

New Right Economics Colonising Education: A New Zealand Experiment

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Abstract

In 1989 the New Zealand government introduced a dramatic new policy initiative in to reconfigure the education system, particularly in its pre-tertiary institutional structures. Its themes centre around notions of *economic rationalism* (the pursuit of an 'efficient' use of educational resources inputs through the creation of a quasi-competitive 'market'), *managerialism* (in imposing measurable and auditable 'outputs') and a skepticism of the old model arising out of *public choice theory* (the suspicion that teachers and bureaucrats are motivated by self-interest rather than the public good). The ability of Economics to 'colonise' education appears to echo similar moves by the Law and Economics school in legal theory. This paper describes in broad terms the new institutional forms of 'Tomorrow's Schools' and looks to some of the confused / confusing ideological roots of the new model in terms of various versions of liberalism.

The New Zealand Experiment

Introduction

The New Zealand economy has been through a radical restructuring, commencing in 1984 and following a so-called 'neoliberal' philosophy of economic rationalism. A market-based model has been imposed on most public sector activities, including the provision of education, together with a new ethos of managerialism. As a corollary, earlier liberal notions of a minimalist state are embraced. The fear is that under so-called public choice theory individuals (including bureaucrats and politicians) will act in their own individual self-interest rather than in some idealised notion of the public good¹. The dysfunctional result, it is said, will be 'provider capture' by those individuals. Undesirable consequences will include a cumbersome and growing public sector, a (presumed) inefficient resource allocation and sub-optimal education outputs.

In education the genesis for a new philosophy of 'self governing' schools lay in two 1988 policy documents – 'Tomorrow's Schools'² and the Picot Report³. Formal legislative implementation of the program came with the *Education Act 1989*. Existing institutional structures in education were to be replaced by 'systems of governance based upon rational principles of responsibility and accountability which

¹ See, for example, J.Codd 'Educational Reform, Accountability and the Culture of Distrust' (1999) 34 *New Zealand Journal of Educational Studies* #1 45 at 46-48.

² 'Tomorrow's Schools: The Reform of Education Administration in New Zealand' (D.Lange, Minister of Education, August 1988).

³ 'Administering for Excellence: Effective Administration in Education' (Report of the Taskforce to Review Education Administration' April 1988) (the 'Picot Report').

would be linked transparently to policy decisions and action⁴. The general political background was characterized by an embrace of free market economics and minimal state intervention, notwithstanding that the government of the day was Labour. Education was taken to be another commodity in the marketplace. The reforms have been characterized as ‘arguably the most thorough and dramatic transformation of a state system of compulsory education ever undertaken by an industrialised country’⁵.

The image of the old education framework was one of rigidity, with a centralised, highly bureaucratised Department of Education on the one hand and powerful, self-interested teacher unions on the other. Resources were said to be expended inefficiently and motivation tended to lie in teacher self-interest⁶.

The new image was one of flexible, localised institutions newly empowered and responsive to local community. Teacher self-interest would be re-directed by market forces toward meeting the needs of its constituent community and thereby to the social good generally. The new institutional framework would encourage entrepreneurship and innovation in place of the old rigidity and bureaucracy. Some possible channels for the newly entrepreneurial school included charging ‘voluntary’ fees, image shaping, nurturing corporate relationships, attracting foreign fee-paying students, curriculum innovation (within the national guidelines), and so on⁷.

A centrepiece of the new philosophy was a transfer of substantial powers of governance and management of individual schools from the centralised Ministry of Education to locally elected School Boards of Trustees. The trustees would be the medium through which this new responsiveness to the education marketplace would be realised. The new institutional framework imposed complex, quasi-contractual roles and responsibilities on school boards⁸ and a similarly complex relationship with Principals. Accountable Boards implied control over resources, and so a corollary of the new regime was the granting of (formula based) ‘bulk funding’ to boards along with discretion as to its allocation.

