

**Paper for the *Educators and Planners: Symphony or Discord* Conference
AAIR Conference 1 – 3 December 1999**

**GOVERNMENT POLICY ON TERTIARY EDUCATION IN NEW ZEALAND:
PONTIUS PILATE AND THE UNRULY CROWD**

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ABSTRACT

The Tertiary Education White Paper (1998) aims to create a competitive tertiary education market in which students have funding entitlements that allow them to choose where they study and institutions have autonomies that enable them to respond to student needs. It is expected that increased competition will motivate institutions to improve the quality of their courses.

This paper argues that there are tensions amongst the NZ government's strategic priorities and that these exemplify the contradictions of the competitive, contractual state. Although the state is to distance itself further from responsibility for the provision of education, it is constraining the nature of provision by extending regulatory requirements that give primacy to what is measurable rather than what lies much less tangibly at the heart of the education enterprise. It is assumed that any response to market pressure will result in changes that are improvements and that these will constitute a lifting of standards. There are, however, risks that the languages of accountability and the market will erode the values of educators and obfuscate notions of standards and the attainment of these.

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INTRODUCTION

NZ's Shipley Government has identified eight strategic priorities that include: 'encourage the contestable supply of resources and services in areas of public service responsibilities', 'improve the quality of our regulatory environment', and 'lift educational standards and achievement' (Department of the Prime Minister and Cabinet, 1998).

The Tertiary Education White Paper (Ministry of Education, 1998) is an expression of these priorities. Although it has still not been processed into legislation, it seems that most aspects of the policy will eventually be implemented whether National or Labour leads the next government.

The White Paper aims to create a competitive tertiary education market in which students have funding entitlements that allow them to choose where they study and institutions have autonomies that enable them to respond to student needs. It is expected that increased competition will motivate institutions to improve the quality of their courses.

This paper argues that there are tensions amongst the three strategic priorities and that these exemplify the contradictions of the competitive, contractual state. Although the state is to distance itself further from responsibility for the provision of education, it is constraining the nature of provision by putting in place regulatory requirements that give primacy to what is measurable rather than what lies much less tangibly at the heart of the education enterprise. Nowhere is it made clear what constitutes 'the lifting of educational standards and achievement'. It is, rather, assumed that any response to market pressure will result in changes that are improvements and that these will constitute a lifting of standards. There are, however, risks that the languages of accountability and the market will continue to erode the values of educators and obfuscate notions of standards and the attainment of these.

In the White Paper, the government reveals that its primary interest is in financial viability and efficiency. Effectiveness is a measure of systems rather than experiences. Evaluation of the latter is increasingly to be the responsibility of citizens with little help available from the disinterested state or from institutions preoccupied with accountability and survival/growth.

THE STATE, ECONOMY AND CIVIL SOCIETY

Life within a stable society is based on an agreed settlement of relationships among the state, economy and civil society. For example, at its interface with the economy, the state is required to provide solutions to problems posed by the need to support the accumulation of capital, to ensure there is social order, and to legitimate arrangements that are put in place (Robertson and Dale, 1999). These are problematic because any change in the circumstances of one demands a reworked solution that will impact on the other two.

The dynamic is similarly evident between interfaces. For example, changes at the state-economy interface will have impact on the interfaces between the state and civil society and between civil society and the economy.

SOCIAL SETTLEMENT OF THE WELFARE STATE

New Zealand's social settlement in the post-war period was that of a social democratic Keynesian Welfare State. The key features were state intervention in the economy and a limited role assigned to the market, full employment and relatively high wages, and the state provision of public services. At the state-civil society interface there was a strong commitment to egalitarianism: the public services provided by the Welfare State were largely funded by progressive taxation policies.

In the late 1950s the New Zealand economy was a top performer, but by 1985 per capita income was less than 65 percent of the OECD average (Bassett, 1998, p.372). The state had been unable to respond to changes in world commodity prices and the loss of markets in Europe. As the economy slowed, the state had become increasingly unable to cope with civil society's expectations for social welfare, and yet things trucked on.

