

## VOUCHER SCHEME IN FINANCING EDUCATION AS ALTERNATIVE METHOD

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### ABSTRACT

The dissatisfactions with the conventional methods of financing education have, so far, resulted in a number of proposals for the reform on this issue. One of the most popular among these is the voucher scheme, according to which the funds necessary would be received by schools indirectly in return for vouchers given to parents by government. In this paper, the voucher scheme, which is usually discussed with reference to the primary schooling, shall be considered on the grounds of equity, efficiency, and feasibility.

### I- Introduction

The question of how to finance public services has intensively been under discussion for at least two decades, not only at academic level but also on the political agenda in many countries. Of these, education has received more attention since it involves almost all of the society.

It has been shown by many studies carried out on the subject of financing education that the private market approach (price mechanism) and public provision and financing education can not be explained as an optimal method in the field of financing education in respect of equity, efficiency, and feasibility. In short, this is because free market system has many obstacles, for instance externalities, consumers ignorances, capital market imperfections, to implement, yet it has, meanwhile, many advantages such as efficiency, cost-effectiveness. On the subject of financing education out of general taxes, we can say that government seeks to ensure that no one is refused access to education due to income limitations by controlling provision of it and making it available free of charge. It has been also obviously shown that this method is far from providing equity and efficiency, even though it is advocat

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ed and used in most countries on the ground of equity.

Consequently, dissatisfactions with these methods, most importantly with financing out of public revenues, has resulted in a number of proposals for the reform of financing education. One of the most popular among these proposals is voucher scheme. In this paper, the voucher scheme which is usually discussed with reference to the primary schooling shall be considered. The roots of this idea go back almost two hundred years to Tom Paine's book "Rights of Man" (West, 1967:378-82). In the last century, it was also debated as a serious proposal by the French government (Van Fliet, and Smith, 1982:95-103). Furthermore, before the Second World War, an education voucher plan was proposed as a way at resolving what seemed to have become an impasse over the question of separate religious schools, especially for children of Roman Catholic parents (Hough, 1987:238).

## II- Definition and Objectives

The idea of a voucher scheme which has been in dispute for a long time, as indicated above is based on a simple procedure. An education voucher is actually simply a piece of paper or in the modern technological age it could be no more than a computerized entry on magnetic tape worth the yearly cost of educating a student in officially recognized school (ORS). Briefly, its procedure is as follows; firstly, the government issues a voucher to parents which is equal to at least the cost of one year's education at a minimum standard. Secondly, the parents with children of school age take it to any ORS of their choice. Then, the school returns it to the government or to any institution concerned. Finally, the government sends the school a cheque worth its values (Maynard, 1975: 26).

The basic objective of the voucher scheme underlying this process is to retain the advantages of a market system, at same time, making sure that everyone is able to obtain at least the minimum quantity of education considered socially necessary (Le Grand and Robinson, 1984: 68-9). This objective seems to be two-fold;

a) Efficiency which is deemed as the main advantage of the free market system.

b) Equality of access to education, which is the only reason for financing education out of general taxes.

With regard to achieving this objective, the key to the scheme is the distribution of vouchers to parents so that they can buy education services,



Insofar as the parents are free as to which school they send their children, they would be in position of consumers. As they are expected to pay attention to the quality of output when selecting school like people doing same for consumers goods, such as cars and houses. The schools would thus be forced to offer high quality in terms of curriculum, facilities, etc. so as to compete with the others for the students through whom they receive their income. In other words, the use of vouchers for financing education and giving all parents freedom to choose whichever school they like leads to the devaluation of power from a producer-bureaucrat alliance to the individual family (Henderson, 1986: 45-6), and make the schools responsive to the preferences of parents.

It can be easily seen that voucher scheme has not been designed to change the source of income. The sources would in the main be the government, as it is now, but funds would be received by schools indirectly in return for vouchers given to parents by government. For that account, it can be considered a type of subsidy (Milvard, 1983: 83). However, the scheme, on the other hand, aims to have an effect on the provision side and to make the institutions which produce education respond to market conditions. It encourages educational facilities to be provided by private institutions, which could be profit-making or not at their option.

