

# Indicators

## Special Edition on School Reform

### SCHOOL RESULTS AND SPENDING

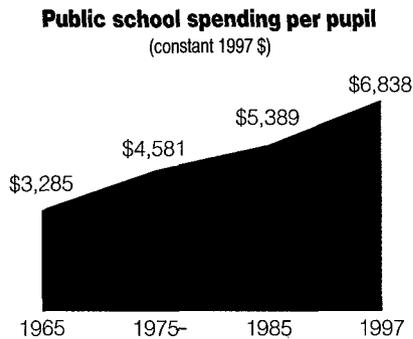
The previous installment of INDICATORS presented evidence of continuing deterioration in America's government-run public schools. We recently learned, along these lines, that only about half of would-be public school teachers could pass a national test of basic reading, writing, and mathematics. How many *sitting* teachers would also fail we don't know, because teacher unions and their advocates fiercely resist such screening. When the New Hampshire legislature recently passed a bill requiring that all public school teachers take a basic skills test, Democratic Governor Jeanne Shaheen vetoed it.

The politicians, administrators, and instructors responsible for our government-run schools say the trouble lies with problems brought to school by students. But while family breakdown and pop culture crud certainly don't help, there is evidence that the main obstacle to educational excellence today is weak teaching and lousy curricula.

For instance, the Third International Mathematics and Science Study, recently taken by more than a half-million pupils in 41 nations, revealed that America's fourth-graders score above average internationally. So the raw material entering school is adequate. But the longer children sit in class, the further they fall behind counterparts in other countries. By the time they are high school seniors, U.S. students rank at the very bottom internationally in science and math. (Other studies show the same pattern.)

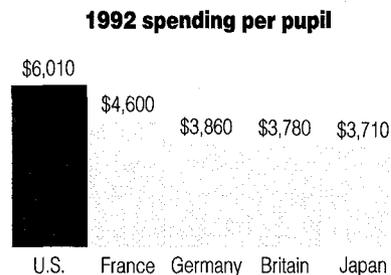
To the extent they admit we have problems at all, public school apologists insist

the solution is more money for existing institutions. But that flies in the face of all evidence. The graph below shows how public school spending has already risen over the last three decades:



Source: Editor's calculations and projection from U.S. National Center for Education Statistics data.

Note that during the very decades when our educational results were nose-diving, public school spending was soaring. Notice also, in the next graph, that the U.S. already spends much more on schooling than our main industrial competitors, all of whom outscore us on international tests.



Source: U.S. Department of Education.

More than 80 percent of U.S. public school spending goes for salaries and benefits, and teachers have profited greatly from this run-up in funding. The average public school teacher now makes over \$40,000 for 185 days of work—which is equivalent to over \$50,000 a year for someone working year-round. Again, international statistics show that U.S. teachers are paid better than their European counterparts.

As a sidenote, remember that America's worst school systems are NOT starved for funds. Washington, D.C., and New York City, for instance, are two of the best-funded systems in the country, yet their results are among the worst. Nor is the conventional wisdom about inequalities in school funding correct. Research by the National Center for Education Statistics shows that school districts with predominantly minority student bodies actually spend about 15 percent more than districts that are at least 95 percent white.

A recent Cato Institute study found that after Kansas City poured money into its public schools in response to a federal judge's desegregation edict—bringing spending per pupil to a gaudy \$11,700 a year and dropping student-teacher ratios to 13:1—"the results were dismal." Test scores did not rise. Racial achievement gaps did not diminish. Only swimming pools and teacher paychecks got bigger.

The most thorough investigation of education funding has been done by University of Rochester economist Eric Hanushek. After reviewing 163 different studies, he reports that claims our schools have been improved by recent spending increases "are not supported by the data." Indeed, "on the basis of past performance and current structure of schools," the result of additional spending on schools appears to be "a net negative." Simply providing more funding "is unlikely to improve student achievement."

### ROUND-UP ON CHOICE REFORMS

If more money won't solve the problems that ail our schools, what will? A hint lies in recent studies by Harvard economist Caroline Hoxby. She compared school districts where parents are allowed to select their public school with ones where they are not: Even this limited competi-

tion (which does not give parents the option to choose private schools) produced clear improvements. Interestingly, **more choice not only caused test scores in reading and math to go up, it also caused the cost of schooling to go down.** Hoxby concludes, "Public schools can and do react to competition by improving the schooling they offer and by reducing costs"—especially, she finds, if there are "fiscal implications" to losing students to other schools.

