

The Structure of School Choice

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A common argument against school choice is that it leads to equity problems. When parents are given the right to choose, critics argue, children who are already advantaged—with better educated, more motivated, higher income parents—are the ones who reap the rewards of new educational opportunities, while poor and minority children are left behind in the regular public schools—schools that, because of the outflow of good students and much-needed resources, are even less capable of serving them.¹

This is a troubling argument that deserves to be taken seriously. If true, it implies that an expansion of parental choice may worsen problems of class and race that our nation has been struggling for decades to overcome, a prospect most Americans would probably regard as convincing reason for rejecting choice as a major avenue of reform. If it is not true, however—because these sorts of problems can be addressed and mitigated, or because choice can actually

¹See, e.g.: Bruce Fuller and Richard Elmore, and Gary Oldfield, eds., *Who Chooses? Who Loses?* (New York: Teachers College Press, 1996); Peter W. Cookson, Jr., *School Choice: The Struggle for the Soul of American Education* (New Haven, Conn.: Yale University Press, 1994); and Amy Stuart Wells, *Time to Choose: America at the Crossroads of School Choice Policy* (New York: Hill and Wang, 1993).

serve as a mechanism for promoting social equity—then the case for choice would obviously be far more attractive.

Which of these several possibilities is correct? The answer is that they can each be correct, depending on how choice programs are designed. The simple way to think of it is that school choice always operates within a structure—a framework of rules—which in turn has a lot to do with the kinds of outcomes choice will ultimately generate. In some structures, choice will lead to equity problems. In others, it will not. In still others, it will tilt the playing field in favor of the disadvantaged and aggressively promote the cause of social equity.

The debate over school choice almost always consists of simplified claims that fail to recognize the key role of structure. Participants are well aware that there are different kinds of choice, from vouchers to charter schools to magnet schools, and that different rules apply to each. But beyond these broad categories, much of the public debate is generic and structure-free. Even academics find themselves talking about whether vouchers promote academic achievement, or whether charter schools have competitive effects on regular public schools, without recognizing that these and other types of choice can all be structured in very different ways, leading to very different outcomes, and that it usually makes little sense to ask whether vouchers or charter schools, in some generic sense, have particular effects. Their effects depend on the specific structures in which they are embedded, and they can only be understood and evaluated in that way.

Precisely because this is so, the great challenge for educational reformers—and the great opportunity—is to choose the right structures. With the right structures, the problems sometimes associated with choice can be minimized or reversed, and the power of markets can be harnessed for the promotion of important social values. As a practical matter, of course, decisions about structure get made through the political process; and politics being what it is, there is no guar-

antee that those structures judged best on analytical grounds will actually get adopted. Still, opportunities abound for making good decisions about structure, and for using markets to social advantage within the education system.

My aim in this chapter, then, is to highlight two simple topics that lie at the heart of the choice issue but are only rarely the subject of serious discussion or study. The first has to do with the structure of choice. The second has to do with the choice of structure. These are the keys to understanding the role of choice in American education.

THE ECONOMY, STRUCTURE, AND THE FREE MARKET

A voucher system for American education was first proposed in 1955 by Milton Friedman, a libertarian economist whose contributions to economic theory and social policy have made him one of the most influential thinkers of the last century. Friedman's best-known statement of the case for vouchers can be found in his book, *Capitalism and Freedom* (1962). Friedman and other libertarians believe that when markets are allowed to work freely with a minimum of government interference, society will be maximally productive and efficient.²

It is tempting to imagine that the free market is without structure, unconstrained by an overarching set of governmental rules. But even libertarians don't see it this way. They recognize that, for markets to work properly, a society needs to have well-defined property rights backed by a legal system that enforces contracts and the rule of law. These are structures imposed by government. It is not markets alone, but markets embedded in such a governmental structure, that yield the wondrous results they ascribe to the free market.

²See Milton Friedman, "The Role of Government in Education," in Robert A. Solow, ed., *Economics and the Public Interest* (New Brunswick, N.J.: Rutgers University Press); see also Milton Friedman and Rose Friedman, *Free to Choose* (New York: Avon Books, 1980).

Within education circles, there is a tendency to equate economics with the free market, and to discuss proposals for greater choice and competition in American education as though they are efforts to replace public education with the free market. But this perspective on economics and market-based reforms is unwarranted. The fact is, proportionately few economists are proponents of truly free markets. The vast majority would argue that, although markets are powerful means of promoting social welfare, their performance depends on the real-world conditions under which they operate; and under some conditions, economists know, the performance of markets and the well-being of society will suffer. This can happen, for instance, if consumers are poorly informed, if the goods in question are public goods, if competition is inherently limited, if producers can conspire to fix prices or create monopolies, or if information-based problems of moral hazard or adverse selection undermine market transactions.

Accordingly, much of mainstream economics is devoted not to the study of markets per se, but to the conditions that affect how markets work, to the problems these conditions can produce, and to how these problems can be addressed so that the power of markets can better promote the social good. Economists generally agree that the solution to market imperfections rests with an appropriately designed framework of governmental rules, a structure that imposes basic (but not onerous) regulations on economic decisionmakers.³

In broad outline, at least, the reality of modern government is a reflection of this professional consensus about how markets can best be put to use. The United States is often de-

³See David L. Weimer and Aidan R. Vining, *Policy Analysis: Concepts and Practice*, 3d ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1998); Joseph E. Stiglitz, *Economics of the Public Sector*, 3d ed. (New York: W. W. Norton, 2000); Steven E. Rhoads, *The Economist's View of the World: Government, Markets, and Public Policy* (New York: Cambridge University Press, 1985); Lester Thurow, *Zero-Sum Society* (New York: Basic Books, 1980); Charles Wolf, *Markets or Governments: Choosing Between Imperfect Alternatives* (Cambridge, Mass.: MIT Press, 1988).

scribed as the paradigmatic free-market economy. But it is actually an aggressive regulator of economic transactions along a whole host of dimensions, ranging from antitrust to environmental protection to deceptive practices to labor relations to employment discrimination to securities trading to consumer protection and more. A detailed structure of regulation, moreover, although varying in content from country to country, is typical of the way most nations in the Western world have organized their economies. The modern market economy is not in any meaningful sense a free market. It is a mixed system of government and markets in which governmental rules constrain and channel how markets work.⁴

Although economists applaud the emergence and international dominance of these mixed systems, the specific regulations that governments adopt are not always (or even usually) optimal from an analytical standpoint. The reason can be summed up in a single word: politics. Government regulations are inevitably adopted through the democratic political process, not through the analytic steering of economists, and thus are subject to influence by powerful political interests and parochial constituencies that are little concerned with what might be best for society. Because this is so, a mixed system may have regulations that are excessive, stacked in favor of special interests, and poorly designed to put markets to their most effective social uses.⁵

Most economists would no doubt prefer a simpler, less politicized regulatory structure than governments actually create. But there is not much they can do to change the nature of politics. And there is no indication that, even if they could change things, they would prefer a true free-market system to

⁴See, e.g., Murray L. Weidenbaum, *Business, Government, and the Public*, 3d ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1986); and Charles E. Lindblom, *Politics and Markets* (New York: Basic Books, 1977).