In fact, the provision of education by the private sector has always been the predominant theme proposed by those who favor the market system. This is clearly seen in J. S. Mill's statements (Mill, 1959: 190-91)

"If the government would make up its mind to require for every child a good education, it might save itself the trouble of providing one by leaving to parent to obtain the education where and how they pleased and content itself with helping to the school fees of the poorer classes of the community and defraying the entire school expenses of those who have no one else to pay for them..."

The voucher scheme is defended particularly by pro-market system on the ground that the obstacles preventing market forces from performing in the field of education would be removed only by the introduction of voucher system (Friedman and Friedman, 1980: 159-61). As for the role of the state, it would be confined to;

- a) Legislation on the compulsory education up to some minimum age
- b) The issue of education voucher to parents with children of school age to be spent by the parent at school of their own selection.



c) Maintenance of minimum standart (Blaug, 1970: 367). Last one would restrict the spending of voucher to approved institutions.

All these told, so far, constitute general characteristics of voucher scheme. We shall now go a step further to alternative types of the voucher scheme.

### III- Alternative Types of Voucher Scheme

As we told in the foregoing section the government issues a voucher to every parent with children of school age and the parent use it at the school of their choice in exchange of one year's education. But here the concept of school is not clear, In other words, which school does the voucher scheme involve, private or state or both, In fact type of school at which the parents are permitted to use their voucher arise as a crucial point.

If only the state schools are entitled to receive vouchers, this means that the parents have to choose one of the state schools to use the voucher they have, as they do presently, In the case of this limited voucher, since those who want to choose any private school has to pay out of their pocket, there would be no change in the position of the private sector. The limited voucher can hardly influence the supply side. The voucher which is appropriate to objectives given above is unlimited one which includes both private and public schools (Blaug, 1987: 245-46).

The fact giving all parents a voucher equivalent to the cost of one year's education would bring the equity issue to our attention. The question here is whether voucher would be fixed in value for everyone or different in accordance with parents' income. If it was accepted that it should be in same value, the result would be in favor of those who has so far, chosen a fee paying school and now will be given a voucher. By this procedure, public money would replace the private expenditure which used to spend at fee-paying school. In this point of view, it is asserted that the value of voucher should change inversly with the parents' income, in other words it should be income-related or means-tested voucher. Any choice between these two alternatives of voucher, income-related or fixed, is simultaneously related to the other crucial question of whether the voucher would raise public expenditure on schooling. This question is going to be answered, so we now can pass to another point which is about the value of voucher relative to cost of school education.

If government or any educational insttution concerned determined the value of voucher at a level equivalent to the entire cost of the school of



parents' choice, this would be full-cost voucher. And its value would vary according to the fees imposed by each school if the schools are free to determine of the level of fee (Blaug, 1987: 246). Instead of this the value of voucher could be made equal to the average cost of educating a child at the state school. This average cost can be counted by dividing the current or previous year's total expenditure allocated from budget to schooling by the number of students at schools, the other alternative is the minimum-cost voucher that the value is equal to the cost of educating a child in a cheapest state school.

In the case of full-cost voucher, since the value of voucher is equal to the total fee charged by any school the parents are not needed to pay in addition to the voucher they are given. But in the average or minimum-cost voucher, whether the parents are required any additional payment explicitly is up to whether the schools are allowed to charge any fee in addition to the voucher. If they were, those who send their children to the schools which charge fee higher than the value of voucher have to supplement their voucher (Blaug, 1987: 246), which is called supplementable voucher.

In big cities, the cost of transportation of the children attending the schools which are distant from home is another point to be taken into account in the introduction of voucher. Should this cost be met by the parents? or should the value of voucher include it?. On this issue, one thing must be clearly understood that the cost of transportation for children is considered by parents as a part of total cost of their children's education. If the voucher did not cover the transport cost in question, the parents specially from low-income group would be likely to choose the school near their home instead of distant one which may have been their first preference according to their initial decision made regardless of the cost for transport. The non-transport included voucher is objectionable not only because it is an impediment to the freedom of choice but also because of equality of opportunity

Having seen the main alternative types of voucher, next we shall view some voucher proposals.

#### **IV- The Voucher Scheme Proposals**

There are a number of variants of the voucher scheme, yet all they have common aim which is to produce efficiency and choice in schooling system each one has different combination types of voucher, therefore each proposal differs from another in details. Here three major proposals are outlined.



