

# **Friedman’s Modest Proposal: School Vouchers After 50 Years**

**By Joseph L. Bast<sup>1</sup>**

Chapter 6 of *Capitalism and Freedom*, titled “The Role of Government in Education,” helped to spark a national debate over the role of parental choice and competition in education. Today, some 43 years later, even critics admit that choice and competition are at the center of the national debate over school reform.<sup>1</sup> As Joseph P. Viteritti observed in 1999, “the more relevant question of our time is not *whether* to enact choice, but *how* to enact it to achieve desirable public objectives.”<sup>2</sup>

The essay that became chapter 6 of *Capitalism and Freedom* was originally published seven years earlier, in 1955, making this year the 50th anniversary of Milton Friedman’s modest proposal. What Friedman proposed and where his proposals stands today are the subjects of this essay.

## **“An Indiscriminate Extension”**

In a 23-page chapter, Friedman set out a profound challenge to the status quo of government funding and operation of K-12 schools, calling it “an indiscriminate extension of governmental responsibility.”<sup>3</sup> Friedman recognized the social value of universal education and realized that not all parents would, or could afford to, finance the education of their children without assistance. But “these grounds justify government subsidy of only certain kinds of schooling,” he wrote, not the present arrangement where governments own and operate most K-12 schools. Friedman proposed an alternative:

Governments could require a minimum level of schooling financed by giving parents vouchers redeemable for a specified maximum sum per child per year if spent on “approved” educational services. Parents would then be free to spend this sum and any additional sum they themselves provided on purchasing educational services from an “approved” institution of their own choice. The educational services could be rendered by private enterprises operated for profit, or by non-profit institutions. The role of the government would be limited to insuring that the schools met certain minimum standards, such as the inclusion of a minimum common content in their programs, much as it now inspects restaurants to insure that they maintain minimum sanitary standards.<sup>4</sup>

Friedman’s endorsement of tax-financed tuition assistance, or vouchers, lifted the idea from

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obscurity to the center of the debate over how to improve schools, a position that vouchers have retained ever since. Friedman was not, however, the first to propose vouchers as the way to restore the proper balance of capitalism and government to schooling.

Adam Smith, Tom Paine, and John Stuart Mill had all previously endorsed vouchers; the states of Vermont and Maine have allowed voucher like processes called tuitioning for more than 100 years; the GI Bill, adopted in 1944, is a voucher program for higher education; and European countries have long paid some or all tuition for students attending both parochial and independent private schools.<sup>5</sup> Virgil C. Blum, S.J., a Jesuit professor of political science at Marquette University, was making the case for vouchers on civil libertarian grounds around the same time Friedman made his proposal.<sup>6</sup>

Nevertheless, *Capitalism and Freedom* started “the contemporary debate over vouchers, at least in the United States.”<sup>7</sup> It had enormous influence in the debate because it applied modern economic reasoning to elementary and secondary schooling and proposed a solution that was conceptually simple, fair, and practical. It did so with a brevity and style that put the voucher idea within reach of high school and college students, noneconomists, and concerned citizens.

### **The 60s and 70s: No Traction**

Conservative and Catholic activists around the country— notably Martin and Mae Duggan in St. Louis and their Citizens for Educational Freedom and Educational Freedom Foundation<sup>8</sup>— quickly rallied behind the voucher idea and were able to build grassroots support for legislation at the state and federal level. During the 1960s and 1970s the idea also attracted support from some prominent liberals, including Peter Schrag, Christopher Jencks, and Daniel Patrick Moynihan.

But the reform idea had difficulty getting traction politically. Even with the promise of federal funding, few communities were willing to experiment with the new system, and only one badly flawed experiment -- in the Alum Rock Union School District in San Jose, California —was allowed to take place. Rising income levels, racial conflicts in larger cities, and rapid suburbanization meant many middle- and upper-income families were exercising choice by moving into new communities with new schools. Vouchers seemed either unnecessary or a threat to the exclusivity new homeowners thought they were getting when they bought their homes.

Support for vouchers was also hurt when segregationists in the South proposed vouchers as a way to avoid integrating public schools. Federal courts ruled repeatedly against vouchers, creating the perception (not entirely untrue at the time) that many voucher advocates had a hidden anti-black agenda. On the other hand, opposition to vouchers was often supported by anti-Catholic bigots who opposed having voucher dollars put in the hands of Catholic parents and Catholic schools.