⁵See, e.g., Wolf, *Markets or Governments*; Lindblom, *Politics and Markets*; Theodore Lowi, *The End of Liberalism: The Second Republic of the United States* (New York: W. W. Norton, 1979); Terry M. Moe, "The Politics of Bureaucratic Structure," in John E. Chubb and Paul E. Peterson, *Can the Government Govern?* (Washington, D.C.: Brookings Institution Press, 1989).

the kind of regulated system we have now. The fact is, the system we have performs remarkably well despite its flaws, and there is widespread support for it within the profession.

It is a mistake, then, for educators to see economists as proponents of free markets, and to see proposals for school choice, competition, and other market-based reforms as efforts to introduce free markets into American education. When economists and other market advocates think about education, just as when they think about the economy, the fundamental question is: how can markets be used to social advantage? In so doing, they recognize the great power of markets to promote incentives and efficiency—but they also recognize that, if markets are to promote desired social values in the most effective ways, they must often be constrained and guided by a set of social rules that are chosen with that in mind.

CHOICE WITHOUT DESIGN: THE CURRENT EDUCATION SYSTEM

From its modern origins in the early decades of the 1900s, America's public education system was designed to be a purely governmental system in which markets play no role at all. There was simply no attempt to take advantage of what markets might have to offer. Instead, the idea was that educational services would be produced by government-run schools, which would act as local monopolies within their own geographic areas. Children would be assigned to their local schools. And the schools, along with every aspect of educational policy, organization, and practice, would be democratically controlled through a complex hierarchy of political officials and educational bureaucrats.⁶

⁶See Andrew J. Coulson, *Market Education: The Unknown History* (New Brunswick, N.J.: Transaction Publishers, 1999); Lawrence A. Cremin, *The Transformation of the School: Progressivism in American Education, 1876–1957* (New York: Alfred A. Knopf, 1961); and David B. Tyack, *The One Best System: A History of American Urban Education* (Cambridge, Mass.: Harvard University Press, 1974).

This same top-down structure has prevailed ever since. The details have changed in many respects over the years, of course, and the choice movement has made a degree of headway. There are now four public voucher programs in operation (all of them small). There are some 2,000 charter schools, enrolling more than 500,000 kids. There are magnet schools in many urban areas. And there are programs of interdistrict and intradistrict choice. But these reforms are a drop in a very large bucket. Public education remains, as ever, a top-down system of government control.⁷

Even a purely governmental system, however, does not eliminate all forms of choice. In the case of American education, parents are typically denied the right to choose their children's public schools, but they are still free to make all sorts of other choices that affect the education of their children. In effect, there is an implicit choice system at work both inside and outside the formal governmental system. This choice system was not designed by anyone, but there is nonetheless a distinctive structure to it that shapes the way parental choices get made. And although its outcomes for society are accidental and unplanned, they are hugely important. They are also perverse, generating widespread equity problems that have worsened and entrenched the class and racial problems of American society.

The reasons are readily apparent from a brief look at the two familiar properties that, by any account, are the implicit choice system's most basic structural features.

Structure: *Public school parents are (typically) not allowed to choose which public school their kids attend, but they are allowed to choose where their families will live.* Operating within this rule, parents know that they can buy themselves a good public school by buying or renting a house in the right

⁷See Paul E. Peterson, "Choice in American Education," in Terry M. Moe, ed., *A Primer on America's Schools* (Stanford: Hoover Institution Press, 2001); and Jeffrey R. Henig and Stephen D. Sugarman, "The Nature and Extent of School Choice," in Stephen D. Sugarman and Frank R. Kemerer, eds., *School Choice and Social Controversy: Politics, Policy, and Law* (Washington, D.C.: Brookings Institution Press, 1999).

school district or neighborhood. Exercising this kind of choice is often expensive, mainly because the costs of housing in areas with good schools tend to be much higher than elsewhere (as a result of parents' bidding up the prices). Not surprisingly, then, the people who exercise residential choice tend to be those who are higher in income. They are also the ones who are most motivated by education concerns, and thus the parents who themselves are the most educated. The upshot is that residential choice injects a serious social bias into the current education system: the best schools tend to be filled with advantaged children, the worst schools with disadvantaged children. This is perhaps the most fundamental creaming problem in American education today, and the most socially destructive.⁸

Structure: *Public schools are provided free of cost by the government. Parents can choose to send their kids to private schools, but private schools are costly.* Under this rule, all parents have the option of leaving the public system and going private in search of better schools for their kids. At least in principle. But the rule also ensures that certain kinds of parents are in a far better position than others to take advantage of what the private sector has to offer. Private options are more accessible, obviously, to parents who are financially well-off. The same is true for the well educated because educated parents tend to be more motivated by educational concerns. For these reasons, the current system promotes a class bias in the types of parents who go private, which is especially apparent in school districts with the worst public schools. When public schools are performing poorly, advantaged kids flee to the private sector (and the

⁸For data on the social biases of residential choice, see Terry M. Moe, *Schools, Vouchers, and the American Public* (Washington, D.C.: Brookings Institution Press, 2001). For analyses of the connection between school quality and housing values, see, e.g., H. S. Rosen and D. J. Fullerton, "A Note on Local Tax Rates, Public Benefit Levels, and Property Values," *Journal of Political Economy* 85 (1977): 433-40; and G. R. Meadows, "Taxes, Spending, and Property Values: A Comment and Further Results," *ibid.*, 84 (1976).

suburbs, via residential choice), and poor and minority kids are left behind, concentrated in schools unable to serve them. Here again, educational choices produce a creaming effect that adds to social inequities.⁹

The defenders of the public schools tend to attribute these effects to choice per se. And they argue that if more choice is introduced into the current public school system—through vouchers, say—the equity problems that plague this system will only get worse. Although the equity problems are real, it is a mistake to think that they are simply due to choice. They are actually due to the way choice happens to operate *within a particular structure*—a structure that exists because the current system of top-down control does *not* grant parents a choice of schools and makes it costly for them to exercise choice by going private.