Salaries were of course the major category of expenditure and within a given total, and within given maximum and minimum staffing ratios, boards would have discretion as to numbers of teachers and the steps on the national salary scale at which they would be employed. By May 1998 only 10% of boards had exercised the bulk funding option, so the government introduced some \$222 million in financial incentives to attract new boards. The mechanism involved funding teacher salaries at the top of the range irrespective of the individual schools’ actual salary profile – those

⁴ D.McKenzie ‘The Clouded Trail: Ten Years of Public Education Post-Picot’ (1999) 34 *New Zealand Journal of Educational Studies* #1 at 8.

⁵ M.Alexander ‘School reforms cause racial split’ (Christchurch) *Star Times* (May 21, 2000) at A6 (quoting H.Ladd, E.Fiske *When Schools Compete: A Cautionary Tale* (Brookings Institution Press, 2000).

⁶ See, for example, S.Robertson ‘Strip Away the Bark. Expose the Heartwood. Get to the Heart of the Matter: Re/regulating Teachers’ Labour in New Zealand’ (1999) 34 *New Zealand Journal of Educational Studies* #1 121 at 124.

⁷ *Supra*, note 6 at 126.

⁸ See, for example, Note 4 at 10: ‘BOT’s were required to learn rapidly not only how to manage school plant but also to hire staff, act as a good employer, and be accountable to their electorates and government authority for the expenditure of public money and the professional work in their schools’.

with less senior staff would be favoured. The policies were resolutely opposed by national teacher associations⁹.

Note that the original education ‘market’ model was introduced by a Labour government, continued by a National (conservative) government, including the financial incentives to join the bulk funding scheme, whilst the new and current Labour government has moved to roll back bulk funding¹⁰. Roughly one third of schools had eventually opted in to the bulk funding scheme¹¹.

The role of the Ministry of Education was to be narrowed to one of providing policy advice to government, national curriculum objectives, monitoring current policy and mediating rule-based resource allocation. Presumably there were bureaucratic cost savings to be realised – reduced transaction costs – and impliedly an ability of government to distance itself from controversy in the educational marketplace. An important link between local boards and the Ministry would be the mandatory inclusion in Board-authored school charters of benchmark National Educational Guidelines (NEG’s)¹² and National Administration Guidelines (NAG’s). They would form a core program of outputs against which schools as providers could be evaluated by the newly created Education Review Office (ERO), which replaced the old school inspectors¹³. Its reports were to be made public and a bad one would serve as a compliance ‘whip’ in the race of providers, since poor performers would face declining enrolments in the competitive marketplace and be allowed to fall by the wayside. Of course ERO’s audit target was both teachers and boards, and its audience both the Ministry of Education and the local community – the former to ensure compliance with educational benchmarks and the latter to unleash the market forces which would be the ultimate regulator. In the opinion of some a culture of trust (particularly in teachers but also in the public service culture of educational bureaucracy) is thus replaced by a culture of surveillance¹⁴.

The new framework valorised ‘managerialism’ and ‘markets’, focusing on measurable ‘outcomes’ (rather than resource inputs) and audits of ‘providers’, as opposed to (say)

⁹ See, for example, supra note 4 at 11 – teacher associations objected on grounds of adhering to national career and salary structures, equity between schools, and the dangers of boards opting to buy ‘cheap’ staff. See also supra note 6 at 126, noting also claims of risk of declining school funding, larger class sizes, competition between teachers and a diminution in collegiality.

¹⁰ The (Christchurch) Press, April 6 2000 at 6 (Education Amendment Bill introduced April 4, 2000) – the newspaper quotes Opposition education spokesperson Nick Smith as stating that ‘about 890 of New Zealand’s 2700 schools chose to be bulk-funded’.

¹¹ Ibid. See also supra note 6 at footnote 3 re early statistics – originally only 10% of schools opted in, and after 9 months the number had grown to 17%.

