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We all agree that our most important assets are, and always have been, our children. And their education is of paramount importance. In some of your recent writings you've addressed the enormous problems that our educational system faces today. What do you think is the solution?

In my opinion, the cause is the key to the solution. Why is it that our educational system is turning out youngsters who cannot read, write, or figure? The answer—simple but nonetheless correct—is that our current school system is a monopoly that is being run primarily by the teachers' unions: the National Education Association and the American Federation of Teachers. They are the strongest trade unions in the country and among the most powerful lobbying groups. They, quite properly, look after the interests of their members, not after the interests of the children whom their members teach. Many of their teacher-members are very concerned about this situation. Indeed, that's demonstrated dramatically by the fact that a larger fraction of teachers in public schools send their children to private schools than the population at large. In places like Chicago and Los Angeles, where the problem is particularly serious, something like twice as large a percentage of public school teachers send their children to private schools than does the public at large.

How did this come about?

In a sense, what's going on now in our school system is exactly what went on in East Germany in automobile production. When you have a collective, single, monopolistic producer, inevitably that producer produces a poor product: in the case of East Germany, it was the infamous Trabant car. With no competition, some people do very well, but most people do badly. The same thing is true of our current school system: it's a socialist system, the largest socialist entity in the United States, other than perhaps the military. As a result, like all socialist systems, it produces a low-quality product, with some exceptions (as always, there are special cases). And it benefits a small group of people: in this case, primarily the unions, at the expense of a large group of people. This was not always so. When I went to public school, you did not have the trade unions; you did not have the monopoly. It was a much more decentralized, locally controlled system. But even before the post-War period, there was a tendency to centralize the control of the school system. Although we currently have over 10,000 public school districts in the United States [the current figure is 16,438], this is a small fraction of the number that existed in 1932. As our population has multiplied, school districts have been consolidated. Control by local parents and authorities has been replaced by control, first by the civil servants of the community, then by the state board of education; next the federal government stepped in, and, finally, the unions have put their imprimatur on the whole lot.

So do the unions now have the final control?

Now, don't misunderstand me. The people who run the unions aren't bad people; they're good people—just like all the rest of us. But their interests and the interests of a

good school system are not the same. In my opinion, you cannot get a good school system run by a monopoly. And, similarly, I do not believe there is any effective way of reforming that school system from inside. The only way you can reform the school system is by competition from outside—competition that will make them shape up or shut down. Let's continue my analogy of the automobiles. At the end of World War II, West Germany had the same kind of people and the same capacity as East Germany. However, instead of adopting a centralized system of control, they adopted a competitive system. And the result was that you had Volkswagens, BMWs, and Mercedes. In the same way, we in the United States need to break the monopoly of the unions in the public school system and expose it to competition.

How do you do that?

Today about 10 to 12 percent of our children go to private schools, but those private schools are of two kinds: they're either the very elite schools with high tuition charges, which are patronized by the very well-to-do families in the community; or they are schools that are financed from other sources, such as parochial schools, Catholic, Evangelical, Jewish, Lutheran, etc. And other than the relatively small group of more elite schools, almost all private schools are of the latter kind. [The latest figure is 23,186 K–12 private school buildings.] That's because, if somebody down the street is giving something away, it's very hard for you to sell it and make a profit!

What about examples of privatization that now exist? For example, although The Edison Project schools have received enormous amounts of private money and support, some of them are struggling for survival.

The Edison Project was originally intended to produce competitive schools. But they have not been able to because they cannot surmount the obstacle of being forced to compete against somebody who's giving away—supposedly for free—what they're selling. Of course, it's not free. It's being paid for by the taxpayers and those parents who choose to send their children to private schools, parents who are being forced to pay twice: once in their taxes and again in the tuition they pay. Our present system, in my opinion, is thoroughly inequitable. People who have income have choice. They can decide where they want to live; they can move to a community that has a relatively good school system, or they can send their children to a good private school. The lower-income groups, the people at the bottom, have much less choice. They either go to the public schools in their districts or they can go to these private schools where they are, in a sense, objects of charity. And yet, they, too, are paying taxes to support the school system.

What kind of tax relief or adjustment would you give parents and how?

The solution I have been in favor of since I first suggested it 40 years ago, is this: if parents choose to send their child to a private school, they are reducing the burden on the taxpayer in general, and they ought to get at least some of their money back. They should receive a voucher to compensate for the benefit they are bringing to the school system by reducing the number of pupils. You have a system like that today in Milwaukee that's limited entirely to low-income pupils. Initially, it was limited only to non-parochial schools, non-religious schools, but that limitation has been eliminated. However, it's a very interesting situation. After it had already started, the teachers' union and the education establishment brought suit in the courts, calling it unconstitutional. The courts

issued an injunction against continuing it on the state level. That's a good example. There was a great public outcry, and people in the Milwaukee community contributed enough money to replace the proposed state vouchers in order to enable the project to continue while it's being contested in the courts.