There is great irony here. The reason choice often operates perversely within the current education system is precisely that this system was not designed to take advantage of choice, or of markets generally, but rather to keep markets out of education entirely. By trying to keep markets out, however, the system's designers unwittingly created a structure in which parental choice is a forceful influence anyway—but a perverse one (in some ways) that undermines the system's most fundamental goals.

ON THE NEED FOR CHOICE—AND DESIGN—IN EDUCATION

The Progressives who designed our education system were guided by ideas prevalent nearly a hundred years ago, when markets were not well understood and when bureaucracy and the direct governmental supply of services were regarded as innovative, even revolutionary reforms. They can be excused for building a top-down system of public education. Today, however, there is no good reason why Americans should rest content with this structural relic of

⁹For data on the social biases of private school choice (under the current system), see Moe, *Schools, Vouchers, and the American Public*.

the past. Its ideals—of common schooling, of social equity, of democratic governance—are inspiring. But they are poorly met in practice. If a century of theory, research, and experience has anything to teach us, it is that top-down governmental structures are extreme forms of social organization that are often overly costly and unproductive, and that, where it is practical to do so, a greater reliance on markets—which is very different, I can only reiterate, from a radical shift to free markets—makes eminently good sense and is likely to prove beneficial for society.

Why would a greater reliance on markets be good for education? Reams have been written about this, so I won't launch into an extended discussion here.¹⁰ But two simple points, both based on the introduction of parent choice, are worth underlining.

The first point is that choice itself is valuable. It has a direct impact on families, by allowing parents to seek out better schools for their kids and improve their educational opportunities. Under the current system, they are prevented from doing this. Children are assigned to their local public school, and if that school is of poor quality or provides a kind of education families don't like, they have nowhere to go—unless they pay for the privilege of leaving. In practice, this means that parents with money can escape the trap by changing their residence or going private, but that poor parents cannot. Thus, a major advantage of choice is that it expands the opportunities of parents who are in greatest need, and who currently have little or no control over their children's educations. It also provides opportunities for parents who, on religious, moral, or pedagogical grounds, simply want a different kind of education for their children. It allows them to express and pursue their own values.

¹⁰See, e.g., John E. Chubb and Terry M. Moe, *Politics, Markets, and America's Schools* (Washington, D.C.: Brookings Institution Press, 1990); Coulson, *Market Education*; Friedman, *Capitalism and Freedom*; and John E. Coons and Stephen D. Sugarman, *Education by Choice: The Case for Family Control* (Berkeley: University of California Press, 1978).

The second point is that choice transforms incentives, and in so doing promises to transform the system as a whole. Under the current top-down arrangement, public schools are guaranteed students and resources regardless of how well they perform. The inevitable result is that they have few incentives to produce high-quality education, to respond to parents, to allocate their funds efficiently, or to innovate in socially productive ways—for nothing bad happens to them if they don't, and nothing good happens to them if they do. When parents are allowed to choose, however, the situation is very different. Parents are no longer a captive clientele, but are able to leave schools they consider undesirable and seek out schools they think are better. As a result, schools have to compete with one another for parental support, and this competition puts all schools on notice that, if they do not perform, they stand to lose students and resources to other schools that can do a better job. This gives them strong incentives to educate, to be responsive, to be efficient, to innovate. Those that respond to these incentives tend to prosper, while those that don't tend to be weeded out—leading, over time, to a more effective, more innovative population of schools.

For these and other reasons, markets have much to contribute, and the American education system could benefit were they put to wise use. Yet it would be wrong to think that markets are always beneficial and never lead to problems. To take an egregious example: during the late 1960s, “freedom of choice” plans were widely adopted in the South as a way of allowing whites to avoid going to school with blacks. This is precisely what happened: many whites used their newfound choices to seek out all-white schools, whereas the vast majority of blacks were either denied entrance or chose to avoid the risks of entering bastions of white solidarity. At that time and in that context, then, choice promoted segregation. It allowed parents the freedom to pursue their own values, a seemingly good thing, but these values happened to be racist.¹¹

¹¹See Gary Orfield, *Must We Bus? Segregated Schools and National Policy* (Washington, D.C.: Brookings Institution Press, 1978); and Wells, *Time to Choose*.

Critics argue that choice would unleash the same sorts of racist motivations today. And as they see it, race is hardly the only problem. Parents who are affluent and better educated would use the new choice opportunities to greatest advantage: abandoning the public schools, getting their kids into the best, most exclusive private schools, and leaving the poor behind. Parents would also separate themselves off by class and religion, further balkanizing our culture. And private schools would discriminate against poor and minority kids, refuse to enroll the disabled, hire unqualified teachers, offer weak programs, mislead parents with deceptive advertising, fail to socialize kids to democratic norms, and more.¹²

It is only reasonable to be concerned about these possibilities, and the critics are right to direct our attention to them. Freedom of choice plans did in fact lead to bad social consequences in the South of years ago. And there are situations in which forms of school choice have generated some of the problems the critics talk about. Studies of existing voucher programs, for example, have shown that parents who are better educated are usually the ones most likely to take advantage of choice opportunities.¹³ Similarly, studies of public school choice have shown that parent choices in certain programs are often made on the basis of race or class, producing a tendency toward more segregated schools and a less equitable distribution of opportunities.¹⁴

¹²See Fuller, Elmore, and Orfield, eds., *Who Chooses? Who Loses?*; Cookson, *School Choice*; Wells, *Time to Choose*.

¹³See, e.g., John F. Witte, Troy D. Sterr, and Christopher A. Thorn, "Fifth-year Report: Milwaukee Parental Choice Program" (University of Wisconsin—Madison, Robert La Follette Institute of Public Affairs, 1995); and R. Kenneth Godwin, Frank R. Kemerer, and Valerie J. Martinez, *Final Report: San Antonio School Choice Research Project* (University of North Texas, Center for the Study of Education Reform, 1997).

¹⁴See, e.g., Jeffrey R. Henig, "The Local Dynamics of Choice: Ethnic Preferences and Institutional Responses," in Fuller, Elmore, and Orfield, eds., *Who*

As extensive reviews of the research literature well demonstrate, however, the critics tend to overstate the true extent of the problems.¹⁵ This is particularly so given that most choice programs thus far adopted (and all voucher programs) are limited entirely to poor families, and are clearly promoting social equity by giving these families—and only them—new opportunities they would not otherwise have. If there are inequities, they almost always arise because some poor families are better able to take advantage of these opportunities than other poor families are. This is regrettable (and reversible, through alternative designs), but it hardly justifies claims that these programs are somehow inequitable on the whole.