¹² They articulate broad objectives – for example, that as a guiding principle ‘the board of trustees accepts that all students in any school under its control are given an education which enhances their learning, builds on their needs and respects their dignity ... this education shall challenge them to achieve personal standards of excellence and to reach their full potential ...’. Such exhortations, admirable though they may be, are surely too broad and unmeasurable to carry with them any meaningful liability (or alternatively they are simply too onerous to discharge). In any event, given reasonable opportunity the courts will be inclined to defer to board decisions – see, for example, *Maddever v Umawera District School* [1993] 2 NZLR 478 at 506-7.

¹³ Note that McKenzie (supra note 4 at 14) claims that ERO in fact bears an ‘uncanny resemblance’ to the old and generally discredited school inspector system, and (at 15) notes disapprovingly its tendency to privilege criteria merely on grounds of measurability rather than intrinsic worth. This latter is a standard criticism of managerialism generally.

¹⁴ See, for example, supra note 1 at 49.

a more freewheeling acknowledgement of teachers' claims to expertise, innovation and qualitative pedagogy – in short, their professionalism. The educational 'product' is the child's educational 'entitlement', and the audit focuses on measurable managerial records of 'good practice' (such as the national curriculum, adherence to the NEG's and NAG's, formal systems and records such as attendance, marks, standard practices, teaching schedules, etc.). In short, it is a model of 'good practice' constructed on managerialism¹⁵ and its pseudo-scientific aura. It is assumed, or at least asserted, that this shift is an appropriate evolution from the previously social / cultural practices of education.

Note that the professional context for teachers – including matters of discipline, classification, training and working hours – now lay in the hands of the new managers, the Board of Trustees¹⁶. More importantly, the new institutional arrangements arguably suggest a 'low trust' view of teachers themselves, of their status as 'professionals' involved in a complex and subtle activity, as opposed to the old model's implied 'high trust' / professional characterisation¹⁷. Predictably, the potential for opportunism based on this managerial model then replaces one grounded in professionalism and the moral agency of the teacher – that is to say, teachers quickly learn the rules of the new game and shape their records and processes to it¹⁸, arguably at the expense of more subtle qualities (such as commitment, loyalty, sense of public duty, collegiality) that imbued the professional model¹⁹. Obedience and conformity to the new managerial values and processes now become sufficient in themselves²⁰ and no further professional or moral responsibility is required. Accountability is now a formal, externally imposed thing reflecting low trust in the professional teacher.

Note also that public choice theory suggests that those working in institutions and organisations 'will necessarily and always serve their own interests (ahead, for example, of those of their students)',²¹ – in other words they will act not in the public interest but out of self-interest. Indeed this was implicit in the new program, motivated as it was by mistrust of both the old Department of Education bureaucracy and the teachers' unions. Hence the need for ERO. But the same theory must motivate relationships between principals and boards of trustees. They presumably share an urge for power, though in the case of boards it will be more diffused and less

¹⁵ 'Managerialism' broadly connotes the attempt to apply pseudo-scientific principles, using quantitative measures, to achieve greater (economic) efficiency and effectiveness in attaining predefined outcomes (see for example supra note 1 at 47 – an early example is that of Taylorist industrial management systems evolving as a counterpart of Fordist mass production in early twentieth century America).

¹⁶ See supra note 6 at 123.

¹⁷ Supra, note 6 at 128-9. See also at 130: 'Students are assumed to be mere empty vessels to be filled with the appropriate curriculum mixture, delivered via a particular pedagogy and assessed at regular intervals. Ethnicity, gender and class are viewed by ERO as excuses offered by teachers to protect their own self-interest'.

¹⁸ For example the 'manufacture of artefacts and ritualistic displays' to impress the ERO observer (supra note 6 at 130). Efficiency / effectiveness is to be measured in terms of records and reports which meet the important criterion of efficiency not only being done but being seen to be done (see, for example, supra note 1 at 47).

¹⁹ See, for example, supra note 1 at 51-2.

²⁰ Ibid.

