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The Picot Report
and the
legitimation of education policy

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Abstract

This is a study of the formation of an educational policy. It focuses on the use, by the state, of an individual policy document. The study is theoretically located within the framework of policy analysis, a field of study within the sociology of education. It is argued that the state's response to a fiscal crisis exposes its giving of policy priority to the strategies of accumulation and legitimation. The study illuminates the elitist and technocratic policy formation process adopted by the Government for its review of the administration of education. It is argued that the policy and construction of the Picot Report was the means by which the state sought to legitimise its education policies by organising consent for them in civil society. The study applies concepts which come from recent extensions of neo-marxist analyses of the state to the policy formation process to investigate the limits and capacity of the state to act in policy formation. The role of a small group of state officials in the construction of the discourses and the management of the policy formation process through which the Report was constructed is described. A materialist concept of language is applied to the policy text in order to illuminate the source of the historically specific discourses from which the text was constructed. An account is given of the construction of the Report. It is argued that a policy text is neither value free nor possessed of a single unambiguous meaning. The assertion is tested empirically by interviewing a sample of those involved in the construction of the Picot Report and examining their responses to establish that a variety of readers of a policy text will create a variety of meanings, even at the level of those who constructed the text. In this way the Picot Report is deconstructed and its constituent discourses are revealed.

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Introduction

The response of capitalist welfare states to fiscal crises has led to a re-examination of the role of the state and the nature and extent of state funded goods and services. The 1984 Labour Government adopted a monetarist strategy to the reform of the economy as part of its response to that fiscal crisis. In the period 1984 to 1987 the Government undertook a programme of macro-economic reforms. The financial sector was deregulated, the exchange rate was allowed to float and state activities were reduced either by sale or corporatised following the policy of privatisation. Shortly before the 1987 election the Government announced it intended to review the administration of the state education system by appointing a Taskforce. That review, begun in July 1987, was completed by the release of the Picot Report on May 10, 1988. This review was the first initiative of the Government directed at the reform of state welfare provision.

The state and its role in policy formation have been under-theorised in the sociology of education. Recent studies of educational policy formation (Dale, 1989 and Gordon 1989) have contributed to a broader understanding of the relationship between the state, capital and civil society and provided a framework for the analysis of the role of the state in policy formation. The aim of this study is to illustrate the strategies used by the state to legitimise its reform of the administration of education. Fundamental to that legitimisation were the strategies used by the Government in the policy formation processes of the state to organise consent for the reforms and its actions. The study takes the Picot Report as the key strategy in legitimising the Government's education reforms because the policy formation processes it modelled were subsequently applied to the other education sectors; the pre-school and tertiary sectors.

This thesis begins with a discussion of why the state has been under-theorised in the field of educational policy analysis. The limits of traditional views of the state, the pluralist, structuralist and neo-marxist views, are set out. The state is then viewed in terms of its

relationship with capital and civil society rather than its formal structures (Dale,1989). The work of Gramsci (1971) is applied to provide an analytic framework for viewing the state as an advantaged and autonomous but not necessarily privileged or economically determined participant in the struggle for ideological hegemony in civil society. Recent extensions to relative autonomy theories of the state (Gordon,1989) are added to the analytic framework in order to open up the policy activities of the state itself. The central concepts are the limits and capacity of the state.

The second half of the first chapter details the policy imperatives of the modern capitalist welfare state, accumulation and legitimation, and draws on the writings of Offe (1984) and Habermas (1975). There is then a critique of the traditional view of policy analysis as a technical-empiricist activity followed by a discussion of the suggestion of Codd (1988) that within a framework of a materialist conception of language the deconstruction of a policy document will reveal its ideological nature. This study is an empirical test of Codd's thesis that a plurality of readers will produce a plurality of meanings from a policy text.

The second chapter details the historically specific political context within which the Picot Report was written. A brief history of how the review grew out of other Government activities and details of struggles between state agencies and Ministers about the establishment of the review are given. Some attention is given to the implementation process which followed the release of the Report and the state's response to criticism of aspects of the funding of the new system. That response, to immediate criticism of school budgets, illustrates how the state sought to maintain consent for its policy and the extent of intra-state contestation over policy formation. The chapter ends with an outline of the extensive education policy reform process begun by the Picot Report and a summary of the broad reform context of the time.

Identifying the ideological processes of the Report's construction is the focus of the third

chapter. An account of how the Report was constructed is given. That deconstruction includes an analysis of the research material referred to by the Taskforce in its deliberations. How the Taskforce came to construct the new model for educational administration is then described. The chapter ends with a brief account of the immediate fate of the Report.

An early focus of this study was the nature and effects of the language of the Picot Report. An analysis of linguistic features of the Report was carried out which suggested many linguistic features common to the writings of the Treasury and State Services Commission also appeared in the Picot Report. During the interviews it became clear that no account of the role of the Picot Report, as part of the state's legitimation strategy, could omit a description of the discourses of the state which shaped the public and private context within which the Picot Report was written. The fourth chapter details the language and assumptions of reform that were inscribed within the discourse of the Treasury. The two important Treasury publications are summarised and their fundamental critique of the state provision of education are set out. The 1984 publication set out new processes for the conduct of state policy formation which advantaged the control agencies of the state. This elitist response to policy formation in a legitimation and fiscal crisis was predicted by Offe (1984). The 1987 Treasury publication set out a new language, within which was inscribed a new ideological settlement, for the production of education policy.

The fifth chapter records the origins of the second reform discourse which was constitutive of the Picot Report. That discourse arose in the reform of private sector labour relations undertaken in 1986 and first applied to the public sector in 1988. There is an outline of the processes and principles of teacher labour relations reform. The State Services Commission set out its agenda for the reform of education administration in its 1987 briefing papers to the incoming government. Extracts of those papers are provided and links are made between the reform proposals therein and the structures later recommended in the Picot Report.

Chapter six is the empirical test of Codd's thesis. It records the different meanings a number of readers in key positions took from different extracts of the Picot Report. The readers reported in their own words and were mostly those responsible for constructing the Report. Comment is also made on some of the linguistic strategies used in the Report.