Even more important, given the central themes of this chapter, critics almost always portray these problems as somehow inherent in choice per se—and they jump to the conclusion that, with such problems therefore inevitable, reform proposals to seriously expand parental choice (and thus competition) must be opposed. What they rarely consider is that all forms of choice come with a particular structure, that some of these structures are not well designed, and that, through the conscious design of more appropriate structures, the problems they are most concerned about can be addressed and mitigated. Indeed, through appropriate design, choice plans can become vehicles by which social equity, common schooling, and other basic social values can be aggressively pursued—and far more successfully, it is reasonable to expect, than they are being pursued under the current system, which is clearly failing in these regards and is the baseline against which all reforms must be judged.

Chooses? Who Loses?; J. Douglas Willms and Frank H. Echols, “The Scottish Experience of Parental School Choice,” in Edith Rasell and Richard Rothstein, eds., *School Choice: Examining the Evidence* (Washington, D.C.: Economic Policy Institute, 1993).

¹⁵See esp. Jeffrey R. Henig, “School Choice Outcomes,” in Sugarman and Kemerer, eds., *School Choice and Social Controversy*.

THE CHOICE OF STRUCTURE

The idea of choice opens up new vistas once we recognize that a choice system can depart rather substantially from a free market, and in ways consciously designed to promote social equity and other important social values. To get a better sense of what is possible, let's take a closer look at some of the general dimensions of structure that policymakers have available to them in designing a choice system, and consider some of the options and arguments that go along with each.¹⁶

1. Who should qualify for a voucher? The free-market ideal is a universal voucher system in which all children qualify. Such a system would presumably extend a maximum of choice and freedom to American's families and generate beneficial competition. It may also promote social equity, because the strongest demand for vouchers and private schools comes from poor and minority families who are stuck in low-performing schools. To be sure, well-off families are likely to be better educated and informed and in better positions to take advantage of vouchers. But they are also less inclined to use them. They have already used their advantages to get good public schools, and they have little incentive to change.¹⁷

There are two major arguments against a universal system. The first is that it leaves equity to the uncertainties of the marketplace and cannot guarantee that disadvantaged kids (or at least some of them) will not get short shrift. Why, critics argue, should people who don't need vouchers be eligible for them in the first place? To promote equity with force and certainty, a voucher system might simply be targeted at people who are in need, starting with the neediest. When this is done, there is

¹⁶For a detailed discussion of the various elements that might make up the design of a choice system, see John E. Coons and Stephen D. Sugarman, *Making School Choice Work for All Families: A Template for Legislative and Policy Reform* (San Francisco: Pacific Research Institute, 1999).

¹⁷For data on the popularity of school choice among poor and minority parents, see Moe, *Schools, Vouchers, and the American Public*.

little worry that choice will lead to equity problems, because everyone who gets to choose will be poor.

The second argument—which may be persuasive even to people who favor universalism as a long-run goal—is that adopting a universal system from the get-go is too risky, involving a massive, all-at-once shift that could involve vast upheavals and uncertainties. It would be much more prudent, given the risks, to start out with small pilot programs, see how they work in practice, and move incrementally from there. If the place to start is with small pilot programs, moreover, it makes perfect sense to focus these programs on the neediest kids in society, who are poor and minority. This is where society clearly gets the most benefit, and where the risks of failure—because things are currently so bad for these kids—is exceedingly small and well worth bearing. Considerations of risk, then, just like considerations of equity, argue for programs that are targeted at the disadvantaged.

Even if targeting is preferred over universalism, though, this is not the only structural decision to be made. There are different types of targeting, and thus still other structural options to be considered and compared. In Milwaukee and Cleveland, for example, vouchers are available to children who are low in income. Florida, on the other hand, makes vouchers available to all kids who attend “failing” schools, where “failing” is defined by the schools’ performance on state tests. Florida has another program, moreover, that extends vouchers to all children who qualify for special education.¹⁸

Each of these options has its own pluses and minuses (on which people may differ), and there is no single way to go. But the point is simply this: giving every child a voucher is just one way of designing a choice system. There are many others, and they offer a great deal of flexibility in promoting important social values.

¹⁸For information on these programs, see Robert Moffit, Jennifer Garrett, and Janice A. Smith, eds., *School Choice 2001: What’s Happening in the States* (Washington, D.C.: Heritage Foundation, 2001).

2. What should the amount of the voucher be? The standard free-market solution is to give all kids vouchers of the same amount. This is simple and straightforward, whether the program is universal or targeted, and many Americans would see it as the fairest way to proceed.

But other approaches are also reasonable, especially in the context of a universal voucher program, when kids from diverse backgrounds are all getting vouchers. It is well known, for instance, that disadvantaged kids are more costly to educate than other kids are; the same is true for kids with learning disabilities, behavior problems, and other difficulties. From the standpoint of economics alone, therefore, it makes sense to give bigger vouchers to these kids than to others—both to compensate schools for the true costs of educating them, and to make these children more attractive as clients so that schools will actually compete to serve them. It also makes sense from an equity standpoint: it recognizes that children have different educational needs, and it allocates resources on that basis. This is more equitable, many would say, than “equal treatment.”

As a practical matter, of course, it might be difficult to set vouchers equal to the underlying costs of education, but there are simple ways to approximate such an ideal. One way is to give all kids a base voucher, and then to “voucherize” the compensatory and special education funds currently supplied by federal and state governments, so that each child who qualifies for these programs would have additional amounts added to the base voucher. Another alternative is to have some sort of sliding scale, with the value of the vouchers being quite high for the poor, and dropping slowly and steadily until at some level of family income they become zero. These and other alternatives would have to be evaluated for their ease and cost of administration—and for whether, at least in the short run, it might make more sense simply to target vouchers solely at the poor.

However these issues are resolved, the absolute amount of the voucher is also critical. The bigger the voucher, the more

schools families will be able to consider, and the more choice and opportunity they will have (particularly if they are poor). This is true from the outset, but it is especially true over the long run as the private sector has time to adjust—for the bigger the voucher, the greater the incentive for new schools to emerge, and the larger the supply of schools will ultimately be.