What about The Edison Project examples?

Because The Edison Project was unable to surmount the obstacle of a competitor who was undercutting them, they have now gone into the business of contracting to run public schools. I don't believe that is a good solution. It doesn't really give the power where it belongs, namely to the parents, nor does it really provide free choice to parents. Now, within the public school system, there are some exceptions. District 4 in New York City has gotten a lot of attention because it has constructed quasi-autonomous schools, among which children in the neighborhood can choose. Results have been dramatic, with a great improvement in student performance. But that's only one very small experiment in a very large city.

Realistically, how would you go about privatizing educational services?

If you give parents a voucher, which they could use to buy educational services anywhere, it would provide a market that would be attractive to people who want to set up schools—like The Edison Project—but who have been unable to find a big enough market for it because of the existence of the public schools.

Let me not speak in the abstract. Right now, in California, we are circulating petitions for an educational freedom initiative. It would provide a scholarship to any public school

student who chose to go to a private school; the scholarship would range from \$1,000 for kindergarten to \$3,500 for grades 3 through 12. California is now spending roughly \$5,200 per student for education, so the \$3,500 scholarship would still leave a substantial net saving for the state. California is spending less than half of that \$5,200 in the classroom. Half is going for supervisory personnel, experts, and so on. And while \$3,500 may not seem like a lot, it's more than the state is currently spending in the classroom. It's clear that any private enterprise can invariably produce things more cheaply than the government.

Who would operate these systems, and with such a tight profit margin, what would be their incentive?

We've talked to many potential private entrepreneurs who would like to set up such systems and who insist that \$3,500 per child would be enough to enable them to set up a profitable enterprise. The people who would benefit most would be those in the inner cities who would have a totally new alternative available for their children. I applaud the current private schools: they're doing a much better job and are a real advantage to the kids who are able to attend. But at the same time, these schools are operating under conditions where they cannot really be innovative and enterprising; they're nonprofit, and for the most part, religious organizations. A private market of the kind I'm talking about would be energetic, innovative, experimental. No industry in the United States is as backward technologically as our education system. We teach kids the same way today that we did 300 years ago. Just consider what happened in the telephone industry when AT&T's monopoly was broken or what happened to airlines after deregulation. What if

you started a private school industry that was made possible by letting people spend their own money instead of giving it to the state to spend? I'm sure that you'd see the same kind of thing in education.

Tell us about this 'educational freedom initiative' and petition that you mentioned earlier.

This proposal is a public initiative that's been approved by the secretary of state and that is now out on the streets being circulated for signatures. Needless to say, we need not only signatures but also money and publicity.

A November 1995 New York Times article ['School Money Is Serving Social Needs'] cites a study by the Economic Policy Institute which states that much of the increase in school spending for the last 25 years has gone not to regular classrooms but to educating disabled children, counseling, other social welfare functions, and for many tasks beyond academics. How would your proposed system address the needs of special students?

There are two kinds of special students. First, those who are physically handicapped can only be effectively taken care of by some state action or by private charity; you're not going to do that through a private enterprise school system. On the other hand, there's another category of so-called 'educationally disadvantaged' children who aren't really that at all in most cases. Those students may be part of programs in which parents get a stipend if their child is classified as educationally disadvantaged, a very broad category. There are many abuses here. But the point I want to make is a different one: One of the

worst things that has happened in schooling in my opinion is the tendency to neglect the gifted children and overemphasize the underachievers.

There are those who would say that gifted children already have an advantage. Can you explain what you mean?

The progress of a society comes from the top, not from the bottom. The top pulls the rest of the structure up as it works. In California, the amount of money being spent on programs for the educationally disadvantaged of one kind or another, including bilingually, is five times as large as the amount spent on gifted student programs. This is a great mistake from the standpoint of everyone in society—not merely the gifted children. Competition from the private schools, under the kind of system I'm describing, would more or less force public schools to cut back on that kind of activity and to concentrate much more on their educational functions. I don't believe that schools should be institutions for social change. They ought to be educational institutions that teach kids to read, write, and figure. That's what students need; that's what our society needs.

Obviously, business and industry has a lot to gain from such an improvement, if schools turned out better educated and more skilled students. Do you think schools should concentrate on traditional academics? Or should they also help students develop skills for the workplace?