Bassett says that when the Labour Government took office on 26 July 1984, they discovered that the budget deficit to March 1985 would have been nearly \$5 billion, that costs were increasing unsustainably in health, education and welfare, that underlying inflation was certain to break into hyperinflation as soon the wage-price freeze was lifted, and that 'most of the State's trading departments had become a dead weight to the exchequer'. Nonetheless, 'the general public had come to think of the New Zealand Government as a milch cow with endless teats' (pp.373-374).

Clearly the state had failed to provide solutions to problems posed by the emerging, global economic order. It failed to support the accumulation of capital, therefore social order and legitimation were skating on thin ice.

SOCIAL SETTLEMENT OF THE NEO LIBERAL STATE

Although neo-liberalism was not an inevitable consequence of this, a number of countries including New Zealand have since the early to mid 1980s undertaken significant public sector reform that has transmogrified the nature of the social settlement. The key goals have been

to improve the effectiveness and efficiency of the public sector, enhance the responsiveness of public agencies to their clients and customers, reduce public expenditure, and improve managerial accountability. The choice of policy instruments has also been remarkably similar: commercialisation, corporatisation, and privatisation; the devolution of management responsibilities; a shift from input controls to output and outcome measures; tighter performance specification; and more extensive contracting out (Boston et. al., 1996, p.2).

In the social settlement of the neo-liberal state, the state plays a hands-off role in relation to the economy. Commodification characterises the interface between the economy and civil society where 'every owner of a unit of value can successfully exchange his/her value as a commodity (and) there is no need for the state to intervene in private economic decision making' (Offe and Ronge, 1984, p.121). Completing the triangle, the neo-liberal state emphasises individual responsibility at its nexus with civil society.

UNDERPINNING THEORIES

Change has been heavily influenced by an interrelated canon of theories driven by The Treasury and a retinue of supporters. These theories include Public Choice Theory, Agency Theory and Managerialism or New Public Management.

Public Choice Theory argues that human behaviour is dominated by self-interest, and that any notion of 'public service' is therefore undermined by 'provider capture'. Public Choice theorists aim to diminish the role of the state, to encourage the market to offer diversity, and to empower citizens or consumers to make their own choices. Although the market may pursue its own self-interest, theorists argue that public choice ensures that socially desirable outcomes are nonetheless achieved (Boston et al., 1996, pp.17-18).

Agency Theory sees social and political life as a series of contracts in which an agent agrees to provide a product or service to a principal. Like Public Choice Theory, this theory argues that individuals are motivated by self-interest and that the interests of agents and principals are bound to conflict. In Agency Theory, therefore, 'the aim is to find the most satisfactory way of negotiating,

specifying, and monitoring contracts so as to minimise the likelihood of violations resulting from opportunism' (Boston et al., 1996, pp.19-20).

Managerialism theorises that there is something called 'management' that is generic and neutral and that can be applied equally in private and public enterprises. This theory gives 'priority to technical and professional skills, an emphasis on quantifiable output measures and performance targets, a stress on new reporting, monitoring and accountability mechanisms, ... an imitation of private sector practices, the use of temporary labour contracts, a greater concern for corporate image, the development of corporate plans, mission statements, as well as new management information systems' (Olssen, 1998).

These theories capture the essence of the competitive, contractual state. They are key features of neo-liberalism in which 'the primary economic objectives are efficiency and ultimately growth (and) the political objectives are to dampen electoral pressures for Keynesian deficit budgeting and reduce the perceived overload on the scope of state activities' (Head and Ball, 1994, p.39). These theories also underpin the White Paper policy statement.

THE TERTIARY EDUCATION WHITE PAPER

The Tertiary Education White Paper states that 'a well-performing tertiary education system ... will improve New Zealand's competitive edge, economic growth, employment opportunities and social cohesion' (p.3). Although the mandate also includes 'quality education that meets international standards (p.2), 'strong and effective institutions'(p.8), and 'sound educational practice' (p.13), these are not the main concerns of government.