Chapter one

Education policy and the state

A central concept of this study is the state. This chapter clarifies what is meant by the state and discusses theories of the relationship between the state and capital, and the state and civil society. How the response of the modern capitalist welfare state to the imperatives of accumulation and legitimation affects its education policy formation is then outlined. Finally the chapter provides a theoretical framework for understanding how the state secures legitimation for itself and its policies through the ambiguity of policy documents.

1.1 Education and theories of the state

In the field of education policy analysis the state is not well theorised. That is

'..largely a reflection of the liberal ideology within which such analysis (of the state's role in policy formation) is generally undertaken. This ideology embodies a political theory of possessive individualism, which has a long history within the Western intellectual tradition beginning with philosophers such as Hobbes and Locke. According to this view, the state comprises a set of institutions produced by the consensual collective actions of individuals in order to protect their general interests and to make provision for common social goods such as education, defense and the protection of property. With the rise of capitalism, this liberal view of the state became more deeply entrenched' (Codd, Gordon and Harker, 1988:3).

After the depression of the 1930's, economic theory encouraged the state to intervene in the market to create and maintain conditions under which capital accumulation could take place by adopting co-ordinating and regulatory functions. Over this period the liberal

ideology was unchallenged partly because it was so closely identified with parliamentarianism. The institutions and practices of a pluralist democracy supported the view that state policies were the result of the voice of the people. In this view the state 'is regarded as an effectively neutral means of delivery of intended outcomes decided elsewhere..' (Dale, 1989:23). The state was seen as both the neutral provider of services and as the mediating device between social interest groups. The practices and institutions of democracy obscured how social advantage was turned to economic advantage. Potentially divisive social conflicts were reconciled under the normative pressures of what was universally held to be a democratic electoral process.

This pluralist view of the state ignores the impact of capitalism on social values and social relations. Society is seen as a mix of shifting alliances with none more privileged than any other in access to power or to its benefits. It holds that education policy is arrived at after a democratic struggle between 'interest groups' and implemented via the mechanism of the state. In support of the pluralist view Archer (1984) argues that mass education through a state system has empowered parents and workers in the education system. Parents, Archer suggests, contribute to policy formation now through politics and policy is thus the reflection of popular demand. Gordon criticises that analysis for failing to account for the power differentials based on class, gender and race and for its assumption that the translation of a popularly expressed will for an educational change into a state policy takes place without problems. Gordon's point is 'That Archer's analysis....does not recognise that power relations in society actually shape not only the way systems are organised but also the channels through which changes and representations can be made' (Gordon, 1989:13).

The pluralist view of the state lacks sufficient analytic concepts to illuminate the policy formation processes. A prerequisite for policy analysis is a framework which recognises that power is distributed unevenly in a society, that the state has a role in that uneven distribution and a framework that makes clearer the relationship between the state and

society.

Marx viewed capitalist society as essentially unequal and exploitative and attributed to the state a crucial role in maintaining and reproducing that inequality. For Marxists the state had to act in the interests of capital because capital could not secure by itself or for itself the conditions of labour and social stability it needed. These are the conditions for the legitimation and reproduction of the capitalist mode of production. Gordon summarises the view of the state maintained by 'Capital-centred theories' (Gordon,1989:17) in her discussion of the works of Althusser (1972), Miliband (1969) and Poulantzas (1978). The role of schools in this view is to provide a suitably trained and socialised workforce; this is the situating of schooling within the concept of the base/superstructure analysis of capitalist society. That concept holds that the needs of capital determine state policy, that capitalists dominate policy formation and that the state acts as the coercive arm of a single class. The important function of schooling is its role in producing and reproducing existing class inequalities and capitalist social relations. In Althusser's (1972) terms schooling is an 'ideological state apparatus' as distinct from the 'repressive state apparatuses' of the law and army. A repressive state apparatus achieves dominance by the exercise of force, an ideological state apparatus achieves dominance on behalf of the leading class by the imposition of its ideology upon the culture of all the other classes.

This structuralist approach raises difficulties for understanding the policy formation processes of the state because explanations tend to be limited to showing how the domination of the interests of capital are achieved. As well 'the state is conceived in purely class terms that simply do not allow for the existence of other structures such as gender and ethnicity..'(Gordon,1989:20). The ideological functions of education are held to be evidence of the state working in the interests of capital and finally the state, in the structuralist approach, has no independence from the interests of capital.

The Neo-Marxist approach allows the state and civil society some relative autonomy from

the needs of capital. It holds that the state does not act in the interests of capital, rather that it acts in the interests of all in a society dominated by capital and seeks to legitimise that action. The relationship between the state and capital is contestable and historically variable. The relationship is not able to be demonstrated at the level of the institutions of the state. For example how the state anticipates the needs of capital when individual capitals are pursuing contradictory interests or when capital itself can not know what it needs next is unclear. As well, relative autonomy theories, as Neo-Marxist approaches are termed, maintain the notion that the state is an homogeneous structure whose policy responses are co-ordinated. In fact the state is made up of a diverse set of agencies whose interests and policies may well contradict each other's interests and policies. State agencies can not be relied upon to adopt a policy stance that is wholly free of value or class interests; either the interests of capital or any other class. In New Zealand for example, the Government has pursued pay equity for women, a policy that has been opposed by some state agencies while being supported by others.

Generally theories of the state are at a high level of abstraction and focus on the role of the state and on its functions in relation to capital. The state in those theories tends to be broadly conceived and its role is either wholly determined by the needs of capital or it is reduced to being the tool of a single class. As such the theories ignore the state at the level of its institutions and they fail to illuminate the policy formation process. The state at the institutional level is largely unexplored; some understanding of the state at that level is required to understand the policy formation process. It is helpful to approach understanding the state from the nature of its relationship with civil society. Rather than seeing the state simply in terms of its formal structures, powers and links with capital. Gramsci's analysis provides a means of seeing the state in terms of its social and political effects and in terms of its constitutive role in the construction of ideologies. This relationship is detailed in the next section.