Neither one nor the other.

But is it possible to do both well?

If you have a competitive private enterprise system, students will be able to choose the kinds of schools they attend. And one thing I'm sure of is that you'll see a tremendous variety of schools. Some schools will specialize in science, some in literature. Interestingly enough, right now many schools that train youngsters for vocations—to be a plumber or a TV repairperson—are almost entirely private. And I don't see why that should be the case. Why should a 10th- or 11th-grade student who has a \$3,500 scholarship not be able to use it for training to be a television repairperson? And there's no doubt: if you have a free market in this, if you have competition, if there's a demand, schools will rise to meet it.

If we did indeed have this kind of educational private enterprise, how would existing school systems respond to the competition?

There's no doubt as to how they would respond: they would improve, or some of them would close up.

Do you think this might be the collapse of public education as we know it?

Well if it were, it should be. If schools can't compete openly and freely, with free choice for their students, is it essential that we keep a horse-and-buggy industry alive? My own belief is that the public schools would improve very greatly and that the public school system would not disappear. But it would become smaller, and it would become more competitive.

You've said that vouchers are not the answer but a means to an end, a transition from a government to a market system. What do you mean by a market system, and who would be in charge?

The customer. Who's in charge of automobiles?

The customer.

Right. And who's in charge of what you see on TV?

The advertisers?

No, the advertisers want the customer. The advertiser is not presenting his own views, I assure you.

So, would parents make these decisions?

Absolutely, the parents would make the decision. They would get information and shop among schools. One thing that annoys me about 'elite' attitudes is that they tend to denigrate the interest and ability of low-income parents to do something about their children. And I know—and you know—that's absolutely wrong. One of the most interesting experiments going on in the United States in the last five or ten years was started by Pat Rooney of the Golden Rule Insurance Company in Indianapolis. He started a private-voucher arrangement. His grant agreed to give scholarships to pay half the tuition of children who qualify for the school lunch program in any private school they chose, up to a maximum of \$1,000 or so. They were overwhelmed with applicants and had to turn many away. Since then, such private-voucher arrangements have been

established in 15 or 20 cities around the country: in Oakland, California; in Los Angeles; and in Little Rock, Arkansas, for example. They're all over the country. In every case, they have been overwhelmed with applicants—people in the lower income groups. Parents have a great interest in their children and will go to great lengths for them. In these cases, they have to pay half of the tuition. Pat tells stories about how parents have taken another job in order to pay the tuition, and so on.

And would these criteria be more conducive to higher learning achievement?

We know this from the example of the rest of our society. We know we've made the greatest gains in productivity and the like in the private sector, not in the government. But we don't actually know; we just have an enormous amount of experience. Moreover, one thing is clear: If parents have the freedom to choose, they are not going to choose a bad education over a good education for their child.

True.

So, in general, what do we depend on to keep up the quality of automobiles? The fact that consumers can choose among them. The same thing is true of all of our food products, everything. People don't realize how large a potential industry schooling—elementary and secondary—could be. The total amount of money that's spent on public and private schools is a multiple of the total amount of money spent in restaurants. And you have restaurants of every quality, every kind. Just what keeps a restaurant from poisoning its customers? I assure you, it's not the food and drug laws.

Just how much should we spend on education?

In principle, I don't think government should spend anything on education as such. The responsibility for educating children ought to be with their parents. And I would like to see a situation in which there were none of the things I'm talking about now, a situation in which parents were free to choose but would also back up their decisions with their own money. The only reason they don't do that now is because they have this attractable alternative of supposedly getting something for nothing. However, I do think there would be a problem with indigent children; it would take either government assistance or private charity to enable indigent children to get schooled. But beyond that, the ultimate goal I'd like to see—which I shall not live to see—would be that parents are responsible for their own children's schooling.

How would you go about getting teachers and administrators to really commit to a privatized education system?

At the moment, private schools can hire teachers of the same quality at a lower wage than a public school can, because teachers prefer to teach at private schools. They find them more attractive: They have more freedom and they're not as restricted. So I don't really see a problem at all. Just offer them money; offer them jobs. I want to emphasize that public school teachers are not the problem; indeed, some public schools are very good. But mostly these schools are in the higher income suburbs and areas of the city; and even there, the public schools aren't doing what they should be doing. They're not innovating. And you find in the best schools, interestingly enough, this kind of change is coming from the top—not from the bottom. I believe that if you really got education moving, you'd see the same kind of changes in the next 10 years that you saw in the last

10 years in the computer industry. You and I aren't clever enough to predict exactly what form it will take. Computers have been thrown into public schools systems; although they're widespread, they're not really integrated into the educational process.

