

professional educators. After the depression, when the public joined the intellectuals in an unbridled faith in the virtues of government, and especially of central government, the decline of the one-room school and the local school board became a rout. Power shifted rapidly from the local community to broader entities — the city, the county, the state, and more recently, the federal government.

In 1920 local funds made up 83 percent of all revenues of public schools, federal grants less than 1 percent. By 1940 the local share had fallen to 68 percent. Currently it is less than one half. The state provided most of the rest of the money: 16 percent in 1920, 30 percent in 1940, and currently more than 40 percent. The federal government's share is still small but growing rapidly: from less than 2 percent in 1940 to roughly 8 percent currently.

As professional educators have taken over, control by parents has weakened. In addition, the function assigned to schools has changed. They are still expected to teach the three R's and to transmit common values. In addition, however, schools are now regarded as means of promoting social mobility, racial integration, and other objectives only distantly related to their fundamental task.

The problem in schooling is not mere size, not simply that school districts have become larger, and that, on the average, each school has more students. After all, in industry, size has often proved a source of greater efficiency, lower cost, and improved quality. Industrial development in the United States gained a great deal from the introduction of mass production, from what economists call the "economies of scale." Why should schooling be different?

It isn't. The difference is not between schooling and other activities but between arrangements under which the consumer is free to choose and arrangements under which the producer is in the saddle so the consumer has little to say. If the consumer is free to choose, an enterprise can grow in size only if it produces an item that the consumer prefers because of either its quality or its price. And size alone will not enable any enterprise to impose a product on the consumer that the consumer does not consider is worth its price. The large size of General Motors has not prevented it from flourishing. The large size of W. T. Grant & Co. did not save it from bankruptcy. When the consumer is free to choose, size will survive only if it is efficient.

In political arrangements size generally does affect consumers' freedom to choose. In small communities the individual citizen feels that he has, and indeed does have, more control over what the political authorities do than in large communities. He may not have the same freedom to choose that he has in deciding whether to buy something or not, but at least he has a considerable opportunity to affect what happens. In addition, when there are many small communities, the individual can choose where to live. Of course, that is a complex choice, involving many elements. Nonetheless, it does mean that local governments must provide their citizens with services they regard as worth the taxes they pay or either be replaced or suffer a loss of taxpayers.

The situation is very different when power is in the hands of a central government. The individual citizen feels that he has, and indeed does have, little control over the distant and

impersonal political authorities. The possibility of moving to another community, though it may still be present, is far more limited.

In schooling, the parent and child are the consumers, the teacher and school administrator the producers. Centralization in schooling has meant larger size units, a reduction in the ability of consumers to choose, and an increase in the power of producers. Teachers, administrators, and union officials are no different from the rest of us. They may be parents, too, sincerely desiring a fine school system. However, their interests as teachers, as administrators, as union officials are different from their interests as parents and from the interests of the parents whose children they teach. Their interests may be served by greater centralization and bureaucratization even if the interests of the parents are not — indeed, one way in which those interests are served is precisely by reducing the power of parents.

The same phenomenon is present whenever government bureaucracy takes over at the expense of consumer choice: whether in the post office, in garbage collection, or in the many examples in other chapters.

In schooling, those of us who are in the upper-income classes retain our freedom to choose. We can send our children to private schools, in effect paying twice for their schooling — once in taxes to support the public school system, once in school fees. Or we can choose where to live on the basis of the quality of the public school system. Excellent public schools tend to be concentrated in the wealthier suburbs of the larger cities, where parental control remains very real.[13]

The situation is worst in the inner cities of the larger metropolises — New York, Chicago, Los Angeles, Boston. The people who live in these areas can pay twice for their children's schooling only with great difficulty — though a surprising number do so by sending their children to parochial schools. They cannot afford to move to the areas with good public schools. Their only recourse is to try to influence the political authorities who are in charge of the public schools, usually a difficult if not hopeless task, and one for which they are not well qualified. The residents of the inner cities are probably more disadvantaged in respect of the level of schooling they can get for their children than in any other area of life with the possible exception of crime protection — another "service" that is provided by government.

The tragedy, and irony, is that a system dedicated to enabling all children to acquire a common language and the values of U.S. citizenship, to giving all children equal educational opportunity, should in practice exacerbate the stratification of society and provide highly unequal educational opportunity. Expenditures on schooling per pupil are often as high in the inner cities as in even the wealthy suburbs, but the quality of schooling is vastly lower. In the suburbs almost all of the money goes for education; in the inner cities much of it must go to preserving discipline, preventing vandalism, or repairing its effects. The atmosphere in some inner city schools is more like that of a prison than of a place of learning. The parents in the suburbs are getting far more value for their tax dollars than the parents in the inner cities.