1.2 Ideological hegemony

Gramsci (1971) provides a materialist explanation for political practices, in particular for the operation of ideology as a dominant factor in the construction of social meanings. Gramsci moves away from the determinism of the Marxist view that the ideas of the ruling class are inevitably the ideas which prevail in a society. The central concept in understanding the relationship between the political and the social as areas in which the struggle for dominance takes place, is hegemony. In Gramscian terms, society consists of various spheres; capital, civil society and the state. Civil society consists of all the voluntary and private institutions of social life and is distinguished from political society which includes the state and all of its institutional forms and processes including schools and the army. Meaning and cultural forms are created in civil society. Clear boundaries are not possible between the state and civil society and Gramsci developed the concept of the 'integral state' to allow the separation of political society from civil society. The concept of hegemony prevents the reduction of political structures to class structures. The relations between the state and civil society may be specified for a given historical 'moment'. Whilst it may dominate the political and economic spheres, capital must struggle for and maintain hegemony in civil society, the domain of common sense.

Hegemony is 'The spontaneous consent given by the great mass of the population to the general direction imposed on social life by the dominant fundamental group' (Gramsci,1971:52 in Gordon,1989:54). That consent is not gained by force; it is gained by taking advantage of a group's moral and intellectual leadership in a society and by using that leadership to win the active consent of other groups. While a society may be dominated by capitalist economic and social relations, capital can not guarantee its own policy outcomes even though it may dominate the political sphere at any time because hegemony must be secured and continually maintained in civil society. Hegemony 'involves developing intellectual, moral and philosophical consent from all major groups in a nation' (Bocock,1986:37). The effect of hegemony is the establishment of a

pervasive world view which is actively agreed to by citizens. Gramsci believed emotion and religious beliefs were important in the securing of hegemony. He also identified 'philosophy' as a key element, not as an arcane or elite practice, but as a material feature of an individual's life which was contained in

'1 - Language itself, which is a totality of determined notions and concepts and not just words grammatically devoid of content; 2 - Common sense and good sense; 3 - Popular religion and therefore, also in the entire system of beliefs, superstitions, opinions, ways of seeing and acting, which are collectively bundled together under the name of folklore' (Gramsci,1971:323).

The material effects of language are implicit in this passage and are important later in this study. Gramsci notes that 'ordinary' language cannot be relied upon to provide a neutral ground for deciding issues because a predisposition towards certain solutions is contained in the world view inscribed in the common sense contained in that 'ordinary' language. A new ideology inscribed within its own vocabulary that also accommodates the emotional, religious and philosophical 'truths' of an individual's 'common sense' will very quickly seem the natural way of seeing the world. In New Zealand this hegemonic effect explains the pervasiveness of the Treasury's economic framework for the determination of education policy. Commentators recognised the effect of the new ideology thus '..the policy debate (about accountability in education) has been corrupted by the colonisation and distortion of ordinary language in ways which threaten traditional political discourse' (Walsh,1988:2). Moss (1990) discusses the discourse within which the Picot Report was constructed in terms of its mythic features. He shows how an unspecific threat to a presumed homogenous society is raised as a threat in order to reorganise that society. That appeal is both inscribed in common sense and embedded within deep cultural beliefs.

'Stories attributing the ills afflicting society to the impotence of communities beset by malevolent agents may be of ancient origin, but they remain compelling today. It was just this story that Tolkien transformed into *The Lord of the Rings*.....Now the story of the failure of New Zealand education which the Picot Report tells is, in many respects, a modern counterpart of these older myths; a tale of communities threatened by an overwhelming malevolence. The threat posed in this case is not to food or water or even physical safety...Instead, the threat is to what might be regarded as their contemporary equivalent, education' (Moss,1990:148).

The concept of hegemony allows an understanding of the relationship between political power and social structures without privileging capital absolutely. There is, in the various sites of struggle, room for contradiction and contestation over social meaning. The means of securing hegemony is ideology. An ideology is a world view, a way of seeing and an explanation of the way the world is which fits, without apparent contradiction, within the lived experiences and beliefs of a person. An ideology necessarily contains contradictions if only because no one world view can contain a single coherent explanation for all that occurs in the material world. The contradictions exist but do not prevent the holding of a particular world view by an individual. Ideology reconciles material life and political practices with an individual's common sense. By common sense is meant 'the uncritical and largely unconscious way in which a person perceives the world' (Simon,1982). An ideology, according to Christenson et al, has many characteristics, some of those are; many levels of popular appeal, a normative power, a claim to being a sufficient and universal truthful explanation of events, a persuasive and motivating effect, it arises at a time of crisis, is personalised and scripturalised, contains both a critique of the former ideology and a systematic programme for the new, grows out of and reflects the time and society of its age and finally whilst resistant to change, will change to accommodate counter-hegemonic ideologies (Christenson et al,1975:6-13). The relationship between ideology and hegemony is summarised by Gordon

'..hegemony is not reducible to ideology as the former is a political principle while the latter exists primarily in civil society. The central implication of this is that the political arena is not a sphere 'necessarily' dominated by capitalist (dominant class) interests, but is a site of struggle in which competing ideologies contest each other for dominance' (Gordon,1989:56).

Consent for an ideology is not secured by the pursuit of the narrow corporate goals of a single class, groups must seek the active support of other groups in civil society. In this way no single class is guaranteed success in the political sphere. Political society is where the mechanisms for organising the consent of the people are available to the state. The need to incorporate the interests of other classes may lead to the political strategy of corporatism as outlined by Offe (1984). In that strategy the state seeks to secure the consent of groups organised on the basis of their economic relations, most frequently capital and labour, by including in the policy formation process the leadership of those classes. That strategy is formally set out in the tri-partite wage conference provisions of the *Labour Relations Act 1987*.

When the state is viewed as a set of complex institutions whose boundaries with civil society cannot always be sharply drawn, the inadequacy of accounts of the state which hold implicitly that it is a unity in nature and purpose are shown. There is a central state organisation which is partly responsible for policy formation, but there is also a large state structure extending into civil society which is responsible for implementing that policy. Gramsci suggests that not only is the central state a site of struggle for power and meaning, but so is the peripheral state. The concept of hegemony clarifies the relationship between the state (political power) and civil society (social structure) and identifies the organisation of consent as a key strategy for the state. This study treats the policy document as a mechanism for securing consent.

