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Giving school choice the Milton Friedman test

Results, not intentions, are the true judge of success

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Last month marked the 101st anniversary of Milton Friedman's birth. The date was celebrated across the nation, particularly — and rightly — by school-choice advocates. Although Friedman launched the modern school-choice movement and lived to see it rise to national prominence, there is still more that those of us who support educational freedom can learn from his example.

Friedman was famous for his advocacy of individual liberty and limited government, particularly in education, but often said that this was an avocation, not his vocation. Professionally, he studied the role of government spending and the money supply on consumers and unemployment. His work in this field was so compelling that it caused many economists to abandon their erstwhile Keynesian views, and it earned him the 1976 Nobel Prize in economics.

What distinguished that work was its rigorous empiricism and focus on long-term outcomes. For example, a reigning belief among mid-20th century economists was that if government handed out money during hard times, people would spend it, stimulating economic growth. Friedman theorized that this was wrong and proposed that consumers mostly base their spending decisions on their "permanent," long-term income prospects — so they tend to save rather than spend temporary additional income. Then he put both theories to the test.

"The ultimate test of the validity of a theory," Friedman wrote, is "the ability to deduce facts that have not yet been observed, that are capable of being contradicted by observation, and that subsequent observation does not contradict." He collected data that could potentially demolish either Keynesian stimulus spending or his own "permanent income" theory — or both. When the numbers had been crunched, only Friedman's theory was still standing.

To this day, Friedman's conclusion remains the accepted view among economists. If education reformers wish posterity to be kind to their labors, we would do well do emulate Friedman's rigorous empirical methods. That means testing our policy recommendations against reality and not allowing short-term benefits to cloud our assessment of long-term outcomes.

At present, there is little research comparing alternative school-choice policies such as vouchers, education tax credits and charter schools. Separately, each has been compared with the conventional public school system, but their relative merits have hardly been explored. As a result, decisions as to which of these policies should be advocated seldom have an empirical basis. Yet, what little evidence is available suggests that there may be real differences among them.

For instance, with regard to choice itself: Parental choice is only meaningful when there is a diversity of options from which to choose. Schools must have the autonomy to specialize — selecting their own methods, curriculums, testing, staff and delivery systems. A light regulatory touch is thus essential. But when I compared the level of regulation imposed by U.S. school-choice programs for the Journal of School Choice, I found a systematic difference: vouchers — but not tax credits — impose a large and statistically significant extra burden of regulation on private schools.

However, isn't any school-choice program a step in the right direction — even if it unduly constrains parents' choices and educators' freedom? The answer may depend on whether we follow Friedman's example and consider the long term.

In the short run, most school-choice programs are apt to improve options and outcomes relative to the status quo monopoly. What if today's autonomous private schools are forced to accept government funding and regulation in order to remain viable? It's hard to compete with a "free" provider when your own customers must pay tuition. What if the burden of regulation imposed on voucher schools ultimately squelches their diversity? We could be left with less choice, diversity and competition than when we began.

Far from being a hypothetical, this is roughly the course of 20th-century events in the Netherlands. That nation's universal voucher program squeezed its autonomous, unsubsidized private schools out of existence. Today, its state-funded "private" schools have been homogenized with respect to hiring practices, salaries, curriculum and testing. For-profit operation is prohibited, and barriers to entry have risen so high that few new schools are created. It is not, in any meaningful sense, a free educational marketplace.

Perhaps, if a body of new contrary evidence emerges, the limited, existing evidence of vouchers' regulatory impact will be subject to reinterpretation or even rejection. Alternatively, perhaps the existing evidence will be bolstered by future research. Either way, it would be preferable to find out while U.S. school-choice programs are still small and their design not yet entrenched.

"One of the great mistakes," Friedman said, "is to judge policies and programs by their intentions rather than their results." The only way for education reformers to avoid that mistake is to follow Friedman's methodological example: carefully comparing the policy alternatives and keeping our eyes on the long term.

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