Elementary and secondary education is, on one level, an industry like all others with schools producing a service that is consumed by the nation’s children. On another level, elementary and secondary education is unique, an industry on which the whole of society rests. As I wrote in 1955, “A stable and democratic society is impossible without a minimum degree of literacy and knowledge on the part of most citizens and without widespread acceptance of some common set of values.” That is why government plays such a major role in schooling. It compels attendance in school. Taxpayers pay the bulk of the costs of schooling. Government owns and operates most of the schools.

Government ownership and operation of schools alters fundamentally the way the industry is organized. In most industries, consumers are free to buy the product from anyone who offers it for sale, at a price mutually agreed on. In the process, consumers determine how much is produced and by whom and producers have an incentive to satisfy their customers. These competitive private industries are organized from the bottom up. They have been responsible for truly remarkable economic growth, improvements in products, and increased efficiency in production.

In elementary and secondary education, government decides what is to be produced and who is to consume its products, generally assigning students to schools by their residence. The only recourse for dissatisfied parents is through political channels, changing their residence or forsaking the government subsidy and paying for their children’s schooling twice, once in taxes and once in tuition. Parents of more than 10 percent of all students, who go to private schools or are schooled at home, have adopted this final recourse. In short, this industry is organized from the top down.

Performance differs as much as organization. In sharp contrast to other major industries, there has been little, no, or even negative improvement in the product. Children are taught the way they have been for centuries. Functional literacy is very likely lower than it was a century ago. And we spend more per student, in real dollars corrected for inflation, than we ever have before and more than any other country does now. Top-down organization works no better in the United States than it did in the Soviet Union or East Germany.

The prescription is clear. Change the organization of elementary and secondary schooling from top-down to bottom-up. Convert to a system in which parents choose the schools their children attend—or, more broadly, the educational services their children receive, whether in a brick and mortar school or on DVDs or over the Internet, or whatever alternative the ingenuity of man can conceive. The parents would pay for educational services with whatever subsidy they receive from the government plus whatever sum they want to add out of their own resources. Producers would be free to enter or leave the industry and would compete to attract students. As in other industries, such a competitive free market would lead to improvements in quality and reductions in cost.
The problem is how to get from here to there. That is where vouchers come in. They offer a means for a gradual transition from top-down to bottom-up. However, not just any voucher program will do. In particular, the kind of voucher programs that have been enacted so far will not. Almost all of them have been limited, directly or indirectly, to low-income families and some have not permitted parents to add on to the voucher, thereby limiting the tuition that can be charged. They are what I have called charity vouchers, not educational vouchers.

They have served their limited purpose well. The families that received them have benefited; the educational performance of the voucher schools has been better than of the government schools from which the voucher students came. And the educational performance of those government schools has improved.

Even if such vouchers were much more widespread than they are now, they could not provide the kind of market needed to stimulate innovative experimentation. It is as if when automobiles or television were in their infancy, the government had prohibited charging more than a very low price. One function played by the rich is to finance innovation. They bought the initial cars and TVs at high prices and thereby supported production while the cost was being brought down, until what started out as a luxury good for the rich became a necessity for the poor.

An educational voucher of reasonable size, though less than the current government spending per student, that was available to all students regardless of income or race or religion, and that did not prohibit add-ons or impose detailed regulations on start-up service providers, would end up helping the poor more than a charity voucher—not instantly, but after a brief period as competition did its work. Just as the breakup of the Ma Bell monopoly led to a revolution in communications, a breakup of the school monopoly would lead to a revolution in schooling.

There has been some progress toward charity vouchers but almost none toward educational vouchers. The reason, I believe, is that centralization, bureaucratization, and unionization have enabled teachers’ union leaders and educational administrators to gain effective control of government elementary and secondary schools. The union leaders and educational administrators rightly regard extended parental choice through vouchers and tax-funded scholarships as the major threat to their monopolistic control. So far, they have been extremely successful in blocking any significant change in the structure of elementary and secondary education in the United States.

The teachers’ unions have used their large income (estimated at more than $1.5 billion—that’s billion not million) and large membership to gain a major role in the Democratic Party. Teacher union delegates have been a significant fraction of all delegates to Democratic political conventions. They have made opposition to vouchers a key plank in the party’s mantra. The unions have also succeeded in persuading most teachers that it is in their self-interest to retain the current dysfunctional system.

Both these pillars of power rest on shaky ground. The Democratic Party professes, in the words of Senator Edward Kennedy, “to give voice to the voiceless.” But the “voiceless,” among whom are surely the residents of low-income areas in big cities, are clearly the main victims of the present schooling system and would be major beneficiaries of a more competitive educational
system. Every poll shows them to be strongly in favor of vouchers, yet their political leaders hew to the party line rather than giving voice to the educational needs of the voiceless.

Similarly, teachers in government schools, especially the more competent ones, would be among the major beneficiaries of a transition to an educational system dominated by competition and choice. Under the present system, not much more than half of the money spent on government schools goes to teachers in the classroom. The rest goes to administrators, advisers, consultants, and the whole paraphernalia of non-teaching bureaucrats. In private schools, the bulk of the spending ends up in the classroom. Equally important, teaching conditions are more attractive in private schools, as judged by the higher turnover in government schools despite higher average pay.

Such shaky foundations cannot indefinitely support a system that is so clearly defective, that is inconsistent with the self-image of the Democratic Party, and that is against the self-interest of most teachers in government schools.

I have been saying this for some years now, and so far, I have been wrong. However, I am not discouraged. Public support for educational vouchers is growing. More and more states are considering proposals for vouchers or tax-funded scholarships. Pressure is building behind each of the 50 dams erected by the special interests. Most major public policy revolutions come only after a lengthy buildup of support. But when the break comes, what had been politically impossible quickly becomes politically inevitable. So it will be with the goal of a competitive free market education system compatible with our basic values.