1.3 The state at the institutional level

Dale (1989) suggests that understanding the state at the institutional level requires a recognition that the form of educational state apparatuses is not determined by the capitalist mode of production alone. In general such apparatuses are bureaucratic and are thus predisposed, by virtue of their rational, hierarchical, specialised and technocratic nature, to a selectivity in policy formation. At the broadest level they select options to support accumulation but at another level they select 'conjunctural' or 'structural' policies (Offe,1984:225). Conjunctural policies are those which provide resources to meet demands or to anticipate demands. They are a feature of a political rationality that uses the state's powers and resources to meet social needs in the most efficient manner, thus the Domestic Purposes Benefit. State apparatuses which allocate resources on a disinterested rational basis are suited to the implementation of such policies. Structural policies do not attempt to satisfy any particular demand, rather they

'..are adopted in response to conditions of economic and institutional crisis. In response to such crises, the physical and economic parameters of production and the institutional parameters of interest representation, which together constitute the nature of the problem, become subject to redesign. The shift is from policy output and economic demand management to the shaping of political input and economic supply - from state intervention to politicisation ' (Offe,1984:226).

Dale argues that the shift to structural policies has required a new type of bureaucracy. That apparatus is oriented to what he calls a 'managerial technology' which leads to policy formation on the basis of its effectiveness (Dale,1989:35). State apparatuses tend therefore to favour technocratic solutions and 'policy options are selected on the basis of solutions available, and often it seems, questions are framed with available answers in mind' (ibid:35). Dale suggests that the state, in its wide sense, is increasingly constrained

in its capacity to meet demands placed upon it and is limited in its possible policy responses by the complex of relationships across the entire state. Policy formation can be considered as the product of a relationship, historically variant and to be determined for any given moment, between the three spheres of capital, civil society and the state. The important point for Dale, is not the separateness of the spheres but that their relationships are historically variable. A task of the policy analyst is therefore to identify the imperatives of the state at the time of a policy initiative and the relationship, at the time, between the three spheres.

Understanding that relationship is assisted by recognising that the state, the integral state, is itself a significant site of struggle over policy. It is one thing to decide upon a policy and another to implement it successfully. The tensions between the central state, where policy might be formed, and its periphery, where that policy is implemented, and between the government and its state agencies and between state agencies themselves, all influence policy formation. The organising of consent in civil society may also be used to bind parts of the state. A government or state agency may attempt to appeal directly to the public over the heads of other agencies to ensure that policies are not resisted by central state agencies or agents at the periphery of the state. Constraints upon the state's policy formation process are discussed in the next section.

1.4 The limits and capacity of the state

Gordon (1989) has developed a framework which allows the state to be understood in terms of its relationship to society and in terms of its internal workings. The approach allows the policy formation process to be understood as an intra-state process that does not privilege capital but which allows contestation, uncertainty and contradiction. The state retains advantages, as it must, but policy coherence and given outcomes are not guaranteed.

In this framework the state is regarded as a separate site, it is not conceived of as being part of the economic sphere. Dale (1989:27-53) argues that the state, in seeking to support the accumulation process, by guaranteeing the context for the expansion of capital and by legitimising the capitalist mode, does not actively seek to dominate policy formation but rather responds to limit opposition and resistance. As is noted later in this study, the release of the Picot Report was supported by a media campaign which reached every household. Gordon (1989) suggests that contestation and resistance are partly carried out within what she terms 'the limits and capacity' of state policy formation. The government is seen as a part of the state but it is not the entire state. State agencies and personnel are clearly beyond the power of the government to determine at the level of daily events; an understanding of policy formation must take account of that capacity for contestation. It is also easy to think of the state as a central structure both physically and in terms of its power. The New Zealand state is largely centred on Wellington but state agencies are spread about the country and even in Wellington state agencies are not in close habitual relationships with each other. One of the major reforms carried out by the 1984-1990 Labour Government was to create 'policy only' state agencies and to remove many of the mechanisms for the co-ordination in policy formation between state agencies that had existed formerly. At the periphery, state agents, such as teachers, are at a considerable distance from the central state and could not be said to be controlled by it.

The limits on the state are caused by its location between the economy and civil society, the roles it must perform, accumulation and legitimation, by the existence of an unstable mode of production and by the tensions and struggles characteristic of social relations in capitalist society. Gordon (1989) identifies four limits of the state: scope, resources, relations between state agencies and the policy process. At any given historical moment these limits may be specified. Thus in 1989 the perceived incapacity of the Department of Education to act contrary to the interests of teachers contributed to its dismantling. Upton (1987:104) criticised the ability of state employees to frustrate policy implementation and Bertram (1990) describes how, because of its 'dominance over policy advice', the

Treasury maintained a controlling relationship over other state agencies.

By its very existence and its historical preparedness to act the state 'reshapes the social, political and economic relations of society' (Gordon,1989:82). What the state can do is its capacity, defined by Gordon as 'capacity of the state, then, refers to what the state can do at a particular historical conjuncture; in particular its ability to shape its relationship to other structures of society' (op.cit:82). The capacity of the state at any time must take account of the then current hegemonic settlement, or its stability. The history and details of such hegemonic settlements for New Zealand are set out in Grace (1990) and for the United Kingdom, in Davies (1989). The state's capacity to act is constrained by the hegemonic settlement it must maintain or it seeks. The capacity of the state is further determined by the changing nature and roles of state agencies, by the capacity of state agencies to advocate policies which appear neutral but which are to the advantage of the agency and by what Gordon calls 'the cumulative effect of the shaping factors of state agencies on the nature and aspirations of the society' (Gordon,1989:86).

Understanding educational policy formation requires an understanding of the state. The framework outlined by Gordon defines the state functionally and within the limits and capacity of its institutional forms. Those functions are not simply the interests of capital though accumulation and legitimation are part of the state's role. The specificity of the political sphere means that the state is where mechanisms for organising consent in civil society to establish or maintain an hegemonic settlement rest. The state cannot rely on its coercive agencies and powers, those cannot secure consent. The state uses the policy formation process to secure that consent but the outcome of the policy formation process is not guaranteed. The government is acted upon by state agencies with their own agendas and needs. The government is acted upon by political parties. State agencies are not of a uniform ideological conviction and contest the policies of each other. A major part of policy formation must therefore be the means by which the central state expresses its policy intentions and the mechanisms by which the transmission of that policy intention is implemented so as to resist opposition from the peripheral state and interest groups.