## a) The Friedman Voucher Plan

Although the idea of voucher goes back to nearly two hundred years ago as mentioned at the outset, the modern development of voucher scheme is attributed to Milton Friedman. In the middle 1950's he (1955: 127-28) stated;

"...the financing of education by the state can be justified by the neighborhood effect of education. It is more difficult to justify in these terms a third step that has generally been taken, namely, the actual administration of educational institution by the government, the nationalization as it were, of the bulk of the education industry. The desirability of such nationalization has seldom been faced explicitly because governments have in the main financed education by paying directly the cost of running educational institution so that this step has seemed required by the decision to subsidize education. Yet, the two steps could readily be separated, government could require a minimum level of education which they could finance by giving parents voucher redeemable for a specified maximum sum per child per year if spent on approved educational services. Parents would then be free to spend this sum and additional sum on purchasing educational services from an approved institution of their own choice. The educational services could be rendered by private institutions of various kind..."

As was seen, Friedman Justifies the financing of education by government on the neighbourhood ground while asserting that there is no Justification for state provision of education. His plan, called the unregulated market model (Maynard, 1975: 28), imply that;

- All schools without any limit, public or private, are allowed to receive vouchers so long as they satisfy certain standard specified by government or any institution concerned.

- The value of voucher should be fixed for everyone and to every school.

- All schools are able to charge whatever additional fee they decide. This would require state schools to finance themselves by tuition fee and lead to the removal of the obstacles preventing them from competing with one another also with private schools. In this context, fees determined by some schools might not be met by the value of voucher, so people who opted for this kind of school would be required to top up the voucher. In other words, the fees of some school would be paid with voucher plus supplementation out of the pockets of the parents.



In this plan, Friedman also argued strongly that the double taxation on people who pay for the education of their children at private schools in addition to paying taxes to finance state schools can be and must be relieved by introduction of this type of voucher plan (Friedman and Friedman, 1980: 161).

In short, The Friedman proposal is a combination of unlimited, average-cost, supplementable types of voucher. However, Friedman considers his plan as a temporary stage designed to push people into paying for their children's education rather than as the best solution in the field of financing schooling. This is quite clear in his statements (Friedman and Friedman, 1980: 161-62); "... we favor going much further. It would appear that the wealthier a society and a more evenly distributed income within it, the less reason there is for government to finance it ...".

#### b) Coons and Sugarman's Family Power Equalizing Voucher Plan

This voucher plan which is associated with the concept of family power equalizing developed by Coons and his colleague seeks to provide educational choice to families and efficiency as Friedman's does. But, where it differs from the former is that the family power equalizing plan is designed to ensure that families with low-income have equivalent conditions of access to various schools to those of rich households (Benson, 1978: 169). In order to attain this goal, all schools are forbidden to spend more than the value of the voucher they received in any given year. The families are thus not asked to add amounts to their voucher (Benson, 1978:170). In short, the value of each voucher covers full-cost.

This plan, however, allows schools to operate at different levels of educational expenditure per pupil so as not to restrict quality depending on outlays. For example the lowest level might be \$ 600, the low-middle \$ 900, the high-middle \$ 1200 and the highest \$ 1500 per student. All parents regardless of income would, of course, be able to send their children to whatever level they wished, private or public. As far as this scheme is concerned, the key point in achieving the efficiency and equity targets is that, although schools would operate at different levels of expenditures, no school could accept additional payments. In this respect, the school accepting children from better-off background would not have more income than the others with children from poor households.

To what extent this plan, which is composed of an unlimited, full-cost and unsupplementable voucher, could equalize the conditions of the poor and of the better-off is unclear. First of all, it is not hard to forecast that the majority would choose the expensive schools and excess demand



for that schools might well become extreme. The authors argue that if the demand for places exceeded supply, at least 50% of available places could be allocated in a random fashion. On the economic class issue, as Friedman stated, this type of goal may be attained in small communities, but is almost entirely misleading for large cities because most of the outstanding schools are in high-income enclaves (Friedman and Friedman, 1980: 170). On the other hand, if each school is permitted to decide the level of voucher it is to receive, in the long term the plan would lead to the establishments of high quality schools in the poor areas.