## **Reform Fever in the 1980s**

The debate began to change in the 1980s, thanks in no small part to President Ronald Reagan. In 1983, the U.S. Department of Education published *A Nation at Risk*, a slim volume produced by a panel of educators and business leaders appointed by Terrell Bell, secretary of education under President Ronald Reagan, which decried the steady erosion of standards and student achievement and warned of a “rising tide of mediocrity that threatens our very future as a Nation and a people.”<sup>9</sup>

*A Nation at Risk* hit a popular nerve like no previous book had: Six million copies of the book were printed and disseminated in one year. A sense of urgency for major reform, which had not existed previously, came to the surface.

Thousands of initiatives, reforms, and experiments were launched in the second half of the 1980s and during the 1990s as educators and elected officials responded to the call for reform.<sup>10</sup> Popular reforms included raising teacher pay and reducing class size, decentralizing the management of school districts that previously had been centralized and centralizing the management of districts that had been decentralized, changing teacher certification requirements, changing student graduation requirements, changing curricula and teaching practices, encouraging greater parental involvement, extending the school day or year, targeting resources to students in poverty and those with learning disabilities, changing assessment methods, making schools bigger through consolidation or smaller through “schools within schools,” ending social promotion, requiring school uniforms, increasing school security, recruiting people with military backgrounds as school superintendents, and more.

Missing from the large-scale, expensive reforms sparked by *A Nation at Risk* were Friedman’s vouchers. Allowing schooling to be delivered through markets—the same way other goods and services are delivered in a capitalist economy—requires changes in institutions and incentives that go well beyond tinkering with curricula, class size, or teacher training. But efforts to experiment with vouchers were blocked during the 1980s by teachers unions, school administrators, and liberal advocacy groups.

## **Finally, choice emerges in the 1990s**

The antireform blockade was breached in 1990 with the publication of a third influential book, John Chubb and Terry Moe’s *Politics, Markets and America’s Schools*.<sup>11</sup> Written by distinguished authors and published by the widely respected liberal Brookings Institution, the book had to be taken seriously by educators and policymakers.

Chubb and Moe said, in effect, “that government has not solved the education problem because government *is* the problem.”<sup>12</sup> All of the reforms listed previously were ineffective because they failed to shift management and accountability for schools from the public sector to the private sector. Such a shift would require allowing parents to choose the schools their

children attend. “Choice,” they wrote, “is a self-contained reform with its own rationale and justification. It has the capacity *all by itself* to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways.”<sup>13</sup>

Chubb and Moe forced policymakers to confront the fact that institutions and incentives matter because schools lack reasons and incentives to reform themselves. Fundamental reform, if it is to come, will result from pressure applied from outside the education establishment.

Chubb and Moe’s research came at a propitious moment for the school choice movement. Other reforms were failing to produce better test scores, reduce drop-out rates, or satisfy parents and employers. Spending per student was at record highs and nearly the highest in the world, making school reform a taxpayer issue as well as an educational issue. And a new generation of conservative and libertarian activists arrived on the scene who did not bear the stigma of having opposed the civil rights movement some two decades earlier. They saw in vouchers a way to empower blacks and other minorities who were most poorly served by the education status quo. Armed with new data on test scores, spending levels, and the alarming achievement gap between whites and minorities, these activists began to win over skeptics in the media, civic and business organizations, and legislatures.

### **New Research and Political Breakthroughs**

Shortly after *Politics, Markets and America’s Schools* was published, and partly because of it, new research on international test scores and domestic data on student achievement, effective schools, and the income of school graduates helped resolve the controversy over whether school outcomes and productivity had deteriorated since the 1950s (it had) and why--a dysfunctional organization that discouraged competition, accountability, and innovation.

Researchers such as Stephen Arons, Samuel Blumenfield, John Coons, Denis Doyle, Chester Finn, Charles Glenn, Eric Hanushek, Myron Lieberman, Herbert Walberg, and others too many to name created a compelling literature on the superior achievement and lower cost of private schools and the benefits of competition and choice in education. Importantly, black leaders willing to endorse school vouchers began to emerge, including Wisconsin Rep. Annette “Polly” Williams, former Congressman Floyd Flake, and former Superintendent of Milwaukee Public Schools Howard Fuller.

Charter schools, the private scholarship movement, and pilot voucher programs all emerged after 1990, creating a wealth of empirical data on how parents, when given a choice, go about selecting their children’s schools. A pilot public voucher plan in Milwaukee was enacted in 1990, and one in Cleveland several years after that. The first modern state-wide voucher program was started in Florida in 1999.

Although few market reforms to date meet the requirements of a true social science experiment, studies of the pilot programs by Paul Peterson, Caroline Hoxby, Jay P. Greene, and

others has laid to rest many of the old myths and objections to vouchers, including presumptions that low-income parents are not qualified to choose their children's schools, that vouchers would lead to segregation by income or race, and that student achievement would not improve because factors outside the control of schools would overwhelm the positive effects of competition and choice.