Important also are the relationships between state agencies that existed at the time of the Picot Report, as are the limits and capacity of the state which existed at the historical moment the policy was constructed.

Understanding the state's policy formation process requires an understanding of the policy imperatives of the modern capitalist welfare state. The imperatives which the New Zealand welfare state had to meet were similar to those met earlier by capitalist welfare states in Europe. The works of Offe and Habermas discuss those imperatives and their effects upon the policy formation processes and the organisation of consent.

1.5 Policy imperatives of the capitalist welfare state

Theoretical explanations for the slowing of economic growth in capitalist economies after the post-war period of sustained expansion have centred on understanding the modern capitalist welfare state. Central to that understanding are the relations of capital and democracy and the processes by which governments, which are distinguished from the state, are able to secure and maintain electoral consent for themselves and their policies. Persistent government deficits, persistent inflation and growing structural unemployment have characterised capitalist economies in the 1970's and 1980's. The change is the more marked because of the stability and growth of the post-war period characterised by increasing material wealth, increased welfare benefits and a prevailing view of the state as a benign influence on the economic and private life of citizens.

The failure of the post-war capitalist welfare state to continue to provide the benefits to citizens that they were promised has led to a diminishing number of tax-payers, a diminished capacity of business to pay taxes because of less profit and, given the preceding, an increase in demand for transfer benefits to the unemployed. The state is unable to meet the financial demands placed upon it and faces what O'Connor (1973) called 'the fiscal crisis of the state'. At the same time there is a withdrawal of support for

the state by both capital and labour. The relationships between capital and the state and the state and labour become problematic. The capacity of democracy to obscure how the state works in the interests of capital breaks down, the exposed contradictions lead to a fundamental re-examination of the nature and purpose of the state as capital seeks to re-assert its primacy and the state seeks to legitimise its giving of that priority at a time of the withdrawal of mass support.

Legitimation is the term given to the need for the government to maintain mass support for its policies and the form of government itself which seeks to maintain the capitalist mode of production. According to Habermas (1975) the state legitimises itself either by affirming socially constructed ideologies, i.e. rugged individualism, or by providing an increased supply of goods and services; that is by supplying 'meanings' or 'values'. If legitimacy depends on the production of consumables and the economy fails then the legitimacy of the state will fail. Thus an economic crisis will provoke a legitimacy crisis and the strain caused by a failure to create surplus value will have to be taken up by the legitimation system.

Where consent for the government is secured largely through the provision of values and there is a crisis of commodity production then the subsequent legitimation crisis will not be resolved by the democratic political forms. Failure to resolve such a crisis will itself prove an obstruction to the resolution of the economic crisis. A new crisis is created, what Offe (1984:163-178 and 253-299) called 'a governability' crisis. Oliver (1987) suggests three grounds for such a view. The first is that a legitimation crisis will result in an increase in the demand for consultation over policy formation. As groups in civil society feel disadvantaged they act to protect their own interests. In the view of Habermas such increased militancy is dysfunctional for capitalist economies because greater public participation will eventually discover and emphasise the contradiction of socialised production and individual appropriation. Policy formation practices which favour capital at such times are those which are technocratic, elitist and closed. The second ground is

that a fiscal crisis will require the transfer of more funding to capital. This is because the demands of the welfare state have prevented capital from re-investing or that profit margins are a disincentive. The third ground is that if transfer payments as subsidies, incentives or indirect subsidisation such as youth skilling programmes are to be made at a time when the state is in a fiscal crisis, then the system of legitimation and norms will have to be reformed. As will be shown later, the language of the Picot Report and the structures recommended for the administration of schools were part of this reorganization of the legitimation system through the discourse of the state and its policy documents.

The experience in education policy in New Zealand suggests that the reorganisation of the system of legitimation was accomplished by the construction of a crisis in education. That crisis was attributed as being caused by those who worked in the bureaucracy of the Department of Education and by teachers. Both groups were expressly and deliberately excluded from the reform process during policy formation and implementation because of their capacity to obstruct or to modify change. This is illustrated in the account that follows in later chapters of the construction of the Picot Report. Policy, which was held to be the solution to the crisis in education, was formulated in what was held to be a value free or scientific process and was further legitimised by involving respected members of the public who, and this was to be seen as an advantage, could not be publicly identified as supporters of the Government or as teachers. The technocratic strategy was illustrated in the way officials took the public response to the Picot Report into a hasty and non-public process which resulted in *Tomorrow's Schools* (1989) being immediately adopted as the Government's policy statement. The new policies were accompanied by an analysis of the 'problem' couched in the vocabulary of the new ideology and containing the essential elements of a new ideological position. Examples are illustrated by the Treasury papers (1987) and the report on Pay Fixing in the State Sector (1986). Chapter three of the Picot Report contains an example of a critique of the 'crisis' in education. Oliver's thesis is that 'accumulation strategies require an elitist reorganisation of the Keynesian system of legitimation, that is a reorganisation that makes the state less vulnerable to democratic

pressures by narrowing the range of participants and influences upon the formulation and implementation of state policy' (Oliver,1987:33).

1.6 Policy formation

The state produces policy documents on education because it has an interest in promoting public discussion about educational policies. In a fiscal crisis the state attempts to reduce expenditure on education but must legitimise that action. The New Zealand Labour Government undertook a major reform of the administration of education by what it regarded as a democratic policy making process. The policy discussion process is important to the state because it is the process by which consent is organised. It is similarly the process by which the 'crisis' in education is both created and justified so that the remedy, containing the new ideological settlement, can be drawn to the attention of the public and the process by which the subsequent actions of the the state, which are likely to meet resistance from counter-hegemonic forces, are legitimised. Policy formation is thus a central mechanism of legitimation and policy documents contribute centrally to that process. Dye comments on the relationship between mass opinion and public policy and elite attitudes and public policy. On the basis of his research and that of Key (1967), Dye concluded that 'there is very little direct evidence in the existing research literature to support the notion that public opinion has an important influence over public policy' (Dye,1975:309). Whilst a policy may have mass support that does not mean that the policy arose as a result of that support. Indeed

'Government, as we have seen, attempts to mold public opinion toward support of the programs and policies it espouses. Given that endeavour, perfect congruence between public policy and public opinion could be government of public opinion rather than government by public opinion ' (Key,1967).

