

Educational Freedom and Urban America

On May 15 the Cato Institute's Center for Educational Freedom held a conference titled "Educational Freedom and Urban America: Brown v. Board after Half a Century." Among the speakers were Howard Fuller, director of the Institute for the Transformation of Learning at Marquette University, former superintendent of the Milwaukee Public Schools, and founder of the Black Alliance for Educational Options; Casey Lartigue, a Cato policy analyst; and Andrew Coulson, author of *Market Education: The Unknown History*. Excerpts from their remarks follow.

Howard Fuller: We black Americans are at a strange point in our history. Because of the gains made in the 1960s, 1970s, and 1980s—and some in the 1990s—more opportunities have opened up for us. DuBois's talented tenth has never been more in evidence. We have black people at all levels of the political structure of this country. We have black millionaires. We influence the cultural direction of this country with our music and the way we dress. We have young men making millions of dollars for bouncing a ball, or hitting a ball, or tackling somebody who's got a ball—and then getting millions more hawking T-shirts and sweat-shirts and athletic shoes. And we've got young men killing each other for those shoes.

There's a dichotomy between black folks who've made it and the masses of our people who know another kind of reality. When I travel around this country and see what is happening to our children, I know that far too many of them are dying physically and mentally. It's clear to me that we've got to have a multifaceted strategy to save our children. And all of us who are honest know that education alone cannot do it. But what's equally clear is that education will be the cornerstone of any broad strategy that we develop and pursue.

In many areas of this country, the District of Columbia being one, poor African-American children are being precluded from being effective participants in our democracy because we are failing to educate them. Too many of our children are being told, even in 2003, that "my check is gonna come whether you learn or not."

I believe that Mortimer Adler was right when he said that there are no unteachable children; there are adults who have not figured out how to teach them. Too many of our children are being forced to stay in schools that do not work for them and, frankly, didn't work for their parents. They and their families lack the power to influence the educational institutions that continue to not serve them well.

Our mission at the Black Alliance for Educational Options is to actively support parental choice, empower families, and increase educational options for black children. We support means-tested vouchers, homeschooling, charter schools, contract schools, black independent schools, and



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other public and private choices. We do not support the destruction of public education. One of the reasons that people continue to run that bogus line is that they do not make a distinction between public education, which is a concept, and the system that *delivers* public education. The *system that delivers* public education, as we've structured it in America, is not public education. Public education is the concept that it is in our interest to educate all our children. What makes public education public is that it serves the public's interests. Is it available to everyone? Is it something we

can all access? I would humbly argue that a school district that continues to push children out, that continues for whatever reason to be unable to teach our children to read and write, that graduates children who can't read and write is not in the public's interest. What we therefore have to do is to commit to a *purpose*, not institutional arrangements.

You can have a lot of different delivery systems; that's clear in higher education. People have no problem with students taking Pell Grants to religious or nonreligious schools. All you hear is, "Give me my Pell Grant." People have no problems with G.I. Bill money being taken public or private. Nobody said that was destroying public education.

Say that you have on the corner a school that everybody knows has never educated anybody's kids, but it's a "public" school. You've got another school four blocks away that is able, for whatever reason, to educate the children that can't be educated in the other one, but that school is, oh my God, a religious school. I would argue that it is in the *public's interest* to put the children where they can be educated.

There was a time when it was "progressive" to fight the bureaucracy. There was a time when some of us carried signs that said, "Power to the people." What is interesting is that some of the folks who used to rail against the bureaucracy now *are* the bureaucracy. The discussion is no longer about empowering the people to fight the bureaucracy. Now we're supposed to believe that magically, because they're now in charge, the people's interests are going to be met. I believe the people's interests are going to be met only when the people are empowered to fight for their interests.

We have to ask why people do not want low-income parents to have choice. The hypocrisy on this is phenomenal. We have teachers teaching in schools that they would never put their own children in and then demanding that somebody else's children stay there. We have public school teachers putting their own children in private schools. We have leaders in Congress pontificating. But *where's your child?* The argument always comes down to: "If we let these poor par-

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ents out, it will destroy the system.” I have a question: is it about the system, or is it about the parents and the children?

Over the last 14 years, I’ve heard all of the objections. One that I find interesting is that we don’t know about choice because it’s new. There’s nothing new about choice. People with money in America have always had choice. If you have money and the public schools do not work for your children, you’re going to do one of two things. You’re going to move to a community where the public schools do work, or you’re going to put your kids in a private school.

I understand that our position is controversial. But social change is always controversial. It transfers power to people who never had it and takes power from others who’ve had it. How can that not be controversial? But you know what? We think it is the right thing to do, and we are willing to fight forever on this point. We understand that the race goes, not to the swift, but to those who can endure until the end.

Casey Lartigue: Last December I published a paper about schools in the District of Columbia. I tried to track what’s going on with the system because it seemed strange that there was so much resistance to trying something different with a system that has so much trouble—so many kids dropping out and performing at such low levels. Now, I think you could say we’ve got, to quote President Bush, a “coalition of the willing,” with the school board president as well as the mayor coming out and saying that they would like to try something different, and choice is on the table.