For example, in the foreword, the Minister of Education states that the government 'has a major interest in the quality of education and the performance of our public tertiary institutions'(p.2), but it is quickly made clear that it is principally financial performance that matters. Indeed, in a discussion of accountability mechanisms, it states that 'a light handed monitoring regime can be applied to ... institutions with a track record of quality performance and a heavier level of monitoring and intervention applied to those showing signs of financial weakness' (p.5). Clearly government equates quality with financial viability. Indeed, whereas proof of this requires hard evidence from independent chartered accountants, accountability for non-financial quality matters is assigned to 'quality assurance .. processes that ensure (sic) the quality of qualifications, teaching and research' (p.21).

QUALITY ASSURANCE

The verb 'to teach' has no meaning unless it is related to its direct and indirect objects. The effectiveness of teaching, therefore, cannot be determined without taking account what happens inside the pedagogical interrelationships among educator, student and knowledge.

Quality assurance in the tertiary sector has not and will not directly address the quality of teaching and learning. In the quality discourse, an organisation defines a product and its desired characteristics, and it then implements systems for ensuring that the product conforms to specification. Whether the product is an individual course or transformation of the learner within a course, the same illogic operates: the organisation has systems for bringing students, staff and resources together, it measures these separately and then makes assumptions about what happens at their interface. The result is triangulated through student evaluations in which it is assumed that pedagogical effectiveness equates with customer satisfaction.

The starting point in a quality system is the policy that defines the overarching characteristics of quality. Harvey (1995) found that in higher education these usually relate to notions of the exceptional, transformation of the student, value for money or fitness for purpose. From this point of co-ordination, the system then fragments into an array of processes that are usually administered by

separate divisions within an organisation. As Butterworth and Tarling (1994) have pointed out, the problem with the systems approach is the inability to integrate components appropriately.

Teaching and learning are, of course, highly complex activities and their evaluation is problematic. It is therefore to be expected that definitions of quality are contrived so that direct and public attempts to determine the effectiveness of teaching and learning are avoided. Rather than focus on the effectiveness of the pedagogy (the 'ends'), the emphasis is usually on the effectiveness of the system or, more likely, of the sub-systems (the 'means').

Quality assurance can, therefore, be more a matter of satisfying regulatory requirements than using tools to improve performance. Significant quality may be achieved despite the quality system. Equally, however, the quality that the system claims it has achieved may lack substance. Indeed, Barrow (1999) argues that compliance with quality systems requirements may be largely dramaturgical: 'Although staff may be able to articulate ... and use the quality management system, this does not mean that the institution's definition of quality is understood, far less achieved' (p.35).

THE PUBLIC FINANCE ACT

As well as being required by legislation to participate in quality assurance processes, institutions are also accountable under the Public Finance Act (1989).

The White Paper policy places institutions on the 6th schedule of the Public Finance Act which will require them to produce an annual Statement of Intent and to report against this in annual and quarterly reports and financial statements. The Act also requires 'a statement of objectives specifying the outputs to be produced and the financial performance to be achieved' (S41 [d]) and 'a statement of service performance reporting the outputs produced ... as compared with those outputs ... specified in the statement of objectives' (S41 [e]). This is not entirely new: the policy simply takes current accountability requirements and cranks them up a notch.

The approach to accountability inherent in the Public Finance Act treats all enterprises as production units. The assumption is that the outputs and outcomes of every function are observable and measurable. Gregory (1995) argues that where this is not the case, as in education, the hierarchical accountability model should be replaced with responsibility which he defines as 'not a formal externally imposed duty but a felt sense of obligation' (p.60).

Gregory contends that 'a preoccupation with accountability creates strong incentives for managers and operators to collaborate in constructing a body of "artifactual" knowledge ... to enhance the appearance of organisational effectiveness' (p.63). He goes so far as to argue that the new production culture thereby encourages official corruption with the risk that personal corruption may follow!