This suggestion, that governments use the policy formation process and policy documents

to organise consent for policies rather than to respond to public demand, supports the specification of the nature of the relationship between the state and civil society made earlier.

Policy formation has not previously been seen as a site of ideological struggle. Gramsci's specificity of the political sphere and Gordon's concepts of the limits and capacity of the state open up the intra-state processes involved in policy formation for examination. The ascription of values and motives to policy analysts and to state agencies is possible when the contested nature of ideologies is accepted and the state is identified as a site of struggle over policy.

Policy analysis is a field of study that is limited, according to Codd. Traditionally policy analysis has been seen as a, 'form of enquiry which provides either the informational base upon which policy is constructed, or the critical examination of existing policies' (Codd : 1988). The two forms of policy analysis are more broadly termed, 'analysis for policy and analysis of policy ' (Gordon, Lewis and Young 1977 : 27).

Where analysis is for policy there are two forms. Policy advocacy, which has the purpose of making specific policy recommendations and information for policy, where the policy analyst's role is to provide policy-makers with information and data to assist them in the revision or formulation of actual policies.

Where analysis is of policy there are similarly two forms. Analysis of policy determination and effects which examines the information used and the processes by which a policy was constructed and also the effects of such policies on various groups, and analysis of policy content which examines the values, assumptions and ideologies underpinning the policy formation process.

Codd argues that 'traditional forms of policy analysis are derived from an idealist view of

language and enshrined within a technical-empiricist view of policy making' (Codd,1988:5). The ideological processes of policy preparation and its production are therefore obscured and rendered unproblematic. Policy analysis is conceived as a technical-empiricist activity and there is no examination of policy in terms of its construction of meaning nor any acknowledgement of its political effects. Such analysis has come to claim that it is scientific

'A policy science is supposed to be a device for organising political thought in a rational way, merely a method for clarifying empirical relationships among alternative actions and for sorting out their likely consequences, and a procedure for making correct decisions; as such, it is supposed to be employable by anyone, regardless of his/her political views, for any end whatsoever, and its results are supposed to be impartial in the sense of not being dependent upon the particular evaluations of the policy scientist for their truth' (Fay 1975 : 57).

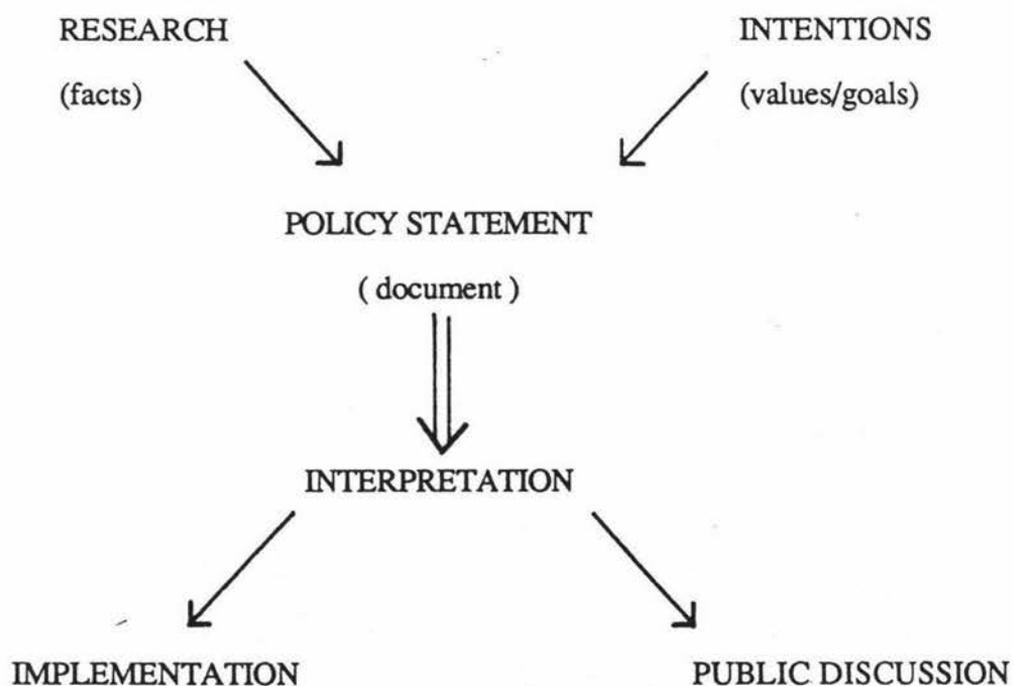
The task of the policy analyst is thus to facilitate a decision without prejudice and without class interests being identifiable. Policy questions are held to be questions of fact and the key criteria are efficiency and effectiveness. In this way education policy formation is said to be apolitical. As indicated in the discussion of Offe earlier, the technical-rational response of the state in its policy formation processes is partly to remove 'interest groups' and partly to depoliticise policy. By using technocrats such as economists, mathematicians and management theorists in policy formation, the public and interest groups are able to be excluded. The outcome of this process is the policy document which is then taken to be the definitive statement of goals and intentions which those who implement policy are to be guided by. Where the policy document is formed after a formally democratic process of consultation, then it is also presented as a summary of the view of the majority. It therefore has two attributes. The document is held to be a clear and unambiguous statement of what was meant; it has one true meaning. It is also held to be an expression of the will of the people which the state has acted upon and supports; the

one meaning is thus the meaning given by the public. In this way the policy document contributes fundamentally to the system of legitimation and the organisation of consent.

1.7 The analysis of policy documents

Codd suggests that the role of the policy document in policy formation has been ignored because the focus of the field of policy analysis has been the argument over the purposes and methods of policy analysis. Policy is taken to be 'any course of action (or inaction) relating to the selection of goals, the definition of values or the allocation of resources' (Codd,1988:2).