### c) The Wiseman-Peacock Voucher Plan

Of authors, Wiseman is seen as one of the few pioneers of voucher scheme, his proposal with his colleague, however, arose in 1960's (Peacock and Wiseman, 1964). Their plan is quite similar to the family power equalizing plan insofar as this scheme is intended to help disadvantaged groups. But, this is more flexible than the other.

In this plan the value of the voucher supplied is subject to income tax in the hands of parents. In other words, the value of vouchers varies inversely with family income. Another important point to be noticed is that the fees charged to parents and which would be paid through voucher would be decided by individual school. In this respect, it resembles Friedman's plan. Also it is unlimited but, unlike Friedman's, it is income related.

The impact of such scheme would result in redistribution of resources to the low-income groups. Apart from this, since the better-off group would have vouchers of a lower value and fees would be met by augmentation of voucher resources out of private income and wealth, this development leads to the rising of additional revenue for education in general.

A great number of voucher plans are possible to view, but, others either are less influential or contain variations on the above

## V. Experiments With Voucher

On contrary to a number voucher plans that have been proposed and discussed for over three decades, unfortunately it is not possible to find many empirical tests so as to draw lessons to be analysed, apart from some feasibility studies carried out in US and UK, there is only one voucher plan practised in USA.

In USA, although the Federal Office of Economic Opportunity and



Federal Institute of Education sought to initiate a voucher test in 1960's, eventually only Alum Rock district in California agreed to a trial. The model used in this district was based on regulated compensatory voucher which was based on the plan proposed by C. Jencks. It also sought to give parents a greater range of choice over educational alternatives without permitting increased segregation by race, ethnic origin and social class, meanwhile providing low-income families with additional purchasing power over education.

The basic characteristics of this experiment can be outlined (U.S. National Institute of Education, 1973; The Rand Corporation, 1974): First of all an Education Voucher Agency (EVA) was established to administer the plan. In other words, EVA was responsible for receiving all governments funds for education and paying them to schools in return for vouchers. This agency issued a basic voucher to every family with a child of school-going age. The value of voucher was equal to the average cost of supplying education in area. It was not only the voucher which was used but also there was another type called "compensatory voucher", which was only for low-income families and the value varied inversely with families declared income. The other important feature was that, although all schools, public or private, were eligible to receive vouchers, on condition that it would be open to everyone and it would charge no extra fee except the value of voucher the

Private schools in that district refused to join. In this case, every school was obliged to accept the children who applied to fill vacant places. In the event of excess demand 50 per cent of the places available had to be allocated on random basis.

Every family had opportunity to decide which school was required for its children in the next term. Providing that schools had capacity, all applicants were given to their first choice and schools with unfilled places were required to notify the EVA. Children who did not get places at their first choice were then allocated to schools with vacant places according to their second and third preferences. Finally, in this experiment transport was freely provided for children enrolled at school distant from their home. All schools had to meet their expense entirely out of voucher income, except transport.

When the voucher plan was put into practice there were nineteen elementary and six middle schools serving roughly 15,000 children in Alum Rock where residents are relatively poor, predominantly Mexican-American, about 40 per cent are Anglo and 10 per cent were black.



The voucher scheme began only six schools serving 4.000 pupils without private school in 1972. By the second year the number of schools rose from 6 to 13 and of children from 4.000 to 9.000. In the course of experiment, each voucher school had to have 2 or more educational programme within the same building in order to offer parents a wider range of educational alternatives. These mini schools including mobile classrooms reached the number forty-five within the thirteen voucher schools, ranging from the traditional academic curriculum through various versions of informal, individualized learning program.

In September 1977, three years after initiation this voucher experiment came to end. There are, of course, so many things left behind this three-years experiment to be discussed. At first sight, the main problem seems to be derived from the parents-school staff relations over sharing the authority on schooling system. In this regard from the teachers' point of view, one of the most important complains was on parents' intervention. A clear example is quoted by Friedman that Don Ayers who was in charge of experiment said that (Friedman and Friedman, 1980: 173).

"Probably the most significant thing that happened was that the teacher for the first time had some power and they were able to build the curriculum to fit the needs of the children as they saw it. The state and local board did not dictate any type of curriculum. The parents became more involved in the school. Also they had power to pull their children out of that particular mini school if they choose another mini school."