In Milwaukee, the voucher amount is now over \$5,000 per child, which is more than enough to pay for tuition at virtually all private schools in that city, and enough to ensure that some 10,000 children have been able to attend about 100 different private schools. Yet the number of kids using the vouchers is kept lower than it otherwise would be because there is no more space in the private sector to accept additional kids, and there is little evidence that private supply is expanding to meet the new demand. Apparently, \$5,000 is insufficient—especially in a climate of political uncertainty, which constantly threatens the survival of the program—to induce private schools to invest in new space, buildings, and teachers. If policymakers really want choice and competition to work for the poor, then, they may need to increase the voucher.¹⁹

3. Should parents be allowed to add on? The free-market solution is to allow parents to add on to their vouchers, as it simply gives parents more freedom and more choice. But the downside is that this approach might produce inequities: the more affluent parents would be better able to add their own money to the voucher in buying their way into expensive schools, leaving the poor behind to choose among the inexpensive ones, thus encouraging a two-tiered system that reinforces class cleavages.

¹⁹See Dan McKinley, “Could Private Schools Expand to Meet Demand?” in John C. Goodman and Fritz F. Steiger, *An Education Agenda: Let Parents Choose Their Children’s Schools* (Dallas: National Center for Policy Analysis, 2001).

One obvious solution is for designers to adopt a rule prohibiting parents from adding on and requiring any schools participating in the program to accept the voucher as full payment. This would equalize the purchasing power of all parents who use vouchers, and it would prevent parents who insist on spending more from receiving vouchers as a subsidy. Such an approach might even be considered necessary in programs targeted solely at the poor, because even among the poor there will be some families who are better able than others to afford the extra money, and thus some families who will be left behind.

A prohibition of add-ons, then, is a reasonable structural response to the equity problem. And not surprisingly, it has been the favored approach in Milwaukee, Cleveland, and Florida. There are certain problems with it, however, that need to be recognized. It would prevent some parents, perhaps many, from choosing a school they really want for their children, and this in itself is a negative. But it would also put an upper bound on the tuition that can be charged by all schools participating in the voucher program; and unless the amount of the voucher is high, the danger is that only schools offering a basic, low-cost education could participate. A \$2,000 voucher would call forth a population of \$2,000 private schools, and schools wanting to offer more elaborate and costly—or simply more adequate—programs would be excluded. This would reduce variety and choice for children, as well as competition, and it would threaten to produce a population of low-performing schools. The larger the voucher, the less these problems would arise.

4. Should private schools control their own admissions? The free-market ideal is that private schools should be allowed to make their own decisions about which children to admit, based on their own criteria. But the danger exists that private schools might favor children who are easier to educate or who have more affluent parents or who are from the right religious or social group, and that poor and minority kids would not have much access to desirable schools.

This danger is worth recognizing, but it tends to be overstated. It is a mistake to think that all private schools will somehow be competing for gifted, well-behaved kids from wealthy families. Some schools may do this, but most will have to find their niches among the broader population of children and appeal to the needs and interests of ordinary families. When voucher systems are restricted to the poor, moreover, there is even less reason to worry about discrimination in admissions, as all the kids with vouchers are disadvantaged and schools cannot shunt them aside in favor of the affluent. There may, of course, be a measure of discrimination among types of poor children—in favor of those who are well behaved, for example, or who have better test scores. But the Milwaukee experience suggests that this has not been a problem in practice: low-income kids in that city use vouchers to attend nearly 100 private schools, which have so far been happy to admit them, and there have been few complaints by parents of any discrimination.

Still, the possibility of discrimination exists, even in programs for the poor. And in a universal program with a diverse population of students, some from families that are well off, the possibilities are magnified. What are the design options for dealing with them?

Two stand out. One is that, as a condition for participating in the voucher program, private schools can be required to select some portion of their students by lottery—perhaps a high portion, perhaps a low portion, depending on how serious the discrimination problem seems to be. This would ensure that poor and minority kids would have a shot at getting into the schools they prefer. A second possibility is that a certain percentage of each school's new slots can be set aside each year for low-income kids. This too would give them access to all schools, including the most desirable.

There are costs, however, to moving too aggressively in regulating private school admissions. One of the reasons many private schools are so successful is that they have the

autonomy to define their own missions and programs as they see fit, and selecting appropriate students is an integral part of that. By imposing a randomly selected student body on private schools, an important foundation of their strength may be lost. Any restrictions, therefore, should be carefully considered.

5. Should private schools be held accountable by government? In a free market, private schools would not be regulated to ensure that they meet performance standards or spend their money appropriately. The idea is that such regulation would be counterproductive, violating the autonomy schools need for high performance, and that it would also be unnecessary, because in the educational marketplace private schools are automatically held accountable from below—by parents who leave bad schools, seek out better ones, and thus provide schools with the right kinds of incentives to keep them performing effectively.

Not everyone has as much faith in markets, however. This is true of many liberals, of course. But it is also true of many people who have no ideological take on markets at all and are moved by very practical concerns. Government officials and taxpayers, for instance, are footing the bill for education, and they tend to want concrete assurances—not assurances derived from the theory of markets—that their money is being put to good use. They also tend to be risk-averse and worried that something could go wrong—that some private schools, for example, may offer substandard programs, or that they will indoctrinate children, or that they will steal public money.²⁰

A natural response is to design rules of accountability to protect against these dangers and promote desirable outcomes. Among other things, these rules may set out requirements regarding curriculum and standards, teacher qualifications, annual audits of finances, periodic testing of students, and

²⁰For data on public attitudes toward the regulation of voucher-receiving private schools, see Moe, *Schools, Vouchers, and the American Public*.

information about the school that must be made public. The rules may take various forms and can be as detailed as policymakers like. But because the autonomy of private schools is pivotal to their strength, and because avoiding bureaucracy and its stultifying effects is a key aim in a choice system to begin with, there are good reasons for keeping accountability regulations simple and basic, and for steering clear of heavy regulations.

6. Should religious schools be included in a voucher system? The free-market answer is that religious schools of all types should be included, as part of the general aim of providing families with the kind of education they want and giving them as much choice and diversity as possible. Polls show the American people are quite supportive of religion, and they overwhelmingly agree that, if a voucher system were to be created, religious schools should be part of it.²¹ But not everyone is so disposed (especially among liberal elites). One argument is that religion should be kept out of education, particularly when it is funded with taxpayer money. A related (but quite separate) argument is that government funding of religious schools violates the “separation of church and state” and is unconstitutional. The upshot, in either case, is that only secular schools should be allowed to participate in a voucher system.