Because the outputs and outcomes of education are problematic, they will continue to be circumscribed in statements of intent and of service performance. Morale must suffer if educators feel they are being enculturated into a production environment in which the exercise of professional judgement and discretion is superceded by accountability for proxy and even peripheral matters.

GOVERNANCE AND MANAGEMENT

It could be argued that despite the external constraints, institutions could nonetheless manage themselves so that primacy is given to 'lift(ing) educational standards and achievement' rather than to hierarchical accountability and survival/growth. Indeed, the White Paper states that 'governance and accountability arrangements need to allow public tertiary institutions the flexibility and freedom to meet the challenges of the future' (pp.36-37) and it acknowledges that 'self managing institutions need highly skilled and competent governing bodies' (p.38).

However, institutional autonomy is more rhetorical than real. For example, the notion of 'self management' is firmly set in a context in which Councils will 'prepare and submit a proposed Charter', 'determine strategic direction ... and performance targets', and 'be accountable for the performance and effective management ... and monitoring management performance against strategic direction and performance targets' (p.38). As we have seen, Agency Theory drives the belief that if something cannot be specified in a contract and its realisation then scientifically observed and measured, then it is of little or no value. The language of the White Paper may attempt to create the illusion of neutrality by representing management as a technical activity, but management clearly takes place in a socio-political context of power relations between those who manage and those who are managed.

Alveson and Willmott (1996) observe of this type of environment: 'Tensions exist between the lived reality of management as a politically-charged process and its "official" representation as a set of impartial, scientific techniques for directing and coordinating human and material resources' (p.38). They also argue: 'As the political quality of management practice is denied or trivialised, consideration of the personal, social and ecological costs of the managerial methods of enhancing growth, productivity quality and profit is largely ignored. Scant attention is paid to the increase in stress, the loss of autonomy in work and leisure or the degradation of the environment - all of which are associated with the drive for "efficient management"' (p.37). It is difficult to imagine how educational standards and achievement can be lifted when a byproduct of the competitive, contractual state may be significant discord between managers and educators.

RESPONSIBILITY

As discussed earlier, Gregory (1995) advocates countering accountability with responsibility. There are, however, case examples outside education that highlight the preoccupation of the neo-liberal state with maintaining strict limits on its active responsibility to civil society.

On 28 April 1995 a viewing platform at Cave Creek, near Punakaiki on the West Coast collapsed and fourteen people died. In the report of the Commission of Inquiry, Judge Noble concluded: 'I was left with the impression that these very capable men from the top levels of the department's (Conservation) hierarchy simply did not appreciate the concept of accountability in personal terms' (Department of Internal Affairs, 1995, p.75). He cites the submission of the Royal Forest and Bird Protection Society that '... the issue of accountability has been blurred because of the current emphasis on managerial and financial accounting ... at the expense of sufficient emphasis upon the outcomes of those outputs' (p.76).

Every year the States Services Commissioner writes to Chief Executives specifying standard and specific 'expectations' for the following year. Since 1997, largely in response to the findings of the Cave Creek inquiry, new Chief Executives are sent the so-called 'great expectations' letter which states they have 'a duty of care' that goes beyond what is specified in their contracts and that goes hand in hand with 'responsibility towards the collective interest of government' (Barker, 1999). Although this gives a new profile to the notion of responsibility and thereby admits the limitations of Agency Theory, at the end of the day the nature and scope of responsibility are nonetheless open to interpretation.

Accountability issues have also arisen in health. Boston et al (1996) cite the case of James McKeown who in 1995 was denied dialysis treatment. They note that after intense public debate 'the clinical decision was reviewed and Mr McKeown received treatment ... (but) the issue of responsibility was hardly resolved in the public mind' (p.176).