On the other hand, the result of an investigation made by Rand Corporation on that experiment do not confirm what was claimed above. This investigation found that although parental choice among educational alternatives was appreciably increased, most parents failed to become autonomous, powerful or involved. Apart from this, the experiment also demonstrated that it is extremely difficult to take power away from teachers and administrator and to give it to parents (Atkinson, 1983: 102-03).

Above all the reason why this experiment failed, it is claimed, was not parents' intervention but that it was not a proper test of voucher (Friedman and Friedman, 1980: 174). Because firstly, it was not unlimited voucher since only a few public schools joined to this experience. Secondly, it was an average-cost voucher so there was no diversification between schools in respect of cost which is related to the quality of services being given by schools. Also most importantly the resistance of teacher had been an unbreakable impediment to this sole implementation of voucher.



As noted earlier, there are several feasibility studies of voucher made so far. One of them witnessed in UK is worth outlining. This study took place in Kent with fifty-two maintained schools and a population of 81,000. In 1977 in this study, parents, pupils, teachers and headmasters were surveyed to discover their reaction to a hypothetical unlimited, supplementable, uniform fees, transport-included and income-related voucher, the value of voucher being set equal to the average recurrent cost of state school (West, 1987; Blaug, 1987). The outcome was that about 13 per cent of families who were asked which school they would send their child to if they had a voucher chose a school other than one their child now attended. If voucher was allowed for private schools, 17 per cent of parents in social class I would move their child from a maintained to a private one.

On the other side, teachers were entirely against any voucher plan to be applied. It was well expressed by Dennis Gee, headmaster of a school in Kent and secretary of local teacher union, said that (Friedman and Friedman, 1980:173):

"We see this as a barrier between us and parents, this stick little

piece of paper in their hand, coming in and say you will do this or else. We make our judgment because we believe it's in the best interest of every Willie and every little Johnny."

The result stemmed from two events are not enough to take us to a precise conclusion on voucher scheme. However, teachers' resistance seems to be first problem whenever and wherever any voucher plan is intended to be put into practice. Moreover it is obvious that parents should be enlightened on details of voucher plan.

## VI. Arguments and Considerations

Ever since the first proposal was made by Friedman in 1955, a number of arguments have been put forward for and against the voucher scheme.

The most important argument for voucher scheme is that it would increase freedom of choice in education, as was stated above. This is because parents are permitted to spend their vouchers at any school. That would give every parent a greater opportunity to choose. Nevertheless, the extent of this opportunity to choose depends on whether private schools are included in proposed voucher plan. In other words it depends on whether the voucher is unlimited. If not, voucher system can do little more about freedom of choice than the existing system, where decision as to



schooling, curriculum for example, are overwhelmingly taken by government and school staffs, while parents have little to say. If it is unlimited the expectation about increasing the parental choice would be high. This type of voucher, therefore, is supported not only by advocates of the voucher scheme but also by those who does not necessarily support it.

The unlimited voucher, however, could be criticized on the ground of the competence of parents. Yet parents are expected to pay necessary attention to their children's education and thus to the quality of schools, so that much depends on the competence of parent to choose better education or school. In today's society some parents are better equipped to choose than others due to their high education. This advantage is transferred to their children, thus producing a cumulative advantage through time which is similiar to the inequalities created by the inheritance of property (Blaug, 1970: 309). In other words, the highly educated part of society can take rational decision on their children education while others can not. This is quite clear especially in the developing countries where the proportion of well educated people is low. One solution to this problem would be that all schools which are permitted to receive voucher should be approved (or recognized) by government or any institution concerned. The other point is that it is expected that schools would inform parents about matter much such as curriculum, facilities, number of teacher per pupil, etc. It may be questioned whether the information activities to be rendered by schools authorities would really be informative or persuasive. Because most families are likely be seduced by flash advertisement, some have argued that issues like curriculum are a matter for the professional. Although it is possible to devise any solution guaranteed to safefuard the children of incompetent parents, government would play an important role in making schools fit certain standards by determining the concept of officially recognized (approved) school and by inspecting schools. This responsibility of government would oblige every school to provide students at least with a certain standart of education.