This improvement emerges wherever some brave reformer manages to challenge a local public school monopoly. A couple of years ago, after philanthropist Virginia Gilder offered private school scholarships to every student in a poorly performing Albany, New York school, local officials quickly replaced the school's principal, two assistant principals, and 12 ineffective teachers. Likewise, Arizona public schools now losing students to charter schools have suddenly begun to address failures ignored for years.

**The key to better schools—both for students who flee and for those who stay behind—is clearly to give parents and students choices in where they attend, so public schools will at last be forced either to improve their results or lose their customers.** Arizona education chief Lisa Keegan describes the critical requirement as "student-centered funding"—that is, channeling resources directly to families for them to use wherever they judge best, rather than following the old public school model of funding institutions (monopoly institutions at that).

In recent years, **there has been a minor bloom around the country of school choice programs that practice "student-centered funding."** Researchers Nina Shokraii and Sarah Youssef calculate that there are now 18 states that offer parents choices among public schools throughout the state; 20 states with "medium to strong charter school laws"; two states which allow parents to use public funding at public or private schools; three states offering tax credits for private education expenses; and three cities with public funding usable at any accredited school, public or private.

In addition to these governmental experiments, 37 different privately-

funded school choice programs have sprung up around the country since 1990. In these, individual or business donors provide scholarships to low-income students that allow them to attend private or religious schools. The latest of these, just launched in San Antonio, Texas, by the group CEO America, offers full-tuition scholarships to every one of the 14,000 low-income children in San Antonio's Edgewood school district.

All of these choice programs have required bitter fights to see the light of day, and none are of more than pilot size, but their results so far are very encouraging. Take, for instance, Milwaukee's pioneering program that offers poor students government vouchers redeemable at private schools. A 1996 Harvard study of the students participating found they raised their math and reading scores enough that **if similar changes were made nationwide, the gap between white and minority test scores would close by one-third to one-half.** 1997 and 1998 Harvard studies of Cleveland's similar school choice program reported significant gains in language, science, reading, and social studies.

Two other important developments in school reform have also shown results recently. First, studies of the innovative Edison schools have appeared. Edison, a private, for-profit firm, has contracted to operate 25 different public schools in eight states. The Educational Testing Service found that in a very short time (the longest Edison contract is only three years old), **70 percent of the Edison schools have registered significant gains.** For instance, among students spending three years in one Edison school, the proportion scoring in the bottom 25 percent on reading tests fell from four out of ten to one out of ten.

The final bit of school reform encouragement comes on the legislative front, where strong political momentum has gathered in favor of Republican efforts to establish national Educational Savings Accounts. These would allow parents to put away up to \$2,500 a year, tax free, for use in educating a child at any level—kindergarten through college. The funds could be used for tutoring, computers, or special needs of children in public

schools. Or they could be used for private or religious school tuition—as the parent prefers. At this writing, the proposal has passed both the House and Senate and is likely to be vetoed by President Clinton, in obedience to the demands of public school teachers' unions.

## SCHOOL CHOICE HYPOCRITES

**Both President Clinton and Vice-President Al Gore have sent their children to private schools. Nothing wrong with that except one thing: Both men have doggedly blocked measures that would give other American families the same opportunity to choose whatever school they judge best for their kids.**

Lots of other politicians have likewise voted against extensions of school choice to everyday citizens while simultaneously choosing private schools for their own precious child. A 1997 Heritage Foundation survey of members of Congress found that 34 percent of responding representatives and 50 percent of senators (including many school choice opponents) sent their offspring to private schools.

### Public servants sending their kids to private schools

President Bill Clinton	yes
Vice-President Al Gore	yes
Members of the Senate	50%
Members of the House	34%
Public school teachers in many cities	40-50%

**Sources:** News reports; Heritage Foundation; Denis Doyle.

Driving this hypocrisy is the desire of politicians, Democrats especially, to curry favor with the nation's politically aggressive teachers' unions. Which is galling, because National Education Association and American Federation of Teachers members are some of the worst hypocrites of all. **A shocking 53 percent of all public school teachers in Cleveland, 49 percent in Boston, 40 percent in Los Angeles, and similar high proportions in other locales send their own children not to public schools but to private ones.** What do they know that we should?