A Voucher Plan for Elementary and Secondary Schooling

Schooling, even in the inner cities, does not have to be the way it is. It was not that way when parents had greater control. It is not that way now where parents still have control.

One way to achieve a major improvement, to bring learning back into the classroom, especially for the currently most disadvantaged, is to give all parents greater control over their children's schooling, similar to that which those of us in the upper income classes now have. Parents generally have both greater interest in their children's schooling and more intimate knowledge of their capacities and needs than anyone else. Social reformers, and educational reformers in particular, often self-righteously take for granted that parents, especially those who are poor and have little education themselves, have little interest in their children's education and no competence to choose for them. That is a gratuitous insult. Such parents have frequently had limited opportunity to choose. However, U.S. history has amply demonstrated that, given the opportunity, they have often been willing to sacrifice a great deal, and have done so wisely, for their children's welfare.

No doubt, some parents lack interest in their children's schooling or the capacity and desire to choose wisely. However, they are in a small minority. In any event, our present system unfortunately does little to help their children.

One simple and effective way to assure parents greater freedom to choose, while at the same time retaining present sources of finance, is a voucher plan. Suppose your child attends a public elementary or secondary school. On the average, countrywide, it cost the taxpayer — you and me — about $2,000 per year in 1978 for every child enrolled. If you withdraw your child from a public school and send him to a private school, you save taxpayers about $2,000 per year — but you get no part of that saving except as it is passed on to all taxpayers, in which case it would amount to at most a few cents off your tax bill. You have to pay private tuition in addition to taxes — a strong incentive to keep your child in a public school.

Suppose, however, the government said to you: "If you relieve us of the expense of schooling your child, you will be given a voucher, a piece of paper redeemable for a designated sum of money, if, and only if, it is used to pay the cost of schooling your child at an approved school." The sum of money might be $2,000, or it might be a lesser sum, say $1,500 or $1,000, in order to divide the saving between you and the other taxpayers. But whether the full amount or the lesser amount, it would remove at least a part of the financial penalty that now limits the freedom of parents to choose.[14]

Parents could, and should, be permitted to use the vouchers not only at private schools but also at other public schools — and not only at schools in their own district, city, or state, but at any school that is willing to accept their child. That would both give every parent a greater opportunity to choose and at the same time require public schools to finance themselves by charging tuition (wholly, if the voucher corresponded to the full cost; at least partly, if it did not). The public schools would then have to compete both with one another and with private schools.

This plan would relieve no one of the burden of taxation to pay for schooling. It would simply give parents a wider choice as to the form in which their children get the schooling that the community has obligated itself to provide. The plan would also not affect the present standards imposed on private schools in order for attendance at them to satisfy the compulsory attendance laws.

Currently, the only widely available alternative to a local public school is a parochial school. Only churches have been in a position to subsidize schooling on a large scale and only subsidized schooling can compete with "free" schooling. (Try selling a product that someone else is giving away!) The voucher plan would produce a much wider range of alternatives — unless it was sabotaged by excessively rigid standards for "approval." The choice among public schools themselves would be greatly increased. The size of a public school would be determined by the number of customers it attracted, not by politically defined geographical boundaries or by pupil assignment. Parents who organized nonprofit schools, as a few families have, would be assured of funds to pay the costs. Voluntary organizations — ranging from vegetarians to Boy Scouts to the YMCA — could set up schools and try to attract customers. And most important, new sorts of private schools could arise to tap the vast new market. …As the private market took over, the quality of all schooling would rise so much that even the worst, while it might be relatively lower on the scale, would be better in absolute quality.

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Bureaucrats or Parents?

You cannot make a monopolistic supplier of a service pay much attention to its customers' wants — especially when it does not get its funds directly from its customers. The only solution is to break the monopoly, introduce competition and give the customers alternatives. A voucher system is such a solution. It would enable all parents to choose the schools their children attend — an opportunity currently limited to those of us in the upper-income classes who can afford to pay twice for our children's education — once in taxes, once in tuition.

Under such a plan, parents would receive vouchers corresponding to all or part of the amount that the state or local community is committed to spending to provide public schooling for their children. These vouchers could be used only for schooling — in either public or private schools. The source of public funds would remain the same as it is now — the taxpayers. The key difference from the present system — and it is a crucial difference — is that parents, and not government bureaucrats, would decide what schools their children attend. In the process, they would also decide which schools get more funds and which less. Vouchers would give teachers and administrators a strong incentive to meet the wants of their real customers — parents and students.