As far as the principle is concerned, people can be expected to differ on this issue. But it is important to recognize that, as a practical matter, the exclusion of religious schools has enormous consequences. Under the current system, the vast majority of private schools are religious. The reason for this is simple: public schools are offering a nonreligious education for free, and nonreligious private schools have a hard time competing with that. Religious private schools are offering something the public schools can't offer, which is why there are so many of them. With a full-blown voucher

²¹Ibid.

system, this would presumably change, as there would be a greater demand for nonreligious private schools—and over the long run (assuming the vouchers were big enough), there would be an increase in their supply. But in the short run, which could mean many years, most of the options in the private sector will take the form of religious schools. And if religious schools are excluded from a voucher system, there will be little for most kids to choose from. In effect, to exclude religious schools is to eliminate most choice.

7. How should government funds be divided between public and private schools? The free-market answer is that the money should follow children to their schools of choice, whether public or private. Thus, when kids leave public schools for private schools, the public schools would lose the full amount of funding for those kids, and the private schools would gain that amount. This dynamic is what produces the incentive effects of competition. It is precisely because public schools don't want to lose their money that they will have incentives to improve their performance.

Not everyone is persuaded by this line of reasoning. A standard argument—indeed, the most often recited argument against vouchers—is that they drain money out of the public schools, sapping their strength and making it even more difficult for them to improve. How can they improve with less money? A related argument is that the public schools have high fixed costs—in buildings, maintenance, administration, and the like—and cannot simply cut back on their inputs to make up for all the resources they lose when kids leave and take their total funding with them.²²

The first of these arguments is something of a red herring. It is true that the public schools would get less money in ab-

²²A corollary financial issue has to do with the budgetary impact of providing vouchers to kids who are currently in private schools. As things now stand, these kids get educated at no expense to the government. Under a voucher system, any of these kids qualifying for a voucher would require additional expense

solute terms; but this is beside the point, for they would also have fewer kids to educate. Even if the total funding followed each child, the public schools would continue to get paid for every child who stays in the public sector, and they would be paid just as much as before. The second argument is more legitimate. The public schools do have fixed costs—and especially if only a small number of kids go private (which is guaranteed if the program itself is small by design), the districts may find it difficult to achieve many cost savings. Over the long run this would change if the choice programs expand and large numbers of kids go private. But in the short run, the fixed cost issue is real.

One response is to design a system that would not allow full funding to follow the children who go private. Instead, a portion of the funding would be held back and given to the public schools. The public schools would thereby get paid for children they are not responsible for educating, but the money would make up for fixed costs that the districts must still incur after the children leave. Some policymakers may want to go further than this in holding money back for the public schools. They may reason that, once fixed costs are taken care of, the schools need additional money to ensure that they will be able to improve and meet the new competition. A market advocate would argue that

by the government, and thus—it would seem—bigger education budgets (and more taxes to pay for them). Two factors mitigate this problem. The first is that, because the voucher is usually much smaller than average per-pupil spending by the public schools, the government may save money when children switch from public to private; and if enough kids switch, the surplus may more than cover the private students who were not previously being funded. The second factor is that virtually all voucher plans being proposed these days focus on poor children, and proportionately few of these children go to private schools under the current system. Thus, with a targeted voucher plan, the existing private school kids represent a small financial burden that can easily be overcome by the savings that occur as public kids go private. Still, the right structural choices must be made to ensure desired budgetary outcomes. Designers must determine the proper size of the vouchers, and at what times and in what numbers existing private school students will become eligible for vouchers.

this is counterproductive, because it essentially rewards schools for losing kids, and thus rewards them for poor performance and lack of responsiveness—but again, the critics of markets don't see it this way. They think improvement can only come with additional resources, and they want to see the public schools have as much funding as possible. In practice, that means making the vouchers much smaller than the average per-child expenditure in the public system, and holding the rest of the money back for the public schools—giving them more than would be justified on the basis of fixed costs alone.

The Milwaukee voucher system is a good example of such an arrangement. The basic rule, complications aside, is that only half of the full government funding goes with the child attending private school, and the other half stays with the Milwaukee public schools. With average spending per child at about \$10,000 per year in that district, this means that a voucher of about \$5,000 goes to pay for the child's education at a participating private school, and the remaining \$5,000 stays with the district—for work it doesn't have to do. Not a bad deal, and hardly a drain on district finances.²³

IS THERE A BEST STRUCTURE?

These are just some of the options that come into play, or could, when a choice system is being designed. Even from this brief discussion, however, it should be clear that a voucher system may in fact bear little resemblance to a free market—and may rather easily, through the conscious choice of rules, be designed to meet the needs of disadvantaged kids, to promote fairness and social equity, and to protect the public schools from unwarranted harm. There are many permutations, many possible designs.

²³For a detailed discussion of the Milwaukee voucher plan, see John F. Witte, *The Market Approach to Education: An Analysis of America's First Voucher Program* (Princeton, N.J.: Princeton University Press, 2000).

But what kind of choice system is best? This is a question that has no objective answer. In the first place, different people may give priority to different social values, and thus have entirely different interpretations of what it means for a choice system to work to social advantage. Some may put greatest emphasis on personal freedom and student achievement, others on social equity, still others on promoting good citizenship—and these differences cannot be settled scientifically. We can't say that some values are better than others, that some people are right and others wrong.

Even if people could agree on the values to be pursued, moreover, they may still have very different expectations about what will actually happen when a choice system is designed in one way rather than another. Will Structure A lead to better student performance? Will Structure B promote balkanization along religious or racial lines? Which one will create better opportunities for disadvantaged kids? These are essentially questions about cause and effect—questions that, at least in principle, do have objective answers. But the problem is that, given the current state of social science theory and research, we often do not know exactly what the answers are, and there is plenty of room for legitimate debate.

For both these reasons, then—different values, different assessments of cause and effect—there will inevitably be disagreement over what a desirable choice system ought to look like. This is quite normal, though, and the same could be said for almost any type of public policy. Precisely because there are so many aspects of structure that go into the design of a choice system, moreover, and thus so many permutations that can be mixed and matched, there are tremendous possibilities for compromise among decision makers who are well intentioned and dedicated to finding a workable solution that is satisfactory—if not best—for almost everyone. A free-market supporter may prefer a universal voucher system with no restrictions on private schools but may be willing to accept a small pilot program that targets

needy kids and imposes certain regulations. A liberal who is suspicious of unregulated choice may be willing to accept such a program as well, seeing it as a way of promoting social equity while protecting against the uncertainties of the free market.