These examples support the argument of Neilson (1998) that 'New Zealand's now consolidating neo-liberal state is putting into place a more permanent form of autonomous separation between state and civil society... The institutions of Keynesian social democracy are being "rolled back", "hollowed out" and replaced by the construction of neo-liberal frameworks and their corresponding norms of

political rationality. State capacity is being delegated to the market and capital, while the ability of citizens and producers to hold the state responsible for economic and social outcomes is being diminished' (p.46).

It seems, therefore, that the state's role is to 'improve the quality of our regulatory environment', while individuals and communities within civil society are expected to assume the burden of responsibility for ensuring that the market provides products and services that suit their needs and expectations.

THE MARKET AND INFORMATION

Roger Douglas (1993) argued for competition in education and health on the basis that markets 'leave individual consumers free to buy the service that best suits them and their needs' (p.3). The argument assumes adequate information and rational decision making.

Although the White Paper recognises that importance of good information systems, their usefulness will be limited. In the first instance the policy states that 'The government needs to know whether taxpayers' money is being used effectively' (p.34). This information may be of significance to the government funder in terms of its interest in financial viability but is of little use to the student consumer.

The policy appears more helpful when it states 'To make good choices, students need to have easy access to accurate and comprehensive information on such matters as course costs, quality, and eligibility for student loans and allowances' (p.36). However, the Data Warehouse currently under development within the Ministry of Education will maintain only 'student data (enrolments, withdrawals, completion) and quality assurance data (accredited providers and qualifications)' (Ministry of Education, 1999).

This information does not seem at all 'comprehensive' and it therefore appears that students will need to differentiate rationally for themselves, and they will need to do this on the basis of whatever information individual institutions or consumer interest initiatives supply to the market.

LEAGUE TABLES

The *NZ Herald* recently began an attempt to provide such information. On 17 April 1999 it published an article titled 'Tertiary market: degrees of doubt'. The introduction asked: 'These days degrees mean fees, but how do students make informed decisions about value for money?' The writers had asked NZ's seven universities and Auckland's three polytechnics for information 'to give readers some picture of each institution and the calibre of student it attracted and produced'. For a variety of reasons, including 'mistrust if our ability to report (accurately)', there was little willingness to cooperate.

'Australia's *Good University Guide*' is named in the article as an example of good practice. This publication is correctly titled *The Australian Good Universities Guide* and is mainly comprised of descriptive information and listings of quantitative data that are likely to be of more interest to administrators and academics than of use to potential students. The guide also rates aspects of each institution on a five-point scale. Of the twenty fields only one relates to teaching and learning. This is identified as 'the educational experience: graduate rating' and is limited by being highly generalised and post hoc.

In the *NZ Herald* of 26 April 1999, John Hood, the Vice Chancellor of Auckland University (sic) is quoted as telling a graduation ceremony that 'an *Asiaweek* magazine survey of 114 universities in the Asia-Australian region ranked Auckland University 33rd overall'. The news item goes on to attribute to the Vice-Chancellor the statement 'Auckland's academic reputation was ranked 12th out of 114 and the research output 20th, but it was areas such as faculty resources (46th) and financial resources (35th) that brought the score down.' The item also states that 'New Zealand universities are also ranked

lower in student selectivity, with Auckland 73rd, but Dr Hood said this related to New Zealand's top universities having to turn away fewer students than those in other countries'.

The Vice Chancellor's speech highlights some of the validity and reliability problems with league tables. The 1999 *Asiaweek* survey (23 April 1999) actually provides two entirely separate tables: one for 79 multi-disciplinary institutions and another for 35 science and technology institutions. Although the total for the two surveys is 114, Auckland was ranked 33rd of 79 and not 114 institutions.

Dr Hood used the survey as evidence that 'an issue of national concern (is) that our universities are not seen to be competitively resourced'. However, although a comparison with the 1998 *Asiaweek* survey (15 May 1998) shows that while the placing financial resources deteriorated 3 places (32nd to 35th), faculty resources¹ improved by 8 places (46th to 54th). An even greater anomaly occurs under 'student selectivity' where Auckland's place managed to deteriorate in one year by 28 places (45th to 73rd)!

