



## Economic viewpoints

# IS THERE AN ALTERNATIVE TO SCHOOL VOUCHERS?

Douglas Carswell

*This article demonstrates that the arguments for education vouchers have not achieved political acceptance and that, in any case, there is a better way to liberate education.*

### Introduction

It is 62 years since Milton Friedman's seminal article on 'The Role of Government in Education' proposed school vouchers. Friedman's idea seemed at the time to be a brilliant solution to what has turned out to be a remarkably persistent problem; if education is not purely a private good, but also has certain public good characteristics, how might one minimise the role of government and maximise the freedom of the individual?

### Friedman's brilliant idea

Friedman recognised that government has a role financing education, and ensuring basic levels of what he termed 'general education for citizenship'.<sup>1</sup> Friedman's great insight, however, was that just because government ought to finance education and ensure a basic standard in schools, government need not administer education or own schools. His solution was a voucher scheme.

Six decades on, the role of government in education in Britain (and indeed in Friedman's native America) has grown. Comprehensive education has imposed uniformity – and a mediocrity – across the state-funded education system. The reins of big government have tightened with a national curriculum, the *de facto* nationalisation of exam boards, and funding initiatives that dictate not simply what a school must do, but how it must do it. Most recently, a 'sustainable schools' agenda now dictates the very shape of the school buildings and classrooms themselves.

Centralisation and government intrusion has removed parental choice for all but the richest. Overwhelmingly parents have no meaningful choices. A steady centralisation process has created what is in the literal sense a 'postcode lottery'; the kind of education a child receives depends where they happen to live and on chance, rather than choice or design. Some desperate parents play the 'postcode lottery' by moving house to a different

catchment area, but for most the reality is that they must put up with what the state has to offer.

Many free-market political economists, including writers and readers of IEA publications, will be only too familiar with this gloomy scenario. Many too, might view school vouchers as the answer. However appealing this is as an idea, the trouble is that vouchers remain precisely that – just an idea. Broadly free-market-orientated governments have held office in Britain for just over half of the 62 years since Friedman first floated the idea of vouchers. Not once in all that time did any administration seriously attempt to implement a school voucher programme. Why?

Is it simply a failure of political will? There could be some truth in such an explanation. Intellectual failure by politicians could account for why Friedman's ideas have never been implemented in Britain. There have certainly been intellectual failures on the part of successive Conservative governments, which have opted for ever more big-government intervention and less parental and local autonomy.

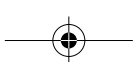
Yet perhaps politicians have remained unconvinced of the case for school vouchers because there is something in the argument that is unconvincing.

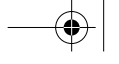
Even Margaret Thatcher's government, which proved so receptive to so many other ideas of Friedman, proved curiously unmoved by the case for school vouchers. Judged by what he did in office, as opposed to what he said afterwards, even Keith Joseph, though much influenced by Friedman's thinking, was only ever half-hearted about school vouchers when he was education minister.

Can it really be that the Thatcherites just never got around to introducing vouchers, or was there something about the idea in practice that made Joseph and others hesitate?

### Why vouchers are wrong

School vouchers were intended by Friedman as a means of enabling the state to fund education, without having to administer it. As he put it,





'it is . . . difficult to justify . . . the actual administration of educational institutions by the government'.<sup>2</sup> Vouchers were the means of limiting the role of the state.

The trouble, however, is that Friedman's solution – vouchers – does, of itself, necessitate a degree of big government. Vouchers would entitle parents to varying amounts of state funding, depending on the age of the child, the area in which the child lived and, possibly, other such variables. Indeed, under some other proposals, it would need a highly complex formula to determine the value of each voucher. As even Friedman accepted, 'many detailed administrative problems would arise in . . . administering the proposed system'. Far from being a generalised argument for inertia and the status quo, such administrative problems would be very real barriers to such a scheme.

Imagine if every child in England and Wales were to receive a school voucher. As envisaged by Friedman, any such scheme would necessarily be overseen by central government. Today, that would mean a big government IT project and almost certainly a new government body or department to run it. Such a new quango would be an extension of the role of government and it would create at the outset the mechanisms for central control. Instead of channelling education budgets through local education authorities (as still happens, if only just), a voucher scheme would mean direct funding from central government to the parent.

Centralising control of local government education budgets in order to put control of the funds into the hands of parents is still centralisation.<sup>3</sup> Remembering how grant-maintained schools funding came directly from Whitehall, not the town hall, it is easy to envisage how a government might either begin to attach conditions to the voucher, or to do away with it altogether as political fashion dictates. In particular, every school that would be allowed to receive the voucher is likely to become a heavily regulated institution – and there would be no constraints on the ability of governments to regulate schools once the body administering vouchers had been set up. One only has to examine the regulation of state nurseries to see the problems that would be created. The curriculum, extent of sports facilities, pupil:teacher ratios, examination boards and so on could, and inevitably would, be controlled by government.

The alternative, making the government body overseeing the voucher system totally independent from democratic accountability, is not feasible either. Quite aside from the undemocratic nature of such an arrangement, an unaccountable quango is unlikely to act with objective detachment. Educational quangos that lack effective accountability have shown themselves either to be ineffective (think of the Qualifications and Standards Authority) or

dogmatically socialist (think of special needs education and the policy of inclusion). We already know that unaccountable quangos make decisions on how to fund local National Health Services on the basis of removing health inequalities. It is not impossible to imagine a quango overseeing the schools voucher programme inventing similar criteria in order to decide education priorities for itself too.

