Proposals by economists, educationalists and parent-groups for the introduction of a voucher scheme to help free the British education market of its century-old domination by the state have encountered objections from the education establishment, chiefly teacher union representatives and officials from the Department of Education and Science (DES) about the practicability of such a scheme. I shall review here the most important of these objections, developing the argument in my earlier article\textsuperscript{1} which examined more directly the relative ease with which a voucher scheme could be grafted onto existing legislation.

One objection to the scheme was that it entailed what the DES calls a 'deadweight' cost in supplying the voucher to those 5% of parents who send their children (now or in the future) to independent schools entirely at their own expense. Further, extra costs would be incurred, it was argued, since the marginal saving in the state sector would be outweighed by the cost of providing vouchers to be used in private schools. This objection can be swiftly refuted. First, suppose that after instituting a voucher system whereby vouchers are issued to parents who can 'spend' them in the independent schools of their choice, only a few pupil migrations from state to independent schools result from it, and no deadweight the benefits are enjoyed primarily by the present incumbent independent school population. How valid is it for the DES to describe this as a 'deadweight' addition to total costs? The answer is that it is not.
One of the principal attractions of a voucher scheme is that it provides parental choice in all schools, whether state or independent. At present the typical parent with a child at an independent school has to 'pay twice' for the education. He foregoes the offer of a free state schooling (for which he pays taxes). By foregoing an available benefit, he confronts what the economist calls an 'opportunity cost'. Thus costs are experienced by one set of the community, the users of independent schools, and are escaped by another. By removing this cost, the voucher system would attain the objective of 'providing parity of parental choice'. Since there is benefit (attainment of purpose number one) as well as a cost, it is incorrect to describe the result as simply a cost that is 'deadweight'.

But what if large numbers of pupils move from state to independent schools after the implementation of a voucher scheme?

In practice, the average independent school costs less than the average state schooling. Suppose the independent schools cost about £1,000 per head (which is probably close to the current average cost in Britain\(^1\)), and the state schools, as in Britain today, cost towards £2,000 per head, and that the value of the voucher was based on the costs of the independent schools, i.e., £1,000. If marginal costs were equal to average costs (and the two will be very similar in the long run, for reasons I explain in my earlier article), the government would save £2,000 from each migrating student. The voucher system would therefore present the government with a net gain of £1,000 per migrating pupil. And the more the migration, the bigger the savings.


This conclusion is separate from the argument that for a given 'quality unit' of educational output the costs are lower where choice (and therefore competition) is higher, which is confirmed by figures freely available in government publications. The net gain of £1000 per migratory pupil will accrue even if completion does not reduce costs. But independent schools which experience competition from other independent schools, as well as from state schools, can be expected to have lower costs per unit of output than state schools. The further logical implication is that if the whole state school population transferred to an independent system the total costs of education would fall for two reasons—savings from migration, and competition—and the tax payer and government would both gain.

But if we accept the logic of the argument of lower costs in independent schools, the more realistic question concerns the likely degree of switching between state and private schools that we can expect in the real world. In the above example the price of access to an independent school would fall by 100% and the relative expansion of the private school population would have to be 100% to enable the government to conduct the total enterprise at no additional cost. In the economist's terms, this is an elasticity of demand of unity. Research using current US data has recently estimated\(^3\) the American price elasticity of demand for private schooling to be 0.7. It is interesting, too, to compare such figures with those obtained through a nationwide poll conducted also in the USA.\(^4\) Twenty three per cent of parents with children in public (i.e., state) schools said they would probably switch to private schools if Congress approved tuition tax credits of $250 to $500 a year. Such tax credits (roughly equivalent to vouchers)

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\(^4\) Although the results were published in *Newsweek* on 20 April 1981, parental preferences are unlikely to have changed very much since then.
would amount to a fall in the price of private schooling on average by about 20%. The elasticity of demand for private education on these kinds of figures is substantially above 1.0 if the price fell to half of state posts, the demand would more than double.

In the long run, similarly, the private system could easily expand to cater for new enrolments. Schooling is not a particularly large-scale business, and entry is relatively free. Premises can often be rented quickly and, in some cases, redundant state school buildings could be leased. Mobile classrooms, of course, can be employed in the short run. Fears that the supply of education would not expand fast enough to meet the newly-liberated demand probably date from recent experience of antipathetic policy. Where the government attitude is more encouraging, as it has been in Britain since the 1980 Education Act, one can expect much more willingness and ability to set up new schools. In the USA, where the political environment has been less hostile than in the UK, the number of students in private schools had more than doubled from just over half a million to nearly 1.5 million between 1965 and 1975. (And this increase does not take into account the Catholic parochial school system.)