A targeted system is not, of course, the only compromise that might work. What the availability of multiple designs really does, more generally, is to allow communities to build whatever kinds of choice systems seem to make the most sense for them, given their own unique mixtures of values and expectations, and their own ways of hammering out compromises and making political decisions. There can be as many different choice systems as there are communities.

THE POLITICS OF STRUCTURAL CHOICE

I should emphasize, once again, that the point of all this is to use the power of markets to the benefit of society, and thus to inject new options, stronger incentives, greater dynamism—and more equity—into a heavily bureaucratic education system that has long done almost nothing to take advantage of what choice and competition have to offer. There are many ways to do this and many designs on which reasonable people might agree. But it is important to keep this fundamental goal in mind, because some designs are better at achieving it than others, and some can be so restrictive that they prevent choice and competition from working at all.

Designers need to recognize any trade-offs they are making. They may have legitimate concerns about equity, democratic accountability, public school finances, and other matters, and they may design structures that protect and promote such values. That is an essential part of their job. But if these structures get too burdensome or are overly constraining—for example, in restricting the supply of private schools, or imposing costly and complex regulations, or keeping the size of the voucher very small—then much

of the power of choice and competition may be lost in the process. The challenge is to strike the right balance—to unleash what choice and competition can contribute, but to channel them in socially desirable directions.

In principle, this is a straightforward objective that well-intentioned designers could readily pursue. In practice, however, the design of a choice system is an exercise in the making of public policy, and virtually every decision is determined through the political process—which is heavily shaped by power and self-interest. All too often, the very nature of politics makes it difficult for communities (and states and the nation as a whole) to design and adopt choice systems that work as well as they could.²⁴

This kind of problem afflicts many areas of public policy, but it is especially acute in education because of the extraordinary political power of the teachers unions. The teachers unions have a strong self-interest in preserving the purely governmental system of top-down control that has prevailed since the Progressive Era. This is a system that works to their great advantage. By keeping the system as it is, they are guaranteed a safe, noncompetitive environment in which to organize teachers and engage in collective bargaining, and they are assured of substantial levels of membership and resources. And precisely because these foundations are secure, and because their deep pockets and huge memberships readily translate into tremendous political clout with elected officials, they are assured of having massive influence at all levels of the system.²⁵

²⁴See Moe, “The Politics of Bureaucratic Structure”; David Mayhew, *Congress: The Electoral Connection* (New Haven, Conn.: Yale University Press, 1974); and Mathew D. McCubbins, Roger G. Noll, and Barry R. Weingast, “Administrative Procedures as Instruments of Political Control,” *Journal of Law, Economics, and Organization* 3 (1984): 243–77.

²⁵For a more detailed discussion of the political power and organizational interests of the teachers unions, and the role the unions have played in the politics of school choice, see Terry M. Moe, “Teachers Unions and the Public Schools,” in Moe, *A Primer on America’s Schools*. See also Myron Lieberman, *The Teacher Unions* (New York: Free Press, 1997).

School choice, and especially vouchers, would change all this. A voucher system would allow money and children to flow from public to private, threatening a sharp drop in union membership and resources. It would disperse teachers to private schools, where they would be much harder for unions to organize. It would promote competition among schools, which would put union schools at a disadvantage (because of their higher costs and organizational rigidities). And it would create a more decentralized, less regulated system in which the unions would have less power and control.

Not surprisingly, the teachers unions are totally opposed to vouchers. This opposition arises because vouchers threaten their fundamental interests as organizations, and has little to do with how vouchers affect the opportunities of children, the quality of the schools, social equity, democracy, or any other basic social values. If it could be shown with 100 percent certainty that vouchers are good for kids, good for schools, and good for social equity and democracy, the unions would still be opposed to them. Indeed, they are even stridently opposed to vouchers that are only available to the poorest children in the worst public schools.

It would be nice to think that, with a choice system giving policymakers such a vast range of options, well-intentioned decision makers would find many ways of using choice and competition to improve upon the existing top-down system. The reality of politics, however, is that the teachers unions are by far the most powerful actors in the world of education policy, and they employ their power with a vengeance to protect the existing system, and to prevent vouchers and other types of choice systems from being adopted at all. Moreover, when they don't have quite enough power to stop some version of choice from being adopted, they use what power they have to insist on structural designs that minimize the amount of choice and competition the system will actually deliver—and to turn the program, if they can, into an empty shell that doesn't threaten their interests.

The upshot is that serious, thoroughgoing proposals for school choice are usually defeated in American politics. And those that succeed in getting adopted—the real-world choice systems now in operation—are often burdened with structures that do not put choice and competition to fully effective use in promoting important social values, and indeed are intended to stifle their impacts.

Consider, for example, the original design of the Milwaukee voucher program. In this first breakthrough for the voucher movement, the unions and their allies weren't able to stop a choice system from being adopted for low-income kids in Milwaukee. But they did succeed in (among other things) restricting eligibility to just 1,000 kids in a district of 100,000, prohibiting vouchers for religious schools, and prohibiting nonreligious schools from participating if more than half their kids would use vouchers. As a result, just seven schools initially signed up to be part of the program, and these schools did not have nearly enough slots to handle even the 1,000 kids who were eligible to receive vouchers. The number of kids exercising choice was thus kept quite low, to a mere 341 in the first year. And during the first six years of the program, these built-in limitations on the supply side led to a situation in which fully three-fourths of the voucher students attended just three private schools.²⁶

Meantime, Milwaukee was being portrayed as a critical test of the efficacy of vouchers. For almost anyone with an interest in the issue, it seemed, evidence from the Milwaukee experience was awaited with bated breath, and was the subject of much publicity and controversy. But most of this hullabaloo was quite unnecessary and misplaced. The fact is, Milwaukee was not a critical test at all. The program gave vouchers to very few children. It allowed kids very few schools in the private sector to choose from. It provided the

²⁶Again, see Witte, *The Market Approach to Education*, for details of the Milwaukee program.

public schools with almost no competition. And the question that mesmerized everyone's attention—whether kids actually learned more as a result of vouchers—was hardly worth exploring. What difference does it make if the kids in three private schools do or do not outperform the kids in the public schools? In this case, comparisons of student achievement could tell us little about what choice and competition are capable of contributing, because the enemies of the program did everything they could to see that there was as little choice and as little competition as possible.

