File
vouchers

*E. J. Dionne Jr.*

# Vouchers Guilt Trip

NEW YORK—Political reporters are trashed so regularly for loving horse races, polling and conflict that it's worth celebrating moments when journalists question candidates about what we like to call "real issues."

In the midst of the acrimonious confrontation between Al Gore and Bill Bradley at the Apollo Theater in Harlem last week, Tamala Edwards of Time magazine noted the support among African Americans for school vouchers and also pointed out that Gore and his children "are the product of private institutions."

"Is there not a public or charter school in D.C. good enough for your child? And, if not"—here she was interrupted by applause—"why should the parents here have to keep their kids in public schools because they don't have the financial resources that you do?"

Later, Jeff Greenfield of CNN pressed the point. "When the public schools fail our children," he said, referring to affluent parents, "we don't wait for new legislation. We protect our kids' future by pulling them out of those public schools. There are tens of thousands of parents, disproportionately black and brown, who do not have that choice. . . . Why shouldn't these parents conclude that the Democratic Party's opposition to choice is an example of supporting a special interest rather than their interest?"

Neither Gore nor Bradley was about to embrace vouchers. But the Edwards-Greenfield moment should not be the last time the voucher question is joined. In this debate the opposing sides rarely address the other's best arguments.

The best argument for vouchers was framed nicely by Edwards and Greenfield: Most parents will do anything in their power to give their children a better education. But, as Greenfield said, poor parents can't afford private schools. And as Chicago's Mayor Richard Daley has said, even the most sincere promise to fix an ailing school system in 10 years doesn't sound very good to the parent of an 8-year-old. In 10 years, the child is out of the system.

What might be called the guilty conscience argument says to well-off parents: If the parents of poor children can find a better school, doesn't a sense of social justice demand this parent be given a choice and a chance? What is wrong with vouchers for the poorest children in the most broken school systems?

The usual reply from voucher opponents might be called the supply argument. Yes, in some cities, alternative schools exist—usually Catholic schools—whose tuitions are within the reach of what a voucher could pay for.

But voucher advocates, their opponents say, are wrong to pretend that the K-12 education market is like every other market. Starting new schools is difficult and expensive. Vouchers will not lead miraculously to the creation of thousands of new and vibrant schools. Educating the poorest children in our society is not necessarily work that profit-making institutions would take on. Vouchers are thus a false promise if they're offered as an alternative to public school reform.

Now consider this possibility: Both arguments are correct. As a safety valve for parents who desperately need alternatives to schools in catastrophic condition, vouchers may work as a short-term balm—and as a prod to reform.

But they are no substitute for fixing the public schools, and there is no cheap or easy way to do that. Education Secretary Richard Riley was right in his State of American Education speech last week to underscore one unintended consequence of the booming economy: Rewards for new college graduates are now so high in the private sector that potentially good teachers are bid away from the teaching market. Riley's innovation was to suggest that teaching be turned into a full-year, and better-paid, profession.

The problem is especially grave for math and science teachers. An Education Department official offered these numbers: The average first-year teacher's salary is $25,735. But new college grads who go into computing can earn an average of $40,920; in engineering, average starting pay is $42,862. The gap grows over time. Experienced teachers average $39,347; a computer systems analyst earns $63,072.

Voucher advocates who say they believe in market economics cannot deny what market logic tells us: We need higher pay for teachers, especially for specialists, in exchange for more rigorous standards.

But opponents need better answers than they've come up with to the questions Edwards and Greenfield asked last week. Guilt is not an education policy. But if we don't feel guilty about what's happening to our poorest children, something is wrong with our consciences.

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*David Ignatius*

# Gore's Greenspan Problem

The U.S. economy grew at a rip-roaring 6.9 percent annual rate in the fourth quarter of last year. But as likely Democratic presidential nominee Al Gore may soon discover, there can be too much of a good thing.

Gore's problem is that the economy has been growing so fast that Alan Greenspan, chairman of the Federal Reserve, has decided to slow it down, hard. Given the normal lags in monetary policy, that means that when voters are making up their minds next October, they could be looking at an economy that's much weaker than the current blue-skies-and-sunshine version.

There's an eerie similarity, in fact, between the economic climate we may see next fall and the sluggish 1990-91 economy that helped get George Bush defeated. Higher oil prices had people worrying about inflation, then as now. The Fed had been pumping the interest-rate brake, then as now. For Gore now, as for Bush back then, it must look like the curse of Greenspan.

Greenspan has already raised interest rates four times since June 30 in his attempt to slow the economy, but the medicine hasn't worked yet. He told Congress this month that putting on the brakes "seems more pressing today than it did earlier," and the financial markets are convinced that now he really means business.

The Fed will almost certainly boost rates when the Open Market Committee meets March 21, and the bond market is expecting a big half-point jump. Moreover, the markets expect that Greenspan will keep raising rates until it's clear the economy has in fact slowed.

We're probably near a peak in the business cycle, in other words. For the rest of the year, the rate of growth will be heading down, and no one can be sure how steep the decline will be. Greenspan doesn't want to trigger a recession, of course. The problem is that in economics, smooth transitions and careful adjustments mainly happen in the textbooks. In real life, policymakers almost always overshoot or undershoot their targets.

Economists say the normal lag for monetary policy to take effect is about six months. That means this month's Fed rate increases will really bite into the economy by September and October. And if the financial markets continue their recent slide, the effects could be quicker and sharper.

The risk for Gore is clear, says Harvard economics Prof. Benjamin M. Friedman: "He will be running in part on the state of the economy in the year 2000. Because monetary policy is not a precise science, there is an opportunity for the Fed to make a mistake. . . . The process of tightening that's now in progress could overshoot and slow the economy too much and too abruptly—so much that Gore no longer has visible prosperity to point to."

Greenspan's dilemma, notes Friedman, is that he can also make a mistake in the other direction—by not acting aggressively enough to curtail the 6.9 percent economic binge. In that case, the effect might be a new spiral of inflation.

"The problem is uncertainty," explains Friedman. Assume Greenspan's objective is to slow economic growth to half its current rate during the fourth quarter. That would still leave a tidy 3.4 percent growth rate in the fall—with unemployment still low and profits still strong. But suppose the Fed overshoots and slows growth to one-quarter of what it was, producing a 1.5 percent growth rate by election time. That would feel like a feeble economy, with rising unemployment and sagging profits. Worse still, suppose the Fed slows the growth rate by 100 percent! That would produce a recession.

"Nobody can get it exactly right, and there's always some risk," says Friedman.

New pressure for Greenspan to hit the brakes could come soon, when the February unemployment rate is increased. Some economists expect it will drop below 4 percent—a happy development for workers but a scary one for Greenspan, who worries that tight labor markets will trigger a new round of wage-push inflation.

Could the Fed's tightening trigger a full-blown recession? Martin Feldstein, the Harvard economist who heads the National Bureau of Economic Research, doubts it will happen. "When I look at the history of downturns, it's a question of overtightening by the Fed in a weak economy," he says. What Greenspan is doing now, says Feldstein, is mild tightening in a strong economy. Still, he cautions, in economics "anything's possible."

The Democrats just have to hope that Greenspan gets it right—applying just enough of a squeeze, but not too much. When I interviewed President Clinton about the economy Thursday, he said breezily that he thought the Fed chairman was "trying to find a way to fine tune it, to keep it going . . . [and find] the best way to keep this thing rocking along."

That's right, isn't it Mr. Greenspan? *Isn't it?* Because if it turns out the economy is heading south in October, there are going to be some unhappy Democrats who've lost the issue they hoped to win on.

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