

Urban Renewal

School vouchers would entice motivated, involved parents to move back from the suburbs.

By Jonathan Rauch

The strongest argument for school vouchers is moral. It is simply wrong for rich, predominantly white liberals to insist that poor, predominantly minority children attend dysfunctional and often dangerous schools that rich, predominantly white liberals would never allow their own children to set so much as one foot in.

It is callous for rich, predominantly white liberals to continue to tell inner-city parents, year after year, "Urban schools must be fixed! Meanwhile, we're outta here. Good luck."

Not everyone sees the moral picture this way, of course, and so the discussion naturally turns to pragmatic considerations. The second strongest argument for vouchers is that competition would improve the performance of public schools, just as it improves the performance of people and companies and, for that matter, public universities.

American higher education has long been effectively voucherized, because students can take their government loans and grants to private colleges. Not coincidentally, America's public universities are the best in the world.

Vouchers would jolt public schools at first, and some would flounder and fail, but competition advocates — myself included — expect that many others would shape up and flourish with a new vigour.

Still, we may be wrong, and the evidence so far is too thin to settle the point. What if for every public school that turned itself around under competition pressure, two or three others sullenly rotted? Would vouchers then help only the motivated and savvy, leaving the most disadvantaged behind in deepening squalor?

Not necessarily.

The voucher debate revolves primarily around vouchers' effects on schools. It should have more to do with the effects on neighbourhoods.

Vouchers are possibly the best desegregation and urban-renewal program that the United States has hardly ever tried — or so research by Thomas J. Nechyba suggests.

The name is Czech, but the man is Austrian: an immigrant (at age 13), a satisfied product of American public schools, and now a 34-year-old economist at Duke University.

Starting in the mid-1990's, Nechyba devised a detailed economic model of school systems and their neighbourhoods, one that broke down families into no fewer than 2,500 types. He tuned it to produce lifelike changes in tax revenues, school performance, residential patterns, and other outcomes when fed real-world data, and then he added vouchers.

Nechyba made two interesting moves. First, he chose to assume, as opponents of vouchers maintain, that vouchers would *not* improve public schools. Second, he took note of an important fact that education analysts often overlook when considering vouchers: most people choose their schools by buying their homes.

Being located in a good school district can add easily 25% or more to the price of a house, as real-estate agents are well aware. ("It's worth it — the schools are great.")

Introducing vouchers, Nechyba found, had a striking positive effect — not on poor public schools (remember, he assumed they would not improve) but on poor neighbourhoods. "We're talking about large effects," he told me.

"We're talking about average incomes in poor districts rising 20% or 30%, and housing prices going up comparably. We're talking about the tax base going up dramatically."

Why? Nechyba explains that quite a few parents stretch their budgets to live in communities with good public schools. Make vouchers available, and many of these parents will

find that they can get more house for less money — and maybe a better education for their kids to boot — by moving into an undesirable public school district and sending their children to a private school.

In fact, he told me, "What we see in the model is that the people who tend to take up the vouchers include some people who already live in bad districts and simply can't afford to live anywhere else — but more are people who live in districts with *good* public schools who decide instead to live in districts with bad public schools and send their kids to private schools."

Who would lose, then, if vouchers broke the link between homes and schools? Wealthy suburbs. "They're losing the people who used to stretch to afford housing in that area — motivated parents," Nechyba told me. And they would lose much of the school-related premium in their property values. No wonder suburban voters look on vouchers with icy disdain.

In many respects, vouchers are the perfect liberal program. They help to equalize opportunity across class lines. They stand a good chance of improving the public schools. And, even if they did not improve the public schools, they could help revitalize and integrate poor neighbourhoods.

The tying of schools to houses is a historical accident that has undermined the economic integrity of cities. The tying of liberal loyalties to public school employees' lobbies is a historical accident that has undermined the moral integrity of liberalism.

Vouchers could untie both knots.

(Adapted with permission from "Reversing White Flight" in The Atlantic Monthly, Oct. 2002. Jonathan Rauch is a correspondent for the Atlantic and a senior writer for National Journal.)