²¹ P.Fitzsimons et al 'Economics and the Educational Policy Process in New Zealand' (1999) 34 *New Zealand Journal of Educational Studies* #1 35 at 42.

focused because they are a collective and because it is a part-time activity for them and not a core business. The old model of ‘provider capture’²² – referring to capture by bureaucracy and teacher unions – will now presumably be replaced by board capture by the principal, or vice versa in the case of a determined, issue-oriented school board. Thus, the new model simply moves the locus of struggle for power and assertion of self-interest to the local level, where there is presumably a greater likelihood of aberrant outcomes as compared to a centralised system, whatever its faults. In any event the new model too is vulnerable to opportunism which is not only morally hazardous²³ but also quite likely resource inefficient, if only because it will often be driven by non-professionals.

Note that Boards, too, will learn the rules of the new game and in many cases confine themselves to its narrow parameters in the hope of a ‘good’ ERO report. They will be guided by the school principal who in turn must master and practice the new values and processes. Thus does the tail start to wag the dog. That school boards would be ill-equipped to manage, or even be aware, of these fundamental changes would seem obvious. They too will be swept up in externally imposed values and processes at the macro level – for example, the requirements of NEG’s and NAG’s, the recurring presence of ERO – and at the micro level by principals themselves who must become the agents of change and who control the flows of managerial information to the board, and who will (according to the public choice theory that informs the new model) be motivated by their own self-interest.

Finally, in 1991 the newly elected National government extended the reforms by removing zoning requirements, thus enhancing at least the illusion of an educational market by introducing parental choice. Parents as rational utility maximisers will send their children to those schools which they perceive as offering the ‘best’ education as scored by ERO evaluations and the skill of school spin doctors²⁴. The effect is to remove a major transaction cost – the requirement that parents live in a particular geographic area to gain access to a given school for their children – and thus free the movement of education ‘entitlements’ to the best providers. In practice the policy was a failure²⁵.

In summary the new regime is a combination of artificially induced market forces, state-sponsored regulation and monitoring and a ‘democratic’ model of community governance. The image is of education being captured by a pseudo-scientific discourse of economics²⁶ and managerialism. Like Law and Economics the broad theme is the application of economic concepts and analysis to a discipline not traditionally characterised by such notions. The moral and social value of efficiency is assumed though in fact it arguably masks a conservative political agenda²⁷. Again

²² Supra, note 6 at 128

²³ Ibid.

²⁴ In reality authentic choice was limited to certain parents, and in urban areas schools (and in particular the principals) were in fact doing the choosing (J. Boston ‘The unbalanced educational laboratory’ NZ Education Review, May 19 2000 at 11). The new Labour government has introduced legislation to reintroduce a system of geographical zoning (May 2000).

²⁵ Ibid.

²⁶ Note that similar fears have been expressed of the Law and Economics movement in legal jurisprudence – see, for example, M. Davies *asking the law question* (Law Book Company, 1994) at 128-141.

²⁷ Supra, note 26 at 128-9.

as with Law and Economics this new model can be seen as an attempt by economics to ‘colonise’ a ‘softer’ discipline lacking the quasi-scientific analytical tools valorised by economists²⁸.

Whether or not it has been a success is difficult to establish. There is some evidence that fears of negative effects have proven justified in terms of increased polarisation between ‘good’ and ‘bad’ schools and additional administrative workloads on staff, and further that there has not been any offsetting improvement in the quality of the education system²⁹. But irrespective of its practical outcomes it is interesting to note the ideological tensions implicit in the new model, for its ideological roots appear to be confused and confusing.

Ideological confusion

The ideological motivations for this new educational model seem to be varied but rarely explicit. At a macro-economic level one motivating factor was the international competitiveness of the New Zealand economy³⁰, presumably both in terms of educational ‘outputs’ and of efficient resource allocation. The new framework would ideally produce a more efficient use of resources³¹ as high performers are rewarded and poor performers flounder. There are broad social benefits to be realized.