Consider the effects of a voucher upon state schools that are financed in this way. One of the obstacles now in the way of maintaining spare capacity in schooling of the quality parents are likely to demand is the regulations which place an upper limit on the number of children who may be accommodated at popular state schools. But this is not a 'natural' economic barrier. It is politically created. Accordingly, a voucher system within the state sector would best be accompanied by a revision of the regulations on school age.
The case for revisions of the regulations is strongly supported by the findings of Professor Michael Rutter.\(^5\) If a popular school is attractive because of a higher student achievement, parents should be allowed wide limits to enter their children into it and be free of much of the present regulatory barriers.

The use of mobile classrooms to extend the schools requires formal permission beforehand under the Education Act where this would amount to a ‘significant enlargement’ of the school. It would appear that the best course of action here is simply to go ahead and request the necessary formal action! The straightforward reply to apprehension about the possibility of substantial additions to transport costs when parents are allowed more freedom of choice is to offer a flat-rate allowance for transport and incorporate it in the voucher. Alternatively, a fixed-rate transport voucher could accompany the education voucher. Any excess of transport costs would then have to be borne by the parent.

Many of the professional and bureaucratic voices raised against the voucher have been concerned with potential administrative and financial difficulties in incorporating a voucher system exclusively within the present state system. If these obstacles still loom large, even after the arguments here and elsewhere (especially in The Riddle of the Voucher) have been considered, such consideration should not be to the detriment of a voucher system confined to the independent sector (such as, for instance, an extended version of the Assisted Places Scheme, as I argued in my 1982 article).

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On average the size of schools in the private sector is smaller than in the state sector, so the inhibitions that have inspired the official regulations in state schools would not be so relevant. Again, questions of costs can be more easily accommodated because vouchers can be offered that are much smaller in value than the present average cost of educating students in state schools.

The assertion that many parents who are disappointed with their original choice of school within the state system are subsequently happy with their second choice is invalid since it implies only a constrained satisfaction. If choice is allowed between all the alternatives, the independent schools included, this wider option would provide a more comprehensive and more meaningful measure of ‘satisfaction’. The voucher system provides the extra alternatives.

What of the objection that, because of the 'practical limitations' (i.e., mainly administrative obstacles), large numbers of parents would be unable to secure a place at their chosen school? This rigidity would mean that their children would have to be educated in less popular schools. Can the proponents of choice in education justify a position where the voucher did less to satisfy some parents than others? But the same question of frustrated choice applies to the present state system. A voucher system is, at least, unlikely to aggravate the situation. The objection then becomes not that choice would not be increased but that the increase would be limited. The result would therefore be at least some marginal improvement on the present state system which, because of the recognition that some schools are more 'popular' than the average, satisfies some parents much less than others.
I dealt in my 1983 article with the, apprehension about the consequences for professional morale in the transition to a more efficient (competitive) system. Briefly, insofar as a competitive system allows the more creative and active teacher to receive more recognition, his or her professional morale would increase. The resulting improvement in motivation would lead to rising standards.

Average costs of education within the state system vary considerably between and within districts. A uniform voucher may therefore upset an administrative system carefully designed to meet the special requirements of different localities. But this does not constitute an adverse verdict on vouchers. The Friedman proposal, for instance, meets the situation by straightforwardly requesting that the value of the voucher should simply reflect the current average costs in the child's locality.

Variation in educational expenditure within and across districts is a subject of the present system. Some localities, for instance, enjoy more political pressure than others. Some middle-class areas within the state system, for instance, may be successful in obtaining public finance for the education of their children that is well above average. In this case a uniform voucher might restore some justice in the system.

Even if there is undue concern about these objections, they do not apply to a voucher scheme that is applicable exclusively to the independent sector. And this is the kind of system that exists *in effect under the 1980 Education Act. Some further development of it would not lead to the complications suggested in the two previous paragraphs.

Would a voucher system be compatible with the management by the individual local education authority of the education service in its area? The LEAs are responsible mainly for state schools. Their * jurisdiction over independent schools is more remote. The question of the incompatibility of
a national voucher with the discretion of local government will hardly be relevant to a voucher system that concentrates, initially at least, upon generating wider access to independent schools for parents who wish to take advantage of the option. Put in the long run a national voucher would not be compatible with the degree of discretion now enjoyed by LEA managers. Indeed, this follows from the whole purpose of the scheme: to transfer more powers of discretion (choice) to parents.

The question of finance of students over the school-leaving age is not immediately relevant. Most voucher plans concentrate on encouraging wider choice for children up to the school-leaving age individuals enjoying post-secondary education are a sub-group in society. The usual voucher advocate shapes his proposal to include and to benefit the vast majority of families. The fear that independent schools may not have the capacity to take on students transferring with vouchers from state schools, must also affect the Conservative Government’s own Assisted Places Scheme. If the DES replies that this arrangement is in a different category because it is intended to affect only a small number of students, the implication is that this policy is only a token measure and cannot then be really expected to achieve 'the extension of parental choice' with which the Secretary of State connects it.