CHINA HAS MADE SOME PROGRESS TOWARD FREEDOM.  
THE QUESTION IS: HOW FAST AND HOW FAR WILL IT GO?

## Is China Becoming Democratic?



Henry S. Rowen

Without exception, rich countries are democracies (more or less) and stay that way. Some poor countries are also democracies, but most are not. And few of the poor democracies stay democratic over time. Although the progression isn't always smooth, the historical pattern is clear: As countries get richer they become more democratic.

The Asian nations are no exception—notwithstanding rhetoric about how Asian values differ from Western ones. As they became middle-income countries, Taiwan and South

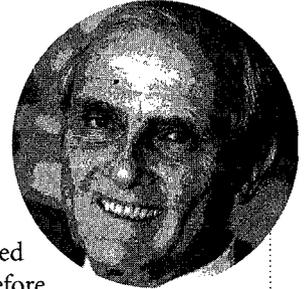
Korea, for instance, turned into democracies. Rich Singapore is a mixed case, but Freedom House (which annually rates all countries according to their political and civil rights) scores it as “partly free.”

What about China's political future? Currently, the country is run by a Leninist party that

brooks no political opposition; there remain controls over people's lives, including the right to have children; there is no freedom to publicly voice views distasteful to the regime; and, to varying degrees, religious practices are suppressed. Despite Chinese President Jiang Zemin's professed regard for Western-style freedom and the rule of law, he makes it clear the Communist party will remain supreme.

But the political positives are also substantial and growing in China. Personal liberties have advanced greatly. The three-fold increase in average incomes since 1980 is not only giving people more and better material goods, it is also making them less vulnerable to the dictates of bosses, bureaucrats, and the police. No longer is a state-provided job the only way to avoid starvation.

There are other changes: Controls on personal and home life are eroding (especially for the huge “floating population” of people not connected to work units), educational levels are increasing, and people have vastly greater access to information



James R. Lilley

Will China transform itself into a Western-style democracy? Can the United States do anything to encourage this? Before answering, consider Yale professor Jonathan Spence's book *To Change China*. Spence describes the failed attempts of foreigners, from the Jesuit Matteo Ricci in the seventeenth century to General George Marshall in the twentieth, to impose solutions on an imperfect China. In all cases, China was influenced but did not convert.

Christianity came to a weakened China in force after the Opium War of 1840. The result was not a Christian China but the Taiping Rebellion, which killed 20 million Chinese and was led by an epileptic who believed he was the brother of Jesus Christ. Marxism came to China in 1921 when the Communist party of China was founded in Shanghai. The result was not a new socialist China in the Stalin model but the Great Leap Forward of 1959, when Chairman Mao hoped to propel China into the advanced stage of Communism. Instead, 40 million Chinese died—most of them starved to death in failed communes. When free market forces were introduced into Communist China in 1978 by Deng Xiaoping, the result was not an evolving democracy but the massacre at Tiananmen Square in 1989.

In short, when outsiders apply their standards to China and try to introduce new systems quickly or forcefully, what occurs is never quite what was planned. Tragedy can ensue. China does alter course, but in a Chinese way.

Today, free market forces are pushing back the state in nearly all sectors of China's economy. Christianity has never been stronger. Yet China is still ruled by a single Communist party backed by a powerful military and bureaucracy which will not give up a monopoly political power.

Authoritarian rule in China has lasted for 4,000 years. An emperor has historically ruled from the center with the support of a massive bureaucracy. There are long traditions of violence and suppression, of conformity and enforced collectivized living, of ruler worship and obedience. A political timidity, not easily uprooted, lies at the center of Chinese society.

Moreover, today no organized opposition is permitted to root in labor unions, civic organizations, youth groups, or other bodies which could challenge the regime. The Chinese have lived for ages with this phenomenon. And the fact that

IT'S LIKELY THE CHINESE  
WILL JOIN THE CLUB OF  
NATIONS WELL ALONG ON  
THE ROAD TO DEMOCRACY  
WITHIN TWO DECADES  
FROM NOW.