There is more than a whiff of the ‘commodification’ of education here – for example in the language of education ‘providers’, student ‘consumers’³², consumer ‘preferences’, educational ‘outputs’ and ‘entitlements’ and ‘markets’. This commodification is never made explicit, presumably for fear of offending any lingering sensibilities with respect to traditional notions of education as a process of learning, innovation, aculturation, knowledge for its own sake, nurturing of creativity and critical analysis, and whatever else goes on behind those closed classroom doors.

This notion of commodification infuses the New Right Economics which drives the model – the notion that human wants, needs, desires, etc can be in some way quantified and subject to market forces through which ‘rational’ consumers can

²⁸ Ibid.

²⁹ Forthcoming study by H.Ladd, E.Fiske *When School's Compete: A Cautionary Tale*, quoted in the NZ Education Review, May 19 2000 at 5 – the authors concluded generally that ‘combining self-governance with competition appeared to exacerbate the polarisation of enrolment patterns by racial and ethnic groups, created winners and losers amongst schools, and led to conflicts of interest between individual schools and the wider good of the education system’.

See also The (Christchurch) Press, June 1, 2000 at 9, quoting the Education Minister as being ‘alarmed’ at a study showing that ‘achievement levels among New Zealand children in math and science had remained ‘largely stagnant’ (as compared to an international study in 1994).

³⁰ For example, a 1991 Ministry of Education statement that ‘national directions for schooling [are] essential if New Zealand is to achieve the standards which, as a small trading nation, it needs in order to prosper alongside other nations in the international market place’ (quoted in supra, note 4 at 15; see also supra note 6 at 122).

³¹ The Picot Report (supra, note 3 at 9.7.1) estimates efficiency gains of ‘at least’ \$111 m. p.a. versus additional costs of \$18m. p.a. (1987-88 \$NZ). In fact no ex post analysis of costs appears to have been done, and in any event the additional \$222 m. in incentives for bulk funding must presumably have swallowed up at any short term saving.

³² Note that this fundamental question of the ‘consumer’ of education is unclear – is it the student, the parents of students, employers, the government or is it indeed society itself?

optimise utility. Thus (in theory) will rational parents opt for the ‘best’ school for their children, informed by the managerial audits of ERO and unconstrained by geographic zoning³³. Note that the language is not one of ‘rights’ but rather of ‘responsibilities’. For example, in the NEG’s trustees are charged with the responsibility of delivering an optimal education to individual students though there is no language of an individual student ‘right’ to this idealised image of an education³⁴.

Another interesting theme in the model is that of individual versus community³⁵. Although the model, like the wider New Zealand ‘experiment’ generally, is informed by the neo-classical model of economics – centred on utility maximising rational individuals and celebrating the moral and social value of ‘efficiency’³⁶ – there is a mixture of individual and ‘social’ priorities. The neo-classical model would seem to valorise notions of individual freedom and choice, though informed by utilitarian notions of maximum social welfare deriving from the arithmetic sum of utility-maximising individuals. In contrast to this utilitarian liberalism is of course Kantian, or deontological liberalism, which worships the individual as the supreme social unit, an end in herself, preceding and trumping community, rather than merely a contributor to aggregate social welfare³⁷. If the NEG’s can be taken as the informing educational philosophy then they clearly reflect a utilitarian liberalism. For example, they begin with the statement that ‘education is at the core of *our nation’s effort to achieve economic and social progress*’³⁸ (emphasis added) – fairly explicit language of utilitarian liberalism, and of education as an input to economic prosperity rather than (say) of individual self-realisation. The first goal is to ‘...enable all students to realise their full potential *as individuals*, and to develop the values needed *to become full members of New Zealand’s society*’³⁹ (emphasis added). There is a nod to individuals but again tied to broader social assimilation. A third goal is the ‘development of the knowledge, understanding and skills *needed by New Zealanders to compete successfully in the modern, ever-changing world*’ (emphasis added) – again, the motivation is a social rather than individualistic one aimed at successful economic competition.