School vouchers, as advocated by Friedman, are not the easy answer that many have supposed them to be. With vouchers the state might not administer schools in the way it does today, but in fact even more directly. The state would administer the voucher scheme – and in doing so be even more intrusive. Practical concerns about how vouchers might actually work, and the implications for extending – not diminishing – the role of the state, help explain why Friedman's idea has made such little progress since the mid-1950s.

### What is the alternative?

How might Friedman's idea of school vouchers be modified in a way that makes their implementation practical?

Vouchers are little more than a vehicle of entitlement. A voucher enables the state to fund education to a certain standard, yet to step aside from administering schools. Instead of planning and implementing a complex voucher scheme to enable parents to make choices and schools to run themselves, it might be wiser for central government to simply create the entitlement, but to avoid prescribing how the mechanics of entitlement might operate.

Rather than seek a universal school voucher scheme, government should simply pass a law giving every parent a legal right to request and receive control over their child's share of local education funding. The precise mechanism by which that control was exercised within each local authority area, and what 'their child's share' constituted need not be defined by Whitehall. Once a legal right had been enshrined, it could be left to parents, using the courts and judicial fiat to do the rest, to determine how a local authority met that legal obligation.

### Special needs education

Such a system could first be introduced to help children with special needs – often the most vulnerable in the system, and those most let down by the status quo.

The extent to which parents of children with special needs have no choice has been highlighted by the controversy over the closure of special schools. While many parents of children with special needs prefer their child to attend a special school,



ideologically motivated educationalists have favoured 'inclusion' – a policy of aggressively integrating those with special needs into mainstream schools at almost any cost to the well-being of the child.

A relatively simple change could ensure that children with special needs had a form of legal entitlement. The statementing process – through which the needs of the child are assessed – could be modified. Instead of merely stating what level of additional help and support a child with special needs was entitled to, as at present, the statementing process could be changed to include a level of financial entitlement to which the child's parent could lay claim.

This would not simply resolve the present debate as to the merits or otherwise of including special needs children in mainstream schools, but it would also open the way towards a general system of entitlement, without vouchers.

Introducing this system of entitlement to children with special needs first would not only demonstrate that an entitlement-based system – rather than prescriptive vouchers – benefited the most vulnerable, but it would require relatively straightforward changes in the law.

### Decentralisation from the centre does not work

The debate over school vouchers is interesting in terms of education, but should also inform the wider debate about how to limit the role of government. Universal school vouchers cannot be successfully introduced as a small government measure because the voucher scheme would itself create the mechanisms for yet more centralism. It is not possible to decentralise from the centre. Decentralisation is best achieved by forcing the machinery of Whitehall to let go, not to extend Whitehall's remit in order to supposedly oversee devolution of power and responsibility.

When considering alternatives to the Friedman model of school vouchers, it is worth momentarily reflecting on how the Conservatives actually went about introducing their most successful ever Friedmanite policy of all time – giving people the right to buy their council homes.

The right to buy was precisely that – a form of entitlement, not a mechanism for giving occupiers ownership. The government established a right to buy and only intervened to force obstructive local authorities to remove any obstacles they put in the way of would-be owner-occupiers.

Giving people a right to request and receive control over their child's education funds would be similarly hands-off. The detailed mechanics for delivering on it can and should vary from one local

authority to another. A new legal entitlement, enforceable in the courts, coupled with free people acting in their own interests, would do the rest. It is essential that the legislation, rather than laying out detailed regulations that would be necessary in a voucher scheme, lays the duty upon the court to make judgments about the law. The government's interest in education is to ensure that a certain basic amount of education is obtained for children by their parents. It is not for regulators to lay down the precise mechanism by which children should be educated. If a local authority does not believe that funds received by parents are being used for the purposes of education, as laid down in primary legislation, it should be for a court to decide this matter – just as a court decides whether a car sold to a customer is fit for purpose in the event of a dispute. Before the regulatory age, this is how such matters were decided, across a whole range of applications in the UK. It was an approach compatible with our common-law system and it was enormously successful.

Parents have a right to decide how their children should be educated. We should simply establish this right and the institutional mechanisms necessary for its delivery in law. Nothing more is needed or we risk wrapping up an ostensibly liberated system of education in suffocating regulation.

1. Post the July 2005 terrorist attacks in London and fears about Islamic cultural separatism, there are few today who would dispute Friedman's view that the state should have a role in promoting citizenship. There is, however, a fierce debate to be had as to what constitutes citizenship and how it might be inculcated. A narrow view would be simply ensuring that people have the ability to read, write and articulate so that they can participate in democracy.
2. Friedman (1955, p. 126).
3. It is not inconceivable that policy-makers might advocate centralising control over local education authority funds as a solution to the 'balance of funding' problems faced by local government. In making the case for doing so, it is possible to argue that local education authorities are ineffective and that the central direction of funding could achieve efficiencies. Notwithstanding this consideration, such a proposal should be opposed. Firstly, the balance of funding problem is best solved by devolving fund-raising powers from central government to local government, not by further centralising control of spending decisions. Secondly, with regard to education, such a step would be misguided. Failings within local education authorities are best tackled not by passing yet more power to Whitehall, but by devolving power from the town hall to the parent. Ultimately to formally centralise control over local education budgets would make the implementation of the kind of reforms considered in this paper much more difficult to achieve.

### Reference

Friedman, M. (1955) 'The Role of Government in Education', in *Economics and the Public Interest*, New Brunswick, NJ: Rutgers University Press, pp. 123–144.

**Douglas Carswell** is Conservative MP for Harwich and Clacton (carswell@parliament.uk).