## **Vouchers Today and Tomorrow**

In *Two Lucky People: Memoirs*, Milton and Rose Friedman lament that their long involvement in the school choice movement "has been frustrating because we have had so little success, nearly every effort being derailed by the special interests of the educational establishment, notably the teachers' unions. The more we have learned about our educational system the greater has become our confidence that an unrestricted voucher system would lead to enormous improvements in the schooling available to our children, especially those in the most disadvantaged Families."<sup>14</sup>

Progress in fact has been slow, as this brief history has shown. But the prognosis for more rapid public policy success is favorable. The economic, legal, sociological, and political cases for school choice have been made again and again, with opposition views getting weaker and less credible over time.

Opinion surveys show strong support for school choice. For example, the 2004 Phi Delta Kappa International/Gallup Poll found 57 percent of parents with children now attending public schools would send them to private schools if vouchers were available.<sup>15</sup> A survey by Public Agenda in 1999 found 55 percent of all parents and 67 percent of inner-city parents of public school students would choose private schools if tuition was not a concern.<sup>16</sup>

Institutionally, the school choice movement has matured considerably in recent years. The Alliance for School Choice, Institute for Justice, and Milton and Rose Friedman Foundation, along with other organizations, are giving grassroots school choice organizations the tools and support they need to combat the sophisticated anti-choice campaigns funded by teachers' unions and liberal advocacy groups. Breakthroughs in several states are likely to occur in the next few years, and once a few states adopt vouchers it is generally agreed that others will be quick to follow.

Perhaps the greatest threat facing the school choice movement today is a lack of public awareness of what markets are and how they operate.<sup>17</sup> Voucher proponents are asking people to trust markets with the education of their children -- a very important and delicate task indeed -- and yet the average person believes capitalism encourages greed and exacerbates inequality, tends toward monopoly and low-quality products, and allows corporations to manipulate consumers and waste money on advertising. Most people believe mass illiteracy was commonplace before government took over the funding and operation of schools.

The failure of the economics profession to debunk these myths about capitalism poses a tremendous challenge for market-based school reform. Groups such as the Association for Private Enterprise Education therefore perform a task that is vitally important to the success of the school choice movement. Much hard work still lies ahead, but Milton Friedman's 50-year-old idea will not be delayed any longer.

## Notes

1. "[P]rivatization of education — in whatever form — has become a prevalent dimension of educational debate and operations." Henry M. Levin, ed., *Privatizing Education* (Boulder, CO: Westview Press, 2001), p. 3.
2. Joseph P. Viteritti, *Choosing Equality: School Choice, the Constitution, and Civil Society* (Washington, DC: The Brookings Institution, 1999), p. 211.
3. Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), Chapter 6, p. 85.
4. *Ibid.*, p. 89.
5. David Kirkpatrick, *School Choice: The Idea that Will Not Die* (Mesa, AZ: Blue Bird Publishing, 1997).
6. Virgin C. Blum, S.J., *Freedom of Choice in Education* (New York, NY: The Macmillan Company, 1958).
7. David W. Kirkpatrick, *Choice in Schooling: A Case for Tuition Vouchers* (Chicago: Loyola University Press, 1990), p. 47.
8. Citizens for Educational Freedom (CEF) and the Educational Freedom Foundation (EFF), founded in 1963, engaged in a wide range of educational activities, including publication of a quarterly journal, *Educational Freedom*, launched in 1966.
9. National Commission on Excellence in Education, *A Nation at Risk* (Washington, DC: U.S. Department of Education, 1983), p. 5.
10. For an overview of these failed reforms, see Diane Ravitch, *Left Back: A Century of Failed School Reforms* (New York: Simon & Schuster, 2000).
11. John Chubb and Terry Moe, *Politics, Markets and America's Schools* (Washington, DC: The Brookings Institution, 1990).
12. *Ibid.*, from the Foreword by Bruce K. Maclaury, p. ix.
13. *Ibid.*, p. 217.

14. Milton and Rose R. Friedman, *Two Lucky People: Memoirs* (Chicago: University of Chicago Press, 1998), p. 348.

15. George Clowes, "Polls show vouchers are popular and would be widely used," *School Reform News*, October, 2004.

16. Public Agenda, *On thin ice: How advocates and opponents could misread the public's view on vouchers and charter schools*. New York: Public Agenda, 1999).

17. This is the theme of my latest book with coauthor Herbert Walberg, *Education & Capitalism* (Hoover Press, 2003). It is the first book since *Capitalism & Freedom* to combine a defense of capitalism with advocacy of school vouchers.