Giving parents a wider oppurtunity to choose the school to which they would send their children, regardless of ownership and cost, would lead the providers of education to become more responsive to the wishes of parents. As their income would depend directly on parents' choice, schools that did not attract applicants would be faced with financial difficulties, possibly closure. But schools which met the demands of parents by providing them with the kind of education, facilities, etc. which were wanted, would attract students and so have more money to finance their expenses. The expected result of all this procedure is efficiency in schooling system. So it can be said-once again that the voucher scheme would lead schools to work efficiently by injecting the market mechanism into the



field of education and enforcing the discipline of market providers of education (West, 1986: 25).

Another argument put forward in favor of voucher is that this method of financing education would create more educational opportunity than publicly provided education of which the main goal is to ensure that every pupil has a place in the school. In the case of direct financing of education, low-income families can not afford to enrol their children at private or any fee-paying schools because of financial difficulties. Unlike this, since in voucher system, particularly the unlimited type, every family would be given a voucher worth the yearly cost of educating a student at a school of parent's choice. This problem stemming from income inequalities would be to great extent removed. This is clearly expressed by West (Atkinson, 1983: 100):

"The voucher encouraged greater equality of opportunity. This is because the most of inequality of opportunity today lies in the inability of the low-income families to buy itself out of a bad school and into a good one. This inability would disappear if the state provided a voucher then lower-income families would be able to afford"

The extent to which the voucher create equality of opportunity is in fact subject to type of voucher. Unless the voucher is unlimited, transport-included and unrestricted which means that schools can not refuse any student because of any discriminatory reason such as religion, it can hardly make difference.

The existing system, public provision and finance, is criticised because it causes those whose children attend private schools to pay for education in addition to the taxes they already paid. For this reason any voucher scheme replacing the existing system is claimed to remove double payments for education (Friedman and Friedman, 1980: 161). Although this would be possible in the case of fixed type of voucher, in the income-related voucher, as Wiseman and his co-author propose, the rich pays more than the poor for the same school.

So far, we have reviewed some important arguments put forward in favor of voucher scheme. Nevertheless, at the same time there are as many arguments put forward against voucher as for it. The objections to voucher scheme usually are made known by authors against a concrete free market system and the professional bureaucrats engaged in the state provision of education.

The main objection has always been that the net effect of the intro-



duction of voucher system would be to increase the total cost to taxpayer, because those who presently send their children to the private school and pay full-cost fee would be given a voucher to pay at least a portion of the cost of private school. Thus there would be more expenditure for taxpayer. For example, roughly 6 percent of the children in United Kingdom (Hough, 1987: 240) and about 10 percent of the children in United States (Friedman and Friedman, 1980: 164) attend parochial and other private schools. In the event of voucher system they all will be given a voucher to pay for these private schools. Particularly, such problems are attributed to the unlimited voucher. However, it is quite likely to find a solution shown by advocates of voucher. For instance, according to Friedman, simple and straight forward solution is to let the amount of the voucher be enough less than the current cost per public school child to keep total public expenditures the same. The smaller amount spent in any private competitive school would be very likely to provide a higher quality of schooling than the larger amount now spent in government school. It is not hard to catch the author's point with the supplementable voucher. As expected in market system for consumer goods, competition between schools would make them more cost-effective and more willing to be seen to be cost-effective (Blaug, 1970: 309).

Apart from Friedman, West also stressed that in practice the average independent schools cost the average state schooling. For UK the average school cost about £ 1000 and the state school cost towards £ 2000 per hand, and that the value of voucher was based on the costs of independent schools, i. e. £ 1000. If marginal costs were equal to average costs, the government would save £ 2000 from each student who migrate from state school to independent one (West, 1986: 24). According to this picture, it can be said that, even if competition between schools does not occur or even if voucher does not occur or even if voucher does not push schools to be cost-effective, a huge savings would hopefully take place.

On the other hand, if a means-tested plan, like Wiseman-Peacock, was put into practice, the argument that expenditure on schooling would rise under voucher scheme seems weak even in the short-term. Because the extra burden on educational expenditure due to the vouchers given to parents sending their children to private schools can be to some extent shifted to high-income group.

