

## Choice or Monopoly in Education

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Education vouchers, one of the political and academic novelties of the 1960s, are with us again. The essential idea of vouchers is the same principle that is embodied in the GI Bills. In effect, the veterans receive pieces of paper redeemable for a designated sum of money but spendable only on educational services supplied by institutions that satisfy certain standards. Similarly, the unrestricted or "full" voucher scheme first proposed by Milton Friedman in 1955<sup>1</sup> was designed to give parents vouchers equal to the value of the current average cost of educating their child in the public sector. Today this would mean supplying them with vouchers worth about \$2,000 per year, which is the current average cost to the taxpayer of the education of children in the public school system.

Under Professor Friedman's full voucher system, parents would be permitted to "add on" marginal funds of their own and to use the vouchers at both private and public schools. Vouchers would be spendable at any school *regardless of location*. But schooling would no longer be "free." All the participating schools, the public ones included, would charge tuition at full cost.

What is the main purpose of the voucher system? It is to make public schools compete with one another and with private schools. A common mistake is to argue that the benefits would accrue primarily to parochial schools. In fact, such schools have survived up to now because only subsidized schools have been able to compete with "free" schooling provided by the government. And churches have been prepared to provide private subsidies. Since it is hardly feasible for unsubsidized private

1. Milton Friedman, "The Role of Government in Education," in *Economics and the Public Interest*, Robert A. Solo, ed., (New Brunswick, New Jersey: Rutgers University Press, 1955).

suppliers to sell services that government is giving away free, independent non-church schools have been few and far between. With vouchers, however, new private schools of various kinds can be expected to appear to supply a vast new market.

In a book published twenty-five years after his original proposal, Professor Friedman confidently announces that vouchers are at last on the brink of success. And this because we are willing to make far greater efforts to improve our children's schooling than, say, to eliminate waste and inequity in the distribution of relief. Education touches us more deeply.

Discontent with schooling has been rising. So far as we can see, greater parental choice is the only alternative that is available to reduce that discontent. Vouchers keep being rejected and keep emerging with more and more support.<sup>2</sup>

### The Roadblock of Bureaucracy

But this raises an interesting question: why do vouchers "keep being rejected"? Their failure stems from the fact that public school systems are protected monopolies. And public monopolies are the most entrenched of all since they have the greatest power to block the entry of competition into their field of service. The models which best predict and explain the phenomenon derive from the newly developed economics of bureaucracy and the economics of politics. Using some of these I have, elsewhere,<sup>3</sup> explained the technical reasoning that leads to the following predictions:

- (1) There will be a tendency towards continual expansion of the public educational bureau's monopoly ("bureaucratic imperialism");
- (2) Alliances will emerge between the bureau and the factor supplies (such as labor) it employs;
- (3) The bureau will want to offer a *total* output in exchange for a *total* budget with no alternatives to its own proposals. This gives it the same bargaining power as a monopolist offering an "all or nothing" choice.

The prediction of "bureaucratic imperialism" is easy to

2. Milton and Rose Friedman, *Free to Choose*, (New York; Harcourt, Brace Jovanovich, 1980), p. 175.

3. "The Prospects for Education Vouchers: An Economic Analysis" in *Papers on State Controlled Educational Processes*, ed., Robert B. Everhart, (San Francisco; Pacific Institute, forthcoming 1980).

document. In Canada and the U.S. the increase of school district size has been especially rapid in recent years, and administrators have given this process the appealing name of "consolidation." The decline of the local school board has been conspicuous. Power has been shifting from the local communities to the city, the county, the state, and now, to an increasing extent, to the federal government. The share of local funds in the revenues of U.S. public schools has fallen from 83 percent in 1920 to less than 50 percent today. U.S. state governments currently provide more than 40 percent while the federal government's share has risen from under 2 percent in 1940 to about 8 percent today. Meanwhile the creation of the U.S. Department of Education last year is in line with the same trends.