In my paper, which will appear in a book next year, I start out with a very simple question: how much is being spent on D.C. public schools? The Census Bureau says the amount spent per student is \$15,122, all costs included. The lowest figure, \$8,500, comes from Parents United for D.C. Public Schools. In between those two figures are the National Education Association that says it’s \$13,500 per student and the U.S. Department of Education that says it’s \$11,000 per student. The Census Bureau has a different report that says that it’s actually \$10,800 for “operating costs.” Then if you ask the D.C. public schools them-

selves, they say that it’s \$10,477 per student. There’s so little agreement about the amount spent that I don’t think anyone, including people in the system, can tell you how much is really being spent.

Per pupil spending is interesting, but in the end the issue comes down to what the kids are learning. If you send someone to the store to buy something, you’re interested in both how much you spend and what the person brings you. It’s the same thing in education. We’re spending all this money; do we have kids staying in these schools for a decade or more and coming back with an education? So I took a look at the outputs of the system. I looked at SAT scores, the Stanford 9 scores, and a



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review of the worst performing schools. People who cite scores are criticized by other people who say that the reason scores have declined is that the number of test takers has increased. So I decided to look beyond just the last two years. It turns out that sometimes the scores go down when the number of test takers increases, and sometimes they go up when the number of test takers increases. If you have a broader scope, you can see that there is no real pattern to this. Some people have been saying that the loss of students to charter schools explains the drop in test scores

within the last two years. But then they make the contradictory claim that scores have declined because charter school students are not doing very well. I don’t know which claim is true, but it seems that those people somehow find a way to hold both of those thoughts in their heads at the same time. Just so you know, last year in D.C. the average SAT score was 796 without charter schools; it was 799 with charter schools.

In addition to looking at scores across the school system, I’m also trying to look at education in different parts of the city. D.C. is both a highly educated city and a city with people who can hardly read. It has the highest percentage of residents with a college diploma—39 percent—and yet 37 percent of the residents in the city read at the 3rd grade level or below, so there’s a very serious gap. In Ward 3, which has the highest income in the city, 79 percent of the residents have a college degree. They are 10 times more likely to have a college diploma than someone who lives in Ward 8, the poorest ward. So we can guess which part of the city would benefit the most if there were some kind of choice.

Andrew Coulson: I’d like to start by addressing a point that came up earlier. Someone said that there are only so many private school seats available; maybe it’s 1,200 or something like that in D.C., so a voucher program would give us 1,200 extra children enrolled in private schools and that’s it. That’s not the way markets work in general, and it’s not the way markets work in education. In Chile they introduced something very much like a school voucher program in 1982, and at that time about 20 percent of students were enrolled in private schools. Over the next 10 years the percentage went to about 40 percent, and now it stands around 45 percent. So nearly half of all students in Chile are now enrolled in private schools as a result of subsidization, and the rate of enrollment is continuing to grow. In Zanzibar, an archipelago off Tanzania where there’s not a lot of disposable income, there was incredible growth in private schooling, at the primary level in particular, between 1994 and 1999.

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Up until 1994, private primary education was illegal in Tanzania. Since it was legalized, it’s been growing at a rate of 51.6 percent per year. So the number of children enrolled in private schools in Zanzibar is doubling every two years. Lack of places in private schools is not an issue at all.

Something I’d like to talk about in light of the discussion today is the potential for a Pyrrhic victory by the school choice movement. All of us in this room are in favor of school choice in one form or another, and we’ve been spending a lot of time trying to make choice available to more families. We’re actually getting close to succeeding now: school choice laws are being passed; one was passed in Colorado recently, and the winds are changing in D.C.

But what if we pass a school choice program just to pass a school choice program and it doesn’t work? That’s a very real possibility; we could have a Pyrrhic victory on our hands and do a disservice, not merely to the children who would immediately be going to those schools, but to children for decades to come. If we pass something that’s called “school choice” and it doesn’t work, we’ll destroy the futures of a lot of children. We have to care about the details. It’s not enough to just say “school choice”; we have to talk about the policy details.

You can’t look at a variety of different large-scale school choice programs in the United States. There isn’t a single state, there isn’t even a single city, where the majority of parents have ready access to a competitive education marketplace. Tuition vouchers and tax credits help a tiny fraction of students. Even charter schools serve only about 1.5 percent of students nationwide. So you have to look outside the modern United States if you want to compare large-scale choice programs with government school systems. In the late 1990s I did just that by looking at historical cases: I looked at ancient Greek schools, medieval Islamic schools, and schools on up through the Enlightenment and the 19th century in England, the United States, and Canada.

I found that systems that had five particular features tended to outperform ones

that didn’t have all five of these features. The features were *choice* and some direct *financial responsibility* for parents and *freedom, competition,* and the *profit motive* for schools. Now, that’s a very controversial finding, and before jumping ahead and making policy it’s a good idea to test it in some way. I have been trying to do that by seeing if evidence from the developing world gives rise to the same findings. The interesting thing about the developing world—countries like India, Pakistan, Chile, Indonesia, and Colombia—is that private schooling makes up a much larger segment of the marketplace than it does in the developed world. There’s also a lot more variation in

isolate the five most important factors in the effectiveness of the best school systems in the developing world, you find that schools should be minimally regulated, privately owned, forced to compete to attract students, freely chosen by parents, and at least partially paid for by parents. Schools with those characteristics show superior academic achievement, higher efficiency, improved facilities maintenance and school atmosphere, greater responsiveness to parental demand, and faster enrollment growth. Enrollment growth is a huge issue in the developing world because so many children still have no access to schooling at all.