The teachers unions and their allies have done the same in trying to limit other forms of school choice as well. Charter schools, for example, are public schools of choice that are granted substantial autonomy from district control and offer parents alternatives to the regular public schools. Unlike a voucher program, charter schools do not allow money and children to flow from public to private, but they are still threatening to union interests. They draw money and kids away from the regular public schools where union members teach, and their teachers need not be part of the district collective-bargaining contract. In attracting students away, moreover, the charters have an advantage because they are freer to design programs that appeal to parents, and they are less burdened by the costs and organizational rigidities of the regular schools. The greater the number of charter schools, therefore, the greater the threat to the size and financial well-being of the unions. And as charters spread, the unions and the districts will simply have less control over public education, and less power over the things that they care about.

As we ought to expect, the teachers unions have battled to prevent charters from succeeding. And when they have failed to stop the adoption of a charter plan—or when they have “supported” charters as a means of heading off vouchers (which they fear even more)—they have consistently pressured for structures that limit the program's scope and impact. Among other things, they lobby for low ceilings on the

number of charters that can be created, for requirements that charter teachers be unionized and part of the district bargaining agreement, for low levels of funding, for no assistance with building or set-up costs, and for the extension of as many district regulations and controls as possible. Charters are on the rise nationwide. But due to the power of the unions and their allies, most are constrained by charter laws that sharply restrict how much choice and competition the new schools can really bring.²⁷

Whether we look at voucher systems or charter systems, then, or indeed at any other real-world choice systems, the picture is not a pretty one. At least in this early phase of reform, with the established interests so powerful, there tends to be a yawning gap between how these new programs could perform, given the right design, and how they actually do perform.

What are we to make of this situation? As I mentioned earlier, economists tend to be unhappy with what politics does to the market economy, producing regulations that are too numerous, too burdensome, and sometimes counterproductive. Even so, they view our nation's imperfect economic system as far preferable to a centrally controlled economy in which markets play little or no role. And they use what political clout they have, mainly in the form of expert advice, to push for more rational and productive frameworks of economic regulation (which often involve substantial, but not total, deregulation).

We have to approach school choice in much the same way. Real-world choice systems are not built by well-intentioned designers who simply want to put choice and competition to their best possible social uses. They are products of politics,

²⁷On charter schools and their politics, see Chester E. Finn Jr., Bruno V. Manno, and Gregg Vanourek, *Charter Schools in Action: Renewing Public Education* (Princeton, N.J.: Princeton University Press, 2000); Bryan Hassel, *The Charter School Challenge* (Washington, D.C.: Brookings Institution Press, 1999); and Hubert Morken and Jo Renee Formicola, *The Politics of School Choice* (Lanham, Md.: Rowman and Littlefield, 1999).

and are subject to influence by their political enemies—who want to them to be limited, and even to fail. Nonetheless, even these imperfect choice systems are preferable to a purely governmental system that makes no use of markets whatever. And as the choice movement grows in political power, which seems a good bet, these imperfections can be addressed over time through increasingly better designs that allow choice and competition to expand considerably and better realize their potential.

CONCLUSION

Whatever one's values may be, and even if one puts almost exclusive emphasis on social equity, it is difficult to argue that American education should not move toward a greater reliance on choice and competition. The system that we have now was designed in the early 1900s and has been frozen in time, a legacy of the past that traps “modern” education in an antiquated iron cage. As a form of organization, it is at the extreme end of the continuum: a system of top-down control by public officials and administrators that makes no serious attempt to take advantage of what choice and competition might have to offer. Eons ago, such an extreme form of organization might have seemed reasonable. But today there is a mountain of social science evidence demonstrating that market forces are powerful engines of efficiency, incentives, and social welfare. To make no use of them at all is simply a mistake.

It is also a mistake, however, to think that the only alternative to top-down government is the free market, in which the entire education system is privatized and schools and families are thrown into the marketplace to fend for themselves. Although public discussions of the choice issue (including academic research) have often been oriented by the logic and metaphor of the free market, the fact is that almost no one outside a small band of libertarians is actually calling for reforms that would shift American education all

the way to the other end of the continuum. What choice advocates almost always have in mind, and what choice critics would be wise to consider (for their own social purposes), are forms of organization that lie in-between the extremes and involve important elements of both government and markets.

Because this is so, the most useful way to think of any system of school choice is not simply in terms of markets per se, but in terms of how much and what kinds of government they involve—and thus in terms of their structures. In the public debate over school choice, issues of structure are almost always ignored or given short shrift. But they are actually the key to the whole thing.

Two points are fundamental. The first is that there is always a structure to any choice system—a specific framework of basic governmental rules—and the details of this structure determine how choice and competition operate, how well the system performs, and what social values it promotes. One voucher system may make all children eligible, provide vouchers of equal value to all kids, allow parents to add on, and impose no rules of fairness or accountability on the private schools. Another voucher system may extend vouchers only to poor children in low-performing school districts, prevent parents from adding on, and require private schools to follow basic rules to ensure that students are treated equally and fairly, that curricula and teachers meet certain standards, that students are learning, and that money is properly handled. Both are choice systems—but knowing this, and this alone, tells us very little about what we can expect from them. Clearly, our expectations are very different from one system to the next. And the difference is due to structure.

The second point is that, just as there is a structure of choice, so there is a choice of structures. In between the extremes of pure governmental control and the free market, there are countless structures that might be adopted for any given choice system, and the people who are in a position to design the system have a great deal of flexibility in putting together combinations of structural features that give them

the kind of system they want. How choice works, and toward what ends, is not something that simply happens as a result of the automatic functioning of the market. It is largely a matter of conscious design. When policymakers know what social values they want to achieve, they can choose the structural features that, by virtue of the specific ways they constrain and direct the power of choice and competition, best promote those values.

As things now stand, all of these advantages cannot be realized. Real-world choice systems are designed in the political process, and there are strong forces of self-interest and parochialism lobbying for structures that strictly limit what choice and competition can do. The designs that actually get adopted, as a result, are usually not what well-intentioned designers would prefer, and are but a pale reflection of what is possible. But they are at least a beginning, and represent important and necessary steps toward designs that put markets to effective social use in education. Further steps can only be taken as the choice movement grows in political power—and as the policymakers, who respond to power, make greater efforts to use choice and competition to social advantage.

In the meantime, it is important for people of good faith to see the choice issue in a less simplistic and more constructive light. The fact is that choice is a social force of tremendous power, but how that power is used—which values it promotes and how well it promotes them—depends entirely on the structures in which it is embedded, structures that we as a society are able to choose. The challenge for American education at this juncture in history is to get beyond ideological battles over markets versus government, and instead to think pragmatically about markets *and* government—and how both can be used, in strategic combination, to yield the results we want for our children and our society.