The second prediction, namely an alliance between factor supplies (such as labor) and the bureau, is also easy to substantiate. The organized teaching profession in general has supported the development of the central monopoly bureau from the beginning. They are now in a tacit alliance to resist the threat to their monopoly that vouchers represent. Virtually every prominent teachers' organization opposed the Packwood/Moynihan proposals for tax credits (a close alternative to vouchers) in 1978.<sup>4</sup>

The third prediction of an "all or nothing" budget, is closely connected with the bureau's control of proposals for educational expenditure. Such control is best achieved after the fullest growth of district size has been accomplished. In the smallest of communities where there are, say, only three families, each has a clear incentive to get its own budget proposal placed on the agenda. The costs of individual citizen participation are here quite low and the outcome will be determined by the middle (median) voter's preferred budget size. As the school district

4. Organizations officially opposed to the 1978 tax credit proposal included: The American Association of Colleges for Teacher Education; American Federation of Teachers, AFL-CIO; The American Association of School Administrators; The American Federation of State, County and Municipal Employees; Council of Chief State School Offices; Council of Great City Schools; The National Association of Elementary School Principals; The National Association of Secondary School Principals; The National Association of State Boards of Education; The National School Boards Association.

grows, the probability of any single individual's being the median voter will be reduced. With a population of three he has a one-in-three chance; but with a population of a hundred thousand he has only a one-in-a-hundred thousand chance.

In these circumstances we can expect voter apathy, low participation rates in voting, and an erosion of the incentives for voters to inform themselves on the different proposals for educational expenditures. It is therefore more likely that proposals will be put on the agenda that compete with that offered by the single-minded "bureau alliance" of administrators, school principals, teachers, and support staff. And where there is no competing budget proposal, the bureau has the greatest power of achieving its maximum demands. In other words, if the only alternative to the monopoly bureau's offered budget is "nothing," the bureau is in the best position to squeeze the highest revenues from the voter-taxpayers. But with vouchers, the alternative to the use of public schools ceases to be "nothing." The power to squeeze the taxpayer is then significantly reduced.

We can therefore predict that the established bureau will be hostile to voucher schemes' ever finding any place on the agenda. The theory also predicts that if there is *unusual* political pressure for them, the bureau will insist that the vouchers be spent only within the public system. Indeed, if a voucher "experiment" means *additional* money for the public budget, it might even be welcomed by the bureau.

William Niskanen has argued that the logical constitutional reform to combat the single monolithic administrator is creative overlapping bureaus.<sup>5</sup> With several bureaus some competition will occur and the hostility to vouchers will then be less. Indeed, it is possible that one bureau, in competition with others, might actually champion vouchers if the result was to direct funds and the new responsibility to itself.

### Voucher Failures in the Past

Let us look at recent voucher experiments in light of this theory. One possibility appeared in New Hampshire, where the Chairman of the State Board of Education, William P. Bittenbender, happened to be an enthusiast. The cooperation of

5. William Niskanen, *Bureaucracy and Representative Government*, (Aldine, 1971).

parents and administrators in this state was obtained and federal funds were available to back up the proposed experiment. Yet, at the last minute, one community after another withdrew support after persuasion by the local superintendent of schools or other prominent member of the educational establishment.

But if the bureaucracy is such an obstacle to vouchers, why did they get as far as they did? It is clear from our previous argument that for them to gain a place on the public agenda they must have some fairly solid constituency in the political world. But recall the argument that the prospects are better where several bureaucracies exist. The voucher systems of the 1970s were in fact sponsored and encouraged by a *new bureaucracy* competing with the established agencies. The former, the Office of Economic Opportunity (OEO), in need of public activities to justify its continued existence and the expansion of its budget, regarded the voucher system as a suitable candidate. In the opinion of David Cohen and Eleanor Farrer, the emphasis on the need for *experiment* gave the voucher scheme in those days a “social scientific” and “trendy” appearance.<sup>6</sup> But what was to transpire was a conflict between two bureaucratic “gladiators.”

Initially OEO appeared to have support from the top since it found interested administrators and school board members in several school districts. But after the latter discovered the full implications of vouchers, and after much federal money had been spent, full cooperation began to lag. The New Hampshire example was a conspicuous case.

Almost desperate for a new volunteer to test vouchers, the OEO at last found a willing subject in the superintendent of the Alum Rock District in California. He was anxious for *decentralization* of schools. The major obstacle was lack of funds since Alum Rock was a poor area. When OEO failed elsewhere, the superintendent “quickly learned that OEO and CSPP needed him more than he needed them.”<sup>7</sup>

6. David K. Cohen and Eleanor Farrer, “Power to the Parents? – The story of Education Vouchers,” *The Public Interest*, Number 48, Summer 1977.

7. *Ibid.*, page 82. The CSPP is the Center for the Study of Public Policy. It worked on the implementation of vouchers with a grant from OEO.