As well as the broad social and economic imperatives of community writ large there is an added though unstated nod to community writ small – namely the devolution of control from the state to local school boards of trustees. At first glance this would seem to be both democratic (in the best sense of empowering local communities) and nurturing of associational values which inform high-trust societies and which some claim results in increased economic prosperity⁴⁰. Trustees are elected from the local

³³ Though in practice it did not work that way – see *supra*, note 24.

³⁴ *Supra*, note 12.

³⁵ See generally, for example, M. Glendon *Rights Talk: The Impoverishment of Political Discourse* (The Free Press, 1991); M. Sandel *Liberalism and the Limits of Justice* (Cambridge University Press, 1982).

³⁶ *Supra*, note 26 at 128.

³⁷ See, for example, S. Bottomley et al *Law in Context* (Federation Press, 1984) at 27.

³⁸ See The Education Gazette 30 April 1993 at p.3.

³⁹ National Education Goal #1, 25 March, 1997.

⁴⁰ F. Fukuyama *Trust: The Social Virtues and the Creation of Prosperity* (Hamish Hamilton, 1995).

The argument is that trust contributes to ‘social capital’ and that it is self-perpetuating, and conversely that distrust in turn breeds more distrust and becomes self-fulfilling. The (apparent) vesting of an enhanced level of community responsibility for education arguably nurtures the kind of voluntary associational values which are the hallmark of ‘high trust’ societies.

On the other hand, see *supra* note 1 at 50-51 -- a contrary argument is that trust in the teaching profession is eroded by the replacement of a ‘high trust’ professional model with a ‘low trust’

community and appear to have significant powers, namely ‘...complete discretion to control the management of the school as it thinks fit’⁴¹. However, in practice the board will be substantially reliant on the principal for school management, and in the core business of education its powers will be largely circumscribed by its own lack of expertise and experience and by the mandatory inclusion of national guidelines and curricula in its Charter. Indeed one might argue that boards are now burdened with responsibility and accountability for education delivery whilst the state retains real power and control through its substantial regulatory presence. It is difficult to say whether there is a genuine democratic motivation behind these newly empowered boards or whether they represent both a cost saving measure and an opportunity for the government to distance itself from the grass roots delivery of education.

In terms of liberal theory this (apparent) empowerment of boards represents a further privileging of community as opposed to individuals – not that there is any obvious conflict but rather in the sense of nurturing (at least in theory) the values and priorities of local community and the implied image of individuals as situated in, and constituted by, that community rather than preceding or standing outside of it. Note that with respect to the notion of ‘community’ there are practical problems with respect to school ‘communities’ – for example, in urban areas the (attempted) abolition of school zones and the ability to attract foreign students render the definition of ‘community’ problematic.

There is also a practical problem with respect to oversubscribed schools, by definition those perceived as the ‘best’. There is the problem of inflexibility of school plant – the capital infrastructure is a major expense and can’t be readily contracted and expanded at individual sites as schools fall in and out of favour. Popular schools will be oversubscribed and principals (not parents) will make enrolment decisions and will have to exclude many, forcing them back against their will into ‘inferior’ schools and thereby perpetuating a hierarchy of schools. Given associations between academic achievement and, for example, socio-economic status and race, there would appear to be an unfortunate tendency to perpetuate hierarchies⁴². Kantian liberalism would suggest that all individuals at least begin on a level playing field, and therefore that such hierarchies are unacceptable. That notion is supported by one of the National Education Goals, which specifies ‘equality of educational opportunity for all New Zealander, by identifying and removing barriers to achievement’⁴³. It is difficult to conceive how that admirable goal can be achieved in the new model. An interventionist state, rather than a ‘hands off’ quasi-market model, would seem to be more appropriate but would be at odds with the basic thrust of the new policy and its corollary of a minimalist state. Again, the preferred version of liberalism⁴⁴ seems to be utilitarian rather than Kantian.

managerial model, including audits by ERO. The risk is that the New Zealand experiment with economic rationalism may ironically be eroding the very economic prosperity it seeks to invigorate.