The most important similarity between the findings from the developing world and the findings from the historical evidence is that having parents pay directly some of the cost of their children’s education is crucial. It makes all the difference in the world if schools are at least partially paid for by parents instead of being fully funded by the state. That presents us with a problem. Obviously, we want to ensure universal access to schools regardless of family income. How do we reconcile that with the need for some parental copayment? Fortunately, some of the evidence from the developing world is pretty detailed.

There’s a fantastic study of some 68,000 schools in Indonesia, where there’s huge variation in how much of any given school’s funding comes from the central government and how much comes from parents. It varies not only within the private sector but also within the public sector. The biggest change in the efficiency of a school comes when parents go from paying nothing toward the cost of that school’s operation to paying something. As parents pay more of the total cost, the efficiency of the school goes up, but the rate of the increase gets smaller. So programs in which parents make some small copayment toward the cost of their children’s education do better than programs that make education free and universal.

What policies could we adopt in urban America and America at large to bring the benefits of competitive market systems to all children? If we expand the scope of

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what it means to be a private school in those countries—or what it means to be a public school, for that matter. Sometimes private schools are totally fee charging, sometimes they’re partially subsidized, and still other times they’re fully subsidized by the state and heavily regulated. Public schools sometimes charge fees, and their level of autonomy varies greatly, not only from country to country, but even within a country.

Evidence from the developing world suggests a pattern that’s similar, but not exactly identical, to the one that emerges from the historical evidence. If you try to



Cato president Edward H. Crane and adjunct scholar Walter E. Williams received honorary doctorates at Francisco Marroquin University in Guatemala on May 10.

Ed Crane receives the Adam Smith Award, “given to recognize an individual who has made a sustained and lasting contribution to the perpetuation of the ideals of a free market economy,” from the Association of Private Enterprise Education at its annual conference on April 6. APEE vice president Jane S. Shaw presents the award.



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ley Authority. According to economist John Moore, TVA dams “permanently flood a total of about 730,000 acres . . . an area which is approximately as large as the state of Rhode Island.” A reported 15,654 people were forced from their homes to make way for dams. Farm owners received cash settlements for their condemned property, but the thousands of black tenant farmers got nothing.

The AAAs reduced farm acreage and gave millions of dollars to big farmers, but the 600,000 black sharecroppers got nothing. In a 2001 National Bureau of Economic Research study, Price V. Fishback, William C. Horrance, and Shawn Kantor reported that “income inequality was exacerbated as the landowners’ incomes increased and the incomes of the much larger group of tenants, croppers and workers declined.”

What about all the New Deal relief programs? The bulk of that money was skewed away from the South, which was the poorest region. Historian Leonard Arrington estimates that, on average, a person living in the West received 60 percent more New Deal money than a person living in the South. Historian Don Reading found there was less New Deal spending in the

states that had higher percentages of black residents, higher percentages of tenant farmers, and lower per person incomes.

Economic historian Gavin Wright of Stanford concluded that less New Deal welfare spending went to the southern states that gave FDR big winning margins (over 67 percent) in 1932, presumably because FDR was sure to win those states again. More New Deal spending went to western states where FDR had won less than 60 percent of the vote in 1932, to help ensure victory in 1936.

Warren Harding Beats FDR as Anti-Depression Fighter

The Great Depression wasn’t written in the stars. After all, the severe depression of 1920 was over in about a year. The president then was Warren G. Harding, who succeeded where FDR failed. Harding cut federal spending, cut taxes, and went back to his card games. Harding’s slogan “less government in business” turns out to have been a vastly better guide than FDR’s disastrous “New Deal.” Everybody, especially the poorest among us, is better served when private property is secure, the currency is stable, markets are open, people are free to make their own bargains, government burdens are lifted, and it’s safe to invest for the future. ■

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programs like the Children’s Scholarship Fund, and do that by making large-scale tax credits available for both businesses and individuals who donate to those funds, we could easily raise tens of millions of dollars in very short order. Pennsylvania found that out: the state has a tax credit for businesses that donate to a scholarship fund. Businesses give money to the scholarship fund, and the fund subsidizes the education of low-income children. There is a \$20 million cap on the amount of money that can be collected under this program from businesses, and the cap’s usually hit in the first two weeks of eligibility each year. If Pennsylvania got rid of that cap, businesses would donate more money.

The flexibility that such funds offer and the level of hands-on interaction with the recipients are tremendous benefits in and of themselves. That flexibility would allow a progressive need-based system of financial assistance. The lowest income families would either be fully subsidized or pay only a very small copayment; the subsidy would decrease as incomes rose, and the wealthiest families would not receive any subsidy. ■