The voucher compromise that emerged had crucial built-in failings. According to the voucher theory, for instance, education “firms” that are successful in meeting family preferences and increasing student achievement in competitive markets immediately enjoy expanded incomes via increased enrollments. The same incentives were initially attempted at Alum Rock but soon became blunted. Teachers whose enrollments dwindled were cushioned by salary support or relocated by the administration. At the same time successful teachers received no direct rewards. And when parents chose some schools more than others, as was inevitable, the bureaucracy placed arbitrary limits upon enrollment.

Recall, too, that if vouchers are to overcome resistance of the establishment, they must be confined to the public sector. The established bureaucracy will thus enjoy extra funds and keep control of a potentially threatening experiment. And the Alum Rock experience was consistent with this prediction. Private schools were excluded from the scheme and vouchers thus kept within the public fold.

While Professor Friedman’s voucher is intended simply to ensure more efficiency and competition, the Alum Rock version was weighed down with other more complex objectives. These included attempts to promote equality, to protect minorities and poor students from discrimination, and to protect consumers from “bad schools.” Detailed and complicated admission policies consequently appeared which reduced the freedom of schools to choose applicants and applicants to choose schools.

Ultimately the voucher attempted at Alum Rock was nearer to that proposed by Christopher Jencks.<sup>8</sup> His plan, significantly enough, was designed to produce yet another bureaucracy: “the education voucher agency” which, besides distributing vouchers, would also provide consumers with information to help them make “informed choices.” Linked with this responsibility was that of monitoring the quality of schools. Again, Alum Rock copied this idea in establishing its Education Voucher Advisory Committee (EVAC).

Professor Friedman has recently stressed the failure of the Alum Rock system to allow parents to supplement vouchers.

8. Christopher Jencks, et al., *Education Vouchers: A Report on Financing Elementary Education by Grants to Parents*, (Cambridge, Massachusetts: Center for The Study of Public Policy, 1970).

What it boiled down to was a “voucher” system of so-called “mini-schools” within the existing public system, each with a different curriculum. For three years, parents were allowed to choose among these constrained alternatives. The major institution involved, the McCollam school, was able to build its own curriculum so as to match the children’s needs. This residual advantage, the delegation of authority to the local school and the limited choice of parents, seems to have had a significant effect. The test scores of the McCollam school went from thirteenth to second place among the schools in its district. If one school in the public sector does conspicuously better than others, however, the bureaucracy is faced with a difficult problem. If it is to make a full market response, it should expand the plant (school) that is popular and contract or shut down the disfavored plant (school). But such procedure would make the bureaucracy unpopular with many of the personnel involved, and, as previously explained, the bureaucracy usually tries to maintain some form of alliance with them.

#### Opposition by Academics

But vouchers have bounced back into public discussion. This testifies to their appeal to the voters and to the inadequacies in the reasoning of the opposition. That opposition has always included the academics. This is not entirely unexpected since they are often indistinguishable from members of the central bureaucracy — especially the professors in university education departments who rely largely on official research grants. The criticism of vouchers by this vocational “intelligentsia” is based on *a priori* speculation that several frightening consequences will follow. A critical review of such arguments is timely.

They argue that the voucher’s reliance on choice and competition will produce retrogression. The main reason is that the rich will be able to flee from the poor and from the minorities. This is purely conjectural. None of the opponents wants a *real* experiment using choice, competition, and private schools in order to generate relevant and testable data.

By the late 1970s, however, taxpayers had received more telling lessons of the educational retrogression and extravagance within the present *public* system. Consider, for example, the 58 percent nominal, and 11 percent real, increase in the costs per pupil between 1972 and 1977 alone. Over this same period U.S. public school staff increased 8 percent. Yet the number of

students decreased by 4 percent. And the signs are that educational *quality* declined even more. SAT scores for mathematical ability fell steadily over this period. Measured verbal skills also dropped and at a greater rate.

Ultimately, too, the inefficiency of the bureaucracy could recoil against it. There are signs that bureaucrats can exaggerate their self-interested and financial targets and promote backlash among voters. Thus the demand for fundamental education reform spearheaded by Proposition 13.