Unfortunately, that's true in many cases. How would you suggest that we effectively integrate computers—and other new technologies—into the classroom?

One of the things that will come out of this will be much greater and more effective use of computers of all kinds. Indeed, right now, one of the fastest growing areas of education is home schooling. This is because private enterprise has produced a great many computer and other programs to help parents teach their own children.

There's been an explosion of technology-based resources, and we can't even imagine what these resources and capabilities will be like in a few years. But, given what we now know, how might education exploit positively those resources, from video and computers, to laser discs and virtual reality? And should it do so?

Yes, if parents want it. After all, they're the customers. But the point is that nobody can really answer the question, because it's only in the process of development, experimentation, and innovation that we discover what really can or cannot be done. In 1977, when two students, Steve Jobs and Stephen Wozniak, produced a personal computer in their garage and founded the Apple Computer Company, they had no idea what the world was going to look like in 10 years—nor did anyone else. It's only later that people find out what they can use these things for.

If we were able to incorporate computers and simulations and virtual reality and other resources that are fast coming, if we could make them routine classroom features just like chairs and desks, what would that mean for the school as we know it? Is the school still a school? Or is it something else? Maybe access from home or from a library?

Maybe not. Why should all of a child's schooling be in one building? Why shouldn't he take math one place, literature somewhere else, music somewhere else? I am not predicting that you will continue to have schools of the present kind. I don't think anybody can predict exactly what will come out—as nobody could have predicted in the case of the telecommunications industry, in the case of the computer industry, in the case of the automobile industry to begin with, and so on.

Our present-day education system is very labor intensive. Will technology make it less so?

Of course. It certainly should.

Might technology be the 'great equalizer'? And could it help give everyone an equal opportunity to learn?

I think not technology alone; but a competitive system would be a great equalizer of opportunity. There's no area of life in which a family trapped, let's say in Harlem or in Watts, is so disadvantaged as in the kind of schooling its children receive. Whether he lives in Watts or Harlem, if a man gets together enough money, he can buy a car of any kind, and he can go to any restaurant he chooses. But, unless he can increase his income

enough to shift his family's actual physical location, he can do very little about the kind of schools available to his children. And so inevitably, if you provide a wider choice in that area, you are going to help equalize opportunities. Today many people have that free choice of schools for their children, which is a great advantage to them and a great disadvantage to people at the bottom. So I agree with you that this is very much an equalizing process. The public school establishments try to present it as subsidizing the tuition of the rich, and to some extent it does. But that's a very minor element of the process. And it isn't subsidizing; it's eliminating the burden of double taxation.

In reviewing your famous Free to Choose [1980], which is still used in college classrooms, I was amazed to see that your views—on medical care, school reform, consumer and worker protection, and a host of other consumer issues—are even more relevant today than when it was originally published. How do you account for this?

Because it's fundamental. But let me point out one thing that people don't like to recognize: the difference between the climate of the opinion and the actual world of fact. In terms of the climate of opinion, there's a great deal more sympathy for the ideas of free markets, capitalism, and so on, today than there was 30 or 40 years ago. But in the realm of actual performance, there's less freedom today than there was 40 years ago. The government—local, state, and federal—has grown ever larger and now controls at least half of the national income. And while we've gone forward in ideas, we've gone backward in performance. That's why all these ideas that I expressed are still relevant.

Have you changed your opinions or proposed solutions from that time?

Very little, but I have changed my opinions on education. When I wrote *Capitalism and Freedom* in 1962, I supported compulsory education. Later, in *Free to Choose*, we reversed that opinion, based on factual evidence accumulated in the meantime by Edwin West that studied the large fraction of the population that was literate before compulsory schooling. Otherwise, I haven't changed my basic ideas. After all, truth doesn't change.

If you were asked to advise today's leaders, what do you think is the greatest single problem facing the United States today?

I don't have any doubt: The greatest problem facing our country is the breaking down into two classes, those who have and those who have not. The growing differences between the incomes of the skilled and the less skilled, the educated and the uneducated, pose a very real danger. If that widening rift continues, we're going to be in terrible trouble. The idea of having a class of people who never communicate with their neighbors—those very neighbors who assume the responsibility for providing their basic needs—is extremely unpleasant and discouraging. And it cannot last. We'll have a civil war. We really cannot remain a democratic, open society that is divided into two classes. In the long run, that's the greatest single danger. And the *only* way I see to resolve that problem is to improve the quality of education.