Validity is also cast in doubt where 'academic reputation' is determined by having each participating university rate its peers on a scale of 1 to 5. The antics of number crunching is particularly evident where Tohoku University (Tokyo) is the overall top university for 1999 yet it is placed only 14th for academic reputation.

These are typical features of norm referenced assessment, an approach to evaluation favoured by the market because its primary function is to rank products from best to worst. There is a tendency to exclude complex phenomena and focus instead on aspects of performance that are quantifiable. Maybe the greatest problem is that an improvement in ranked placing does not necessarily equate with any lifting of standards and achievement.

INDIVIDUAL CHOICE AND PREFERENCES

Individual choice is the most commonly cited argument for the market even though league tables and other consumer information provide very weak support for the exercise of choice. Wilkinson (1995) argues that 'there are three categories in which we might doubt the application of the "best judge" view: altruistic interests, long-term interests and interests arising from complexity' (p.190). The White Paper policy spawns an environment that certainly matches two and sometimes all three of Wilkinson's categories. First, decisions about tertiary education are about major long term career and lifestyle interests. Secondly, as discussed earlier, these decisions are made in an environment in which information on the education and labour markets can be completely lacking in reliability and validity. And thirdly, where care-givers influence or even make decisions for students, the altruistic interest is not necessarily any less appropriate than decisions made by, say, a paternalistic state.

Another common argument is that the market is more effective than the state at production and exchange efficiency. Within this argument there is an assumption that the market is neutral, that consumers come with preferences, and that on the basis of information provided they make choices that satisfy their preferences.

It is, however, highly simplistic to separate economic activity from the social environment. Indeed, Hogan (1997) argues that 'social actions - individual choices, practices and projects - are ... constituted by, and embody the effects of, social structures and market processes' (p.128). He goes on to contend that 'the very idea that one can independently measure the level of exchange efficiency in a market in terms of the satisfaction of existing preferences is at best nonsensical and at worst a willful sociological deceit' (p.128).

It can be argued, therefore, that the market generates expectations and then measures effectiveness in relation to the very standards it creates of and for itself. As we have already seen, quality measures

¹ This is comprised of 'teachers with graduate degrees, median pay, per teacher university spending, class size, teacher/student ratio'.

are not necessarily related to actual performance. Equally problematic is the contractual relationship between providers and the state and the ways the language of accountability creates 'artifactual' knowledge. The razz of advertising is similarly apocryphal. There are clear contradictions between the responsibilities the state is giving to citizens and the environment in which this responsibility is to be exercised.

RESPONSIBILISATION

Foucault argues that knowledge and power combine to form 'disciplinary technologies' that turn human beings into objectified subjects. The aim of such disciplinary technologies is to forge 'a docile body that may be subjected, used, transformed and improved' (Foucault, cited in Rabinow, 1984, p.17).

There are two meanings of the word subject: subject to someone else by control and dependence, and tied to one's own identity by conscience or self knowledge. Subjectification occurs, therefore, through both external technologies and 'the way a human being turns him- or herself into a subject' (p.104). However, power is not an entity but rather a relation that exists between two people who are both capable to act. Governments, tertiary institutions and students are all both targets *and* sources of power.