Consider, moreover, a typical contention:

But, what makes the voucher approach unique is that parents will be able to send their children to schools that will reinforce in the most restrictive fashion the political, ideological, and religious views of the family. That is, school will be treated as a strict extension of the home, with very little opportunity for students to experience the diversity of backgrounds and viewpoints that contributes to the democratic process.<sup>9</sup>

The emphasis of this passage is on the need to protect democracy. Yet it is at odds with the whole implication of the quotation, which is that parents cannot be trusted to make decisions because their tastes have been conditioned by suspect forces. Individuals, it seems, should be protected from themselves, especially when they make decisions with long-run consequences. It is bad enough when an individual family makes decisions concerning long-term durables such as housing, cars, and occupational choice. But when it comes to education, the consequences are so grave as to warrant some special interference.

But if individuals can make serious mistakes when expressing their own preferences directly about education, they will presumably make even worse mistakes when selecting their political representatives who will subsequently control public education. Herein lies the basic contradiction in Dr. Levin's argument. His reasoning, while purporting to pay respect to democracy, strikes at its very basis, which is a citizenry that is informed, responsible, and self-reliant.

It is a paradox, too, that in the same quotation Dr. Levin

9. Henry M. Levin, "Educational Vouchers and Social Policy," Program Report Number 79-B12, (Stanford University, School of Education; Institute on Educational Finance and Governance, October 1979), p. 17.



asserts that individual choice will discourage confrontation with a diversity of experience and viewpoints. For a long time it has been believed that it is free public schooling that does this. As John Stuart Mill expressed in his essay *On Liberty*:

A general state education is a mere contrivance for moulding people to be exactly like one another: and as the mould in which it casts them is that which pleases the predominant power in the government, whether this be a monarch, a priesthood, an aristocracy, or the majority of the existing generation; in proportion as it is efficient and successful, it establishes a despotism over the mind, leading by natural tendency to one over the body.

Dr. Levin's reasoning against choice tells us more about his supporters than it does about the voucher system. He is alarmed that individuals might make choices of which the voucher's opponents do not personally approve. Dr. Levin is concerned, for instance, that with freedom of choice, Black Panther schools would provide an education critical of the whites, Roman Catholic schools would fail to offer sex education, and other private schools would not expose students to a debate on the virtues of medicare and public assistance.

### The Coons/Sugarman Voucher Proposal

Nevertheless, authors such as Professors John Coons and Stephen Sugarman of Berkeley, who support vouchers on the grounds that they promote "family choice," should pause to consider the potential contradictions in their own latest proposals. These proposals contain compromises to mollify the political opposition. The Coons and Sugarman scheme includes a complex battery of special provisions to protect individual social planners from losing various responsibilities. In some respects it enhances the bureaucrats' province. Thus there are special restrictions to prevent desegregation. Schools that become crowded will "resolve the congestion" by means of lotteries organized by a public agency. Betraying their lack of *real* confidence in competition, Professors Coons and Sugarman give the *legislature* responsibility for encouraging "diversity and experimentation in content, style and environment of education." Finally, and again echoing Professor Jencks's plan, the legislature is also to provide "a thorough system of information concerning public and private scholarship schools." The poten-

tial for the further growth of the bureaucracy through these provisions is obvious.

But the most conspicuous restriction is that against add-ons to the voucher. Its purpose is to stop people from choosing “too exclusive” an education. Yet the proposals are described as a scheme for family choice, and the dictionary definition of “to choose” means to take by preference out of *all* alternatives that are available. Choice cannot be substantially constrained, coerced, or predetermined, and remain choice. But constrain it the Coons/Sugarman plan certainly will.

In their recent book they express their objection to Professor Friedman’s add-ons as follows:

Families unable to add extra dollars would patronize those schools that charged no tuition above the voucher, while the wealthier would be free to distribute themselves among the more expensive schools. What is today merely a personal choice of the wealthy, secured entirely with private funds, will become an invidious privilege assisted by government . . . this offends a fundamental value commitment — that any choice plan must secure equal family opportunity to attend any participating school.<sup>10</sup>

Yet consider more closely this fear that schools for the poor will proliferate under an unrestricted voucher system. In one sense the debate is between people with two sets of values: those who hold the reduction of inequality to be the primary social objective, and those who put liberty first. Those opposed to add-ons are egalitarians, while Professor Friedman’s supporters are libertarians (although, as we shall show, he himself argues that equality is in this case complementary with liberty). In their anxiety to meet this imagined conflict of values, Professors Coons and Sugarman have proposed a complex set of rules aimed to prevent the further aggravation of inequality. Similarly, their special rules aim to protect “social integration,” which they believe is better pursued under government rather than private leadership.