⁴¹ *Education Act 1989* s.75.

⁴² See, for example, *supra* note 29.

⁴³ National Education Goal #2, 25 March, 1997

⁴⁴ See, for example, M.Olssen ‘Restructuring New Zealand Education: Insights From the Work of Ruth Jonathan’ (1999) 34 *New Zealand Journal of Educational Studies* #1 54 at 58 – the term used here is ‘Ehtical’ or ‘Perfectionist’ Liberalism.

Conclusion

Notwithstanding the apparent devolution of responsibility for education delivery to community school boards, and the seeming withdrawal of the state from direct management, the reality is somewhat at odds with the ideology. Through its imposed regulatory framework of national education, administrative and curriculum guidelines and ongoing audits of ‘providers’ the state still effectively and almost exclusively controls the core business of education. Under the new institutional arrangements there is no less centralisation of effective control than before. Unsurprisingly the old hierarchies of schools remains intact. The new model is rife with such contradictions.

For example, there is no attempt to deal with rigidities in education infrastructures – the problem of expanding and contracting individual schools to meet fluctuating demand patterns. That necessarily implies scarce resources at favoured schools, excess demand and the exercise of choice by schools rather than parents. A hierarchy of schools must follow. Freedom of choice would seem fundamental to the underlying neo-classical model but not achievable here. The public choice theory of self-interest must apply to the new model as well as the old – will not newly empowered principals and boards similarly struggle for ‘provider capture’? But does it matter if indeed the real power remains with the new state agencies anyway? And what of the ‘trust’ issues – on the one hand an apparent nurturing of high-trust communal values in the creation of school boards but on the other hand the imposition of a ‘low-trust’ model of managerialism for the teaching profession?

Finally, with respect to its ideological underpinnings the new model is infused with a utilitarian, rather than Kantian, liberalism. The exception is the goal of achieving ‘equality of educational opportunity’, presumably implying that education is one of the key foundations to a level playing field for individuals. Yet the model seems inevitably to perpetuate, if not exacerbate, a tilted playing field by failing to deal with the problem of a hierarchy of schools and the exercise of real choice.

As an exercise in neo-classical economic reform the experiment would probably have to be deemed a failure – not necessarily as a critique of neo-classical economics (though it may be that too) but as a flawed attempt at the model. Whether or not education can be commodified and realistically located in a ‘market’ at all is not the central question in this paper. However, the New Zealand model does assume that the *delivery* of education can be differentiated between providers and that some kind of market replica can therefore be created. But even that limited model must incorporate authentic choice, and even in that limited sense the model fails. Even that limited goal assumes rational utility maximisers doing the choosing, and further that individuals are ‘rational’ in the pre-defined sense of being guided by (in this case) ERO reports. But even that is not demonstrated but assumed – what if, for example, they are motivated less by ERO-measured academic variables than by the geographic location of the school, either for convenience or socio-economic status?⁴⁵ Finally, even in the limited sense of efficient resource allocation – the ability to deliver education services more cheaply – there is no evidence of the model succeeding.

⁴⁵ See, for example, T.Ross ‘The Class System’ (The (Christchurch) Press, June 10, 2000 at ‘Weekend’ p.2) – citing a University of Canterbury study that schools are increasingly judged not by their standards but by the socio-economic areas they serve.

It is therefore difficult to conclude whether or not there is a failure of the neo-classical model itself or simply a failure to implement the model faithfully, but in any event the experiment appears to have failed within its own terms of reference. It has not dealt with the problem of school hierarchies, it has not delivered authentic choice to parents, it has not devolved meaningful power to local communities and there is no evidence of it utilising resources more efficiently or even of delivering a 'better' education. As an innovative effort at institutional reform it is still to demonstrate its worth.