As well as the strategic priorities cited earlier, the NZ Government has identified overarching goals that include 'we must have open competitive markets, we must foster a passion for enterprise, hard work, skill and creativity' and 'we will support individuals and families taking responsibility for their well-being' (Department of the Prime Minister and Cabinet, 1998). These emphasise an expectation that citizens will be sources of power. Utilising Foucault's argument, Burchell (1996) would conclude that this requires

... the governed to adopt a certain entrepreneurial form of practical relationship to themselves as a condition of their effectiveness and of the effectiveness of this form of government. A characteristic form of relationship that has developed throughout these new practical systems is what (has been) called procedures of "contractual implication". This involves "offering" individuals and collectivities active involvement in action to resolve the kind of issues hitherto held to be the responsibility of authorised government agencies. However, the price of this involvement is that they must assume active responsibility for these activities, both in carrying them out and, of course, for their outcomes, and in so doing they are required to conduct themselves in accordance with the appropriate (or approved) model of action. This might be described as a new form of "responsibilisation" corresponding to the new forms in which the governed are encouraged freely and rationally, to conduct themselves (p.29).

Seen in this context it is evident that The Tertiary Education White Paper heralds freedom that comes at a 'price'. Student consumers are to be given entitlements to spend at the institution of their choice. They are to enter a contract with that institution and assume responsibility for ensuring the institution both satisfies the terms of the contract and exercises its 'duty of care'. Somehow underpinning this is they are also charged with responsibility for ensuring that educational standards and achievements are lifted. It is a tall order.

EDUCATIONAL STANDARDS

This paper has given little attention to the strategic priority 'to lift educational standards and achievement' largely because the policy statement fails to ground this within tertiary education.

In relation to the school sector, Lauder contended in 1991 that 'it is most likely that the marketisation of education will lead to a decline in overall educational standards. Schools are likely to become sharply differentiated, with elite schools for the rich and a gradation of less prestigious and less

"successful" schools beneath it' (Lauder 1993², p.15). By 1996 there was evidence to support this. A longitudinal study of 3297 students that began in 1992 concluded that 'Higher socio-economic status Pakeha students were the most likely to bypass their local working class school (and this) had the effect of intensifying polarisation between schools along socio-economic status and ethnic lines' (Hughes et al., 1996, p.28).

Even students attending elite schools may be missing out. The *NZ Herald* of 8 October 1999 reports that 'Leafy-suburb schools which should be excelling have been accused of cruising by the Education Review Office'. CEO Judith Aitken argues that '... some schools ... cruise along ... confident of continuing crown revenue and a secure place in the market, but failing to recognise any imperative need to demonstrate the value they can legitimately claim to have added to their students' education'."

A key feature of the new policy for tertiary education is uncapped funding which will enable institutions to enrol as many students as they wish. It will, therefore, be theoretically possible for all students to bypass the less successful providers and enrol in prestigious institutions. If this occurs, or if students want this but it does not or cannot occur, the fallout could be such that government's faith in market competition will have delivered a lemon with implications for its legitimation.

CONCLUSION

As stated earlier, the core problems the state faces at its interface with the economy are accumulation, social order and legitimation. Throughout the relatively stable and comfortable period of the Welfare State, legitimation was the priority core problem. The state's solution for education was to take responsibility for regulation, funding and provision. Apart from the Cold War, there were no demands that required vision, therefore the emphasis was on capacity rather than mandate. Things chugged along.

In the period from 1984, the state shifted priority from legitimation to accumulation. This gave rise to a stronger mandate for education which in particular stressed the need for the economy and individuals within it to become competitive. In reprioritising the core problems, the state has reduced its burden of legitimation and has progressively fobbed onto individuals responsibility for their own well-being including their education.

The competitive market for tertiary education is not new. What is new is the way ideals are being dumbed down by the accountability regime in which providers are required to demonstrate they are able to achieve what they contract to deliver. In such a context any lifting of educational standards and achievement is likely to be serendipitous rather than by design.

It is arguable that the benefits that could derive from an application of Public Choice Theory are undermined by Agency Theory and New Public Management because these impose a set of values that constrain how the market operates.

It is equally arguable that the market model is itself flawed because it requires the state to adopt the role of Pontius Pilate and wash its hands of many of its traditional responsibilities for the lives of its citizens. As history shows, when responsibility is transferred to the crowd there is a serious risk that both thieves and high values will be strung up alongside each other.

² The 1993 publication is of a speech made in 1991.

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