The role of the policy document for the purposes of policy analysis is not regarded currently as problematic, rather it is assumed to play a neutral role in conveying the intentions, often stated as values or goals, of those who made the policy, for those who need to interpret them for discussion or for implementation. That process and that relationship are set out in the diagram that follows (Codd,1988).



In this diagram the policy document is the vehicle by which the policy-researcher (the disinterested provider of information) and the policy-maker (who produces the policy) and the policy recipient (who implements the policy) communicate. This view of policy making ascribes policy analysis with an instrumentalist function, where in the end the policy-maker makes a decision as to the optimum means of achieving an end. In a dispute over meaning reference is made to the policy analyst who sets out 'the' meaning.

To suggest that a policy text has a single meaning is, according to Codd, to subscribe to a version of 'the intentionalist fallacy' wherein 'the meaning of a literary text corresponds to what the author intended, that is the text is taken as being evidence of what the author intended to express' (Codd,1988:8). The debate over the sanctity and integrity of the text has been had in the field of literary criticism and philosophy. For this study the point is that the meaning of a text is a function of its reading and the historical context of its interpretation. A variety of readers will therefore construct a variety of meanings from the same text. Policy documents are often written by multiple authors, as in the case of the Picot Report, who are not always identifiable, and are also written for a wide public readership. Codd suggests that

'Instead of searching for authorial intentions, perhaps the proper task of policy analysis is to examine the differing effects that documents have in the production of meaning by readers. This would involve a form of discourse analysis developed within a materialistic theory of language' (Codd,1988:9).

Such an empirical investigation would also situate policy analysis within the theoretical framework of Gramsci. The production and exploitation of differing effects would assist the state's attempts to organise consent for its policies. Legitimation through hegemony must take place in the cultural and political spheres of society. The language of the policy formation processes and policy documents therefore becomes important. In her account of some of the events of the Labour Government's first term, Margaret Wilson makes the

following observation about the economic policy statement which attempted to reconcile the supporters of Rogernomics with those favouring a corporatist approach to economic reforms. That manifesto statement was crucial for the party's 1987 election campaign both as a statement of policy and as an instrument approved by the party and thus binding upon the parliamentary party, which opposed both objects. Wilson notes

'The fact that the words skilfully conveyed the meaning the reader wanted to see resolved the immediate problem of having an economic policy in time for the 1984 election' (Wilson,1989:69).

The Labour Government clearly understood the effects of plurality of meaning and, like Gramsci, appreciated the crucial role an individual's 'philosophy' or world view played in the construction of meaning. Language is the site of the creation of meaning and some understanding of how language functions is required.

Language is ambiguous and produces real and material social effects. Language is itself a site of struggle, a place where individuals give and receive meanings, a place where the vocabulary of ideologies are formed. The basis of a materialist concept of language lies in the work of Saussure who

'..argued that language is the product of social forces. It is both an arbitrary system of signs and a domain of socially constituted practices. Like any other social institution it will change over time but always within social and temporal limits. Such limits, or structures, both enable and at the same time check the amount of choice that is available to a community of language users' (Codd,1988:12).

From Saussure's work has come the concept of discourse. Discourse embodies the formal system of signs and the social practices which govern their use ; it is a domain of

language-use and, for its senders and receivers, a domain of lived experience. Daily life is made up of a large number of different discourses and it is in and through those discourses that personal and social experiences are interpreted shared and embedded in culture. Discourse is 'constitutive of subject experience and is also a material force within the construction of subjective experience' (Codd,1988:13). The constitutive capacity of discourse provides the link to ideology

'Ideology is inscribed in discourse in the sense that it is literally written or spoken in it; it is not a separate element which exists independently in some free-floating realm of ideas and is subsequently embodied in words, but a way of thinking, speaking, experiencing' (Belsey,1980:5).

This use of language as a constitutive force provides an understanding of how the state is advantaged in the organisation of consent. Consent takes place at the level of common sense, it is secured when individuals accept that one world view, an ideology, is the way the world is, it is the 'real' way things are. Codd argues that the notion of 'discursive power' enables Foucault's (1980) thesis that all knowledge is a product of power relations to connect with Gramsci's concept of hegemony. Hegemony is effected via discursive practices which are not recognised for their normative power nor their false construction of reality.

'The power that is exercised through discourse is a form of power which permeates the deepest recesses of civil society and provides the material conditions in which individuals are produced both as subjects and as objects. It is this form of power which is exercised through the discourses of the law, of medicine, psychology and education' (Codd,1988:15).

The Picot Report formed part of the official discourse of the state and as such was an instance of the use of language as an instrument of power. The Picot Report proposed a

set of reforms which the government supported. Within the materialist conception of language policy documents are regarded as ideological texts constructed at a particular historical moment from within existing or new discourses. As Belsey notes '...meaning is never a fixed essence inherent in the text but is always constructed by the reader, the result of a circulation between social formation, reader and text' (Belsey,1980:69). Just as texts are constructed they may be deconstructed. Deconstructing a policy document requires an analysis of the process and conditions of its construction out of the available discourses, that is

'...not the private experience of the individual author, but the mode of production, the materials and their arrangement in the work. The aim is to locate the point of contradiction within the text....Composed of contradictions, the text is no longer restricted to a single harmonious and authoritative reading. Instead it becomes plural, open to re-reading, no longer an object for passive consumption but an object of work by the reader to produce meaning' (Belsey,1980:105).

A task of policy analysis is therefore the deconstruction of the policy text. That is an analysis which

'...would focus on the process of production of the text as well as the organisation of the discourses which constitute it and the linguistic strategies by which it masks the contradictions and incoherences of the ideology that is inscribed in it. The purpose of deconstructing policy texts is to ascertain their actual and potential effects upon readers, rather than to establish the intended meaning of their authors...Empirical evidence of a policy document's plurality of meaning can be readily obtained from an examination of the comments made about it by various categories of reader' (Codd,1988:20).

That process does not reveal the correct meaning of the text rather it shows that the many meanings are evidence of the text's ideological nature, its incompleteness, its contradictions and its obscuring of the interests which lie behind the social conflict the policy purports to address.