The major deficiency in their argument is the lack of any systematic appeal to the evidence. It is true that in one sense

10. John E. Coons and Stephen D. Sugarman, *Education by Choice: The Case for Family Control*, (Berkeley; University of California Press, 1978), p. 191.

this is impossible, because no voucher system exists. Evidence is available, however, on existing independent and public schools. Many opponents of vouchers or unrestricted vouchers tend too hastily to compare their vision of an imperfectly operating voucher and independent school system with some *ideal* vision of a public school system instead of the flawed system.

Consider, for instance, the question of segregation by income and race. The question is whether wealthier children in independent schools are more racially isolated than wealthier children in public schools. In the suburban areas of New York there is, on average, not more than 2 percent minority enrollment in public schools and the proportion of low-income children attending is also tiny. But forty-four private schools in New York City that are members of the National Association of Independent Schools were found, in a recent survey, to have *a minority enrollment of twice the national average*. And in half of the Western states, there are more members of minority groups in private schools than in public schools.<sup>11</sup> Such evidence at least undermines the view that liberty will have the dire consequences the academics and social planners predict.

The argument that a voucher system will lead to a separation of rich from poor families assumes that independent schools are exclusive havens of the rich. This is wrong. All income groups use private schools. The family incomes of private school students, moreover, are remarkably similar to the income distribution for the entire American population.<sup>12</sup>

A strong argument can be made, indeed, that the tendency to a separation between rich and poor families is encouraged more by the present *public* system. Seventy-nine percent of the wealthiest families in the U.S. enroll their children in public schools, thereby benefiting from public subsidies covering 100 percent of the costs.<sup>13</sup> And their subsidies are typically larger

11. National Center for Education Statistics, *Statistics of Nonpublic Elementary and Secondary Schools 1970-71*, p. 16. See also NCES *Condition of Education 1977*, p. 76.

12. U.S. Bureau of the Census, *Statistical Abstract of the U.S.*: Washington, D.C., 1975. And U.S. Bureau of The Census: *Current Population Report*, October 1974, "Social and Economic Characteristics of Students."

13. National Center for Educational Statistics, *Condition of Education*, 1977.

than those received by poor families. In 1977 for instance, in one New York metropolitan area the highest spending public school district spent \$8,600 per child compared with the \$3,115 per pupil spent in the New York City public schools.

As Dr. Thomas Vitullo-Martin has recently observed, the property taxes that all public school parents have to pay to support such expensive public schools are tax-deductible. One interpretation of this means that the federal government pays, in effect, one half or more of the tuition bill for these “free and public” schools.<sup>14</sup> Another irony is that the high cost of suburban public schools restricts their intake to the local population of high income families via strict zoning laws. Clearly those who emphasize equality should prefer an equal-valued voucher scheme (with or without add-ons) to the present public school system. To defend the latter as an instrument for equity is to defend a vision of public schools that simply does not exist.

It is from such empirical reasoning that Professor Friedman concludes that his scheme does *not* involve a trade-off between equality and liberty; both goals can be pursued simultaneously. He attempts to render this view plausible by asking whether there is any category of goods and services, the availability of which differs more widely among economic groups than the quality of schooling.

Are the supermarkets available to different economic groups anything like so divergent in quality as the schools? Vouchers would improve the quality of schooling available to the rich hardly at all; to the middle class, moderately; to the lower-income class, enormously. Surely the benefit to the poor more than compensates for the fact that some rich or middle income parents would avoid paying twice for schooling their children.<sup>15</sup>

The Friedmans protest that the Coons/Sugarman argument against add-ons is an “example of the tendency of intellectuals to denigrate parents who are poor.” We have no reason to believe, they insist, that add-ons would not be as numerous among the

14. Dr. Thomas Vitullo-Martin, Testimony at the Hearings of the Senate Finance Committee on Tuition Tax Credit Bill S. 2142, January 8, 1978.

15. Friedman and Friedman, *op. cit.*, p. 169.

poor as among others, even though they would be in smaller amounts.

### Vouchers to Cut Taxpayer Burdens

Despite the failure of the public schools in achieving their stated goals, the final injury is the fact that *the average per pupil cost in the system is about twice that in the private sector*. This is a high price to pay for a service that fails in its objectives. In the school year 1977-78, for example, the average current expenditure per pupil in private schools was \$819, while in public schools it was \$1,736 — or more than double the private school figure. All kinds of arguments have been advanced to explain such cost differences. But even in total, the arguments do not convincingly explain the full disparity.<sup>16</sup>

If the private system were to disappear, as many voucher opponents seem to desire, the last remaining checks to the monopoly powers of the public system would vanish and the costs of public education would rise still further. But it is surely the expensiveness of the public system that has kindled the voters' interest in vouchers. Since they are seeking economies, the cost-cutting potential of a *properly designed* voucher system could find fertile soil.