We now come to another objection which is on oversubscribed school. This problem stems from the fact that the demand for certain school exceeds the places available. In this regard, what happens to the freedom of choice? This is really a problem which should be accepted by everyone concerned. Actually, today there are popular schools, some pri-



vate and some public. The demand for popular private schools are usually determined by fees, so only those who can afford can send their children. As to popular schools, allocation of places available among the applicants varies between local education authorities or between regions. Generally every authority has its own policy which relates to some mix of residential location, social-economic class mix and some "first come first served". In some countries, such as Turkey, places are delivered with respect to the exam mark scored by every applicant, nation wide. Another style could be on random bases.

The best way to consider this problem is to separate the effects of it in respect of time. In the short-term, since a certain number of popular schools exist, there is only one way out that places should be distributed on the an acceptable basis, such as examination. In the longer-term, all schools have raise their qualities and become attractive due to competitive circumstances. Moreover, the popular schools would expand in size by constructing new building and employ more staff to meet the demand for them.

## CONCLUSION

Voucher scheme can be obviously considered to be another way of financing education out of general taxes. However, what is different is that in this system income necessary would be received by schools through parents with children of school age.

As was seen voucher scheme has been assessed in terms of these criteria; parental freedom of choice, efficiency, diversity, equality of educational opportunity and the level of total educational expenditure. Unfortunately, the arguments on these criterias have not been justified yet by the results of experiments since only one voucher experiment was witnessed.

We can, however, say that the effects of voucher depend, on the one hand, to great extent on the conditions of the district, the province, the country where a voucher plan is going to be practiced. For instance, as to freedom of choice, if there were surplus of school places what role voucher could play. Although, this is not prevailing case in urban areas where schools suffer from crowded of class, in rural areas where no enough population to suffice more than one school, there is nothing to do with voucher on freedom of choice. On this subject, however, Wagner points out that in the case of popular school for which demand is in excess of the places available, the actual decision is seen not to be made by parents. The author goes a step further and relates the matter of parental choice. If a policy of increased parental choice. If a policy of increased parental choice is re-



quired this can be provided administratively without the need for a complicated voucher. On the other hand if there are enough sources to provide spare places in popular schools, then choice can be ensured without any need for voucher (Atkinson, 1983: 101). As Hough quoted from the former director of the inner London Education Authority (Hough, 1987: 240): "If a school is not full, a voucher is not needed. If it is a full a voucher is no use. On the other hand, the effects of voucher depend on the types of voucher. As was stressed earlier, the limited voucher can hardly affect the existing situation, so at its introduction, the voucher should be at least unlimited and transport-included to create freedom of choice and opportunity of equality.

One precise result would be that unless voucher plan is means-tested, introduction of voucher would increase total public expenditure on education at least in the short term. Some claim that voucher would save public money on education by making schools cost-effective and pushing them to reduce the costs per pupil while raising quality. This is not totally wrong but does not seem quite clear. Personally, I expect that this system can cause educational establishment to use the resource effectively rather than reducing total educational expenditure. As last point, the unlimited voucher plan would encourage especially non-profit maximizing institutions such as religion organizations and foundations to enter education sector and to establish wide private sectors. Particularly this development helps developing countries meet the enormous demands for education.

The voucher scheme should be considered in respect of opportunity of equality in education in developing countries where income per capita is low and income disparities is extremely sharp. The introduction of the unlimited, transport-included and income-related voucher in big cities of developing countries can help the parents from low-income group get better schooling and relieve the burden on heavy government expenditure for constructing new schools by encouraging private sector, particularly foundations to involve education. This can also be succeeded without a real increase in current expenditure on schooling since the voucher would be income-related.

## ÖZET

Eğitimin finansmanında bilinen metodların adalet prensibi ve etkinlik başta olmak üzere birçok bakımlardan yetersiz kalması, alternatif finansman metodlarının ortaya çıkmasına neden olmuştur. Bunlardan biri kupon yönteminin, eğitim kurumlarının ödeneklerini yıllık tahsisatlar yerine öğrenciler vasıtasıyla almaları düşüncesi üzerine kurulu olarak, genellikle ilk eğitim seviyesinde tartışılma imkanı bulunduğu görülür. Bu çalışmada söz konusu kupon yöntemi, genel çerçevede özellikleri ortaya konarak, amaçları uygulama sonuçları da dikkate alınarak değerlendirilmeye çalışılacaktır.



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