This study details the historically specific context within which the Picot Report was constructed, it illuminates aspects of intra-state agency policy formation activities, it identifies discourses from which the Picot Report was constructed, it shows how the state used the Picot Report to organise consent for itself and to legitimise its reform policies and it reports the different meanings a variety of readers took from a sample of extracts of the Picot Report.

Chapter two

The significance of the Picot Report

Administering for Excellence : Effective Administration in Education. The Report of the Taskforce to Review Education Administration 1988, popularly referred to as the Picot Report, was released by the Prime Minister and Minister of Education, David Lange, and the Chairperson of the Taskforce, Brian Picot on May 10, 1988. Features of the coordinated release of the Report indicated that the Government regarded the Report as significant. Those features included ; the format of the Report, its cover and language, the nature of its release and the subsequent organisation of public seminars and a narrow-cast television broadcast to teachers. These activities involved state spending to support a document not prepared by the state. The Picot Report marked a departure from the historical approach to education policy formation and marked also the introduction of a new sort of education policy. The changes in policy formation processes and the nature of the economic policies, popularly known as Rogernomics, were new in New Zealand but followed similar monetarist reforms adopted in other capitalist welfare states. Those strategies were for coping with fiscal crises and rising youth unemployment. Policy formation in New Zealand became increasingly technocratic and elitist, was carried out by experts and was removed from public or interest group access. There was, at this time, a resurgence of a conservative libertarian ethic manifest as an attack upon the failure of schooling and the alleged capture, by 'liberals', of the curriculum, assessment and pedagogy.

The specific nature of the structural reforms of education administration proposed in the Picot Report are not the central object of this study. The Government had taken a monetarist approach to economic policy in its first term, but had, in the 1987 election promised not to extend the principles of the market to social policy. It had, therefore, a serious legitimation problem with any extension of these principles into the area of

education. For this reason the language of the Picot Report was the initial focus of this study. How was it that a document which increased central control over funding and curriculum came to be interpreted as restoring the power of parents over their local schools, teachers and curriculum? How was a document that claimed it was strongly committed to equity able to advocate structures and the supply of services at the level of the school which militated against equity? It was not the detail of reform that was central to such questions, but rather it was the language, the vocabulary, tone and cultural effects through which the Report was presented at the level of common sense that mattered. There were different interpretations of what the Report meant, its meaning was flexible. The focus of the study became how the Report was used by the Government to secure legitimation for its education policy. The usefulness to the Government of the preparation and presentation of the Report lay in its capacity to organise public support for the 'vision' of Picot, to construct a common analysis of the 'failure' of the existing system, which included identifying the 'culprits' (Treasury,1987:281 and Moss,1990) and to form an alliance against opponents of the reforms. The Government's rhetoric of reform combined the discourses of '...radical individualism and liberal contractualism into the simple doctrines of New Right market freedom and state minimalism..' (Nash,1989:121) to effect a tighter control of education spending, to increase controls over teachers and to remove politicians from accountability for future education failure. The evidence suggested that the Picot Report was a structural policy, a policy that managed and reorganised the public's demands on the education system and the government without increasing material resources (Codd,Gordon and Harker,1988). On the basis of the claimed widespread public support for the Report the Government then undertook an historically major restructuring of the administration and politics of New Zealand education.

The Picot Report was the key instrument in the formation of a new ideological hegemony. This study sought to describe how the Report was constructed and, by reference to participants in its construction, to understand how the different reform discourses of the

time were integrated into the single document.

2.1 The Taskforce

The Taskforce was foreshadowed in the Budget on June 18 and formally constituted by the Minister of Education on July 21, 1987. It was requested to report to the Ministers of Education, Finance and State Services by mid-1988 (Douglas, 1987, Part 1:23). It had its first meeting on the 19 July 1987 and presented its final report to the public on 10 May 1988. A more complete record of the meetings and progress of the Taskforce is set out in the next chapter and Appendix A.

The Taskforce consisted of

Mr. Brian Picot	Chairperson, Auckland businessperson.
Ms. Whetumarama Werata	Social Statistician, Department of Maori Affairs.
Mrs. Margaret Rosemergy	Senior Lecturer, Wellington College of Education.
Mr. Colin Wise	Managing Director, Alliance Textiles, Dunedin.
Dr. Peter Ramsay	Associate Professor of Education, Waikato University (Picot, 1988:x).

Assisting the Taskforce but not formally a member of it:

Mr. Maurice Gianotti	Executive Secretary of the Taskforce, Department of Education.
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Attached to the secretariat of the Taskforce but not formally members of it :

Dr. Simon Smelt	Economist, the Treasury.
Mrs. Marijke Robinson	Senior officer Management Systems, State Services Commission.

At the Report's release the Minister invited the public to respond to the structure for the administration of education recommended in it and gave a six-week period for consultation.

In August 1988 the Government released *Tomorrow's Schools* (1988), a white paper setting out its policy intentions. *Tomorrow's Schools* was held, by the Government, to be the result of its consultative processes; it was presented as a summary of the views of the people as conveyed to the Government. *Tomorrow's Schools* set out of the principles and details of reform and was used as a reference point during the implementation phase as the definitive policy text. Disputes over meaning and intent were to be settled by an authoritative ruling from officials after reference to *Tomorrow's Schools*. However there were contradictions and omissions in *Tomorrow's Schools*, and in those instances reference was made to the Picot Report which then acted as the definitive policy text.

2.2 Implementation

After the release of *Tomorrow's Schools* the Government appointed Dr. Russell Ballard for a fixed term as the Chief Executive of the Department of Education. This appointment was made under the new policy for the appointment of senior public servants set out in the *State Sector Act 1988*. Heads of the Department of Education had, until Ballard, been noted for their educational leadership and their long tenure. Dr. Ballard was not an educationalist, he had had experience in managing the restructuring of a private forestry company in North America and had undertaken a similar task in the New Zealand Forestry Department of which he was, at the time of his appointment to education, the Chief Executive. The Government required the new education legislation and reforms to be implemented by 1 October 1989. Meeting that deadline was a condition of