Finally, many of the objections raise aroused considerable interest and very little hostility among them, it was hard to see how the body of parents could be persuaded to become active proponents of the idea. Indeed, one of the prime reasons for advocating the voucher was precisely because parental influence is hard to exercise through representatives and in aggregate.
By contrast, the teachers’ organisations (by which is really meant their leadership) were deeply hostile. This opposition may reflect the fact that the most active in trade unions tend by nature to be collectivist, and on ‘the left’. But it reflects also a deep-seated prejudice among teachers against commercialism to which the leadership of the National Union of Teachers could appeal. The idea of education as a market is anathema to most teachers, and not least perhaps to natural Conservatives, who believe in the preservation of traditional values. In this respect, the deep hostility of the professional press, such as The Times Educational Supplement, which caricatured the ideas underlying the voucher, did not help at all.

But in the end we must return to Whitehall. I am certain that, given a sufficiently strong lead from the Department of Education and Science (DES), and the right brand of argument, most of these difficulties could have been overcome. To take one obvious example, there were and are many teachers who want to see educational expenditure made the responsibility of central government. Warned that this change could mean central control of the curriculum, many could have been educated to see that channelling the finance through parents would have been a bastion for their own professional independence.

So why, when the Secretary of State was avowedly attracted intellectually by the voucher, was no lead forthcoming from the DES? First, a Minister has to deal with many issues, and he can probably pursue only two or three of his own priorities in the course of a relatively short term of office. If the departmental civil servants dislike what is being proposed, they can quite properly raise all kinds of difficulties and objections. That will not prevent a decisive Minister from going ahead, but he must know when to call a halt to the argument and how to say to his civil servants: ‘This is how we are going to proceed. Now go away and prepare me a scheme on these lines’. The power of the departmental civil servants, if they are opposed to an idea or (just as dangerous) simply highly sceptical about
it, lies first in their propinquity, and secondly in their ability to return again and again to the attack so long as they are permitted to do so.

Some of the practical objections they raise may well be perfectly genuine, although there is a temperamental tendency among them to hunt snags rather than solve problems, which may become pathological in policies with which they have no sympathy. While the DES is no longer averse to giving a strong lead to the world of education, it undoubtedly shares in the consensual values of the relatively narrow world of the producers of education. There is no means by which the DES can reflect the view of the consumer, and, as it is also bound to point out, no way in which the consumer world can outweigh the professionals making trouble.

The style of the Secretary of State is therefore crucial. If he chooses to preside over the debate and act as judge rather than protagonist, he facilitates effective opposition from the civil service. Official secrecy is their ally. Outsiders remain ignorant of what is going on. It is a valid criticism of those of us in Kent who wanted to try a voucher scheme that we could have done more to provide counter-arguments to the civil servants and possible solutions to the problems they raised. In relative ignorance of the course of the debate within the Ministry, however, outsiders must remain uncertain of how best to intervene, and more important, when to do so and on what issues. Within the Ministry it may be that a political adviser or even a junior Minister will move into the role of protagonist for an idea; but, when compared to the civil servants, he will be badly serviced to do so, and in a relatively weak position to look for outside briefing.

My own guess is that the objections made by the civil service (with one exception) probably cut little ice. But if they did, it will have been because they focused attention on an unattainable ideal of the voucher rather than a practicable surrogate. Most of their arguments could have been destroyed in
detail. But they were right to highlight the problem facing the independent sector in financing extensions to their schools; and in all probability in doing so they highlighted one of the most persuasive objections to the scheme—the absence of any political consensus to give the requisite stability to a scheme which necessarily would take time and cash to come to fruition. The absence of any real support in the educational world was a potent backup to such a consideration and in the face of potential union hostility even those Local Education Authorities (LEAs) that wanted to act would not wish to be alone in so doing.

Perhaps in these circumstances the notion of an experimental approach, the results of which would necessarily take time to come through, was bound to seem unattractive. In retrospect, the advocates of the voucher might well have done better to dwell less on the virtues of individual choice and more on the idea of the voucher as an alternative means of financing schools and of making them more responsive to parents as potential consumers. That would have pointed to a national solution, not a series of experiments. In itself a national solution always raises doubts, but in this context, given the furore over the future of local government finance, it could have had a better chance than the advocacy of experiments. There was no way in which this possibility could have been foreseen, but a more decisive and less thoughtful Secretary of State might have given the issue a push in that direction. It is perhaps the weakness as well as strength of the present Secretary of State that he tends to enjoy discussion and argument rather than decision. In the context of the voucher, will was required rather than intellect in opposing the implementation of a voucher scheme concern matters of conjecture on such items as costs and the degrees of transfer or enrolment changes. Ultimately, this kind of discussion becomes frustratingly hypothetical. Indeed, it has
been the type of discussion that has been conducted now for well over 20 years. A government that is genuinely concerned about extending parental choice and increasing the flexibility of the educational system would, these days, want to demonstrate its concern by conducting real experiments on a scale which alone can generate the required information.