The finding that public schools cost twice as much as private schools will not surprise economists. Recent empirical research demonstrates that public firms *typically* produce output at much higher costs. On the subject of private contracting versus the public supply of fire services, for instance, one economist has found that the private firm produced the same effective service for one-half of the cost. Another has estimated that there is a 40 percent saving in private over public arrangements for garbage collection. A further econometric study has found that the private regulated firm in Australian domestic air services enjoys higher productivity for its inputs than does the government airline, though by law their routes and travel time are equal and equipment identical. In ship repair, weather fore-

16. For a critical review of these arguments see E. G. West, "Education Tax Credits: The Potential Gain for Taxpayers," presented at the A.E.R.A. Meetings, Boston, April 7, 1980. The figures for school expenditures quoted here are taken from the National Center for Education Statistics Bulletin, Department of Health, Education and Welfare — Education Division, October 23, 1979.

casting services, and debt collection, new research findings to be published this year (based on U.S. General Accounting Office material) calculate that costs are at least double or triple in the public as opposed to the private sector.<sup>17</sup>

Viewed in this perspective, the findings that public school costs are twice those in private schools are not particularly surprising. But there is an interesting implication concerning the "correct" financial value of the voucher. A system that is designed to encourage more competition *should employ vouchers that reflect the cost of the most efficient service*. On the available figures, therefore, a voucher worth about only one-half of the present average expenditure on public schools would be appropriate. The Coons/Sugarman plan suffers from an additional shortcoming in this respect. The value of their voucher is fixed at 95 percent of the cost in public schools. Clearly this is far too high and may even generate further losses to taxpayers.<sup>18</sup> On the other hand, we can predict that a voucher equal to about one-half of the cost of public schooling would cause significant marginal switches from the public to the private sector, affording considerable gains to taxpayers. So designed, it would be best able to capture the increasing support of taxpayers.

The Coons/Sugarman proposal, which failed to get on the California ballot for 1980, could well be reformed in light of the disadvantages just discussed. Opinion polls have shown that had the Coons/Sugarman scheme qualified for the ballot this year there would have been a close vote. Even so, there is still a strong possibility that it was the complexity and high financial value of the Coons/Sugarman voucher proposal that were its chief drawbacks.

Considering that public education in the U.S. now receives so much of its funds from state revenue sources, the system will certainly be likely to face considerable pressure from the top if future Proposition 13s are successful. One retaliation that public schools are increasingly resorting to, especially in California,

17. Full references to the studies mentioned in this paragraph are contained in T. E. Borchering, "Towards a Positive Theory of Public Sector Supply Arrangements" (Vancouver, Canada: Simon Fraser University, Department of Economics and Commerce), Discussion Paper 79-15.

18. E. G. West, *op. cit.*

is the imposition of direct fees on parents for sports, laboratory use, field trips, and other activities. Any severe reduction in future state tax revenue will surely put further pressure to raise fees still higher. The interesting point is that insofar as user fees do come back into public education, this itself will bring competition back to the whole field of schooling.

It is a nice point of debate, indeed, whether it will be better to wait for this development to achieve the same objectives that the voucher advocates espouse. The advantage of relying on the return of tuition fees is that there will be a lower administrative cost. Another advantage is that there are no constitutional obstacles. When people pay their own money directly from their own pockets, there can be no issue of "state aid," and thus no possible violation of the First Amendment. But the voucher system, even if it eventually succeeds, will ultimately have to face a Supreme Court ruling as to its constitutionality. Hitherto the Court has generally ruled against state assistance to parents who send their children to parochial schools. It is true, admittedly, that so far it has not had to rule on a comprehensive voucher plan that covers both public and nonpublic schools. Nevertheless, the uncertainty remains.

We have shown that in the U.S. the greatest obstacle to the return of competition and choice to education is the established educational bureaucracy. But in parts of this country ordinary citizens are privileged with avenues of political retaliation not available in other parts of the world. Those avenues include the constitutional initiative. And it is this rather than any other weapon that is most likely to pioneer significant educational changes. California, often the bellweather of national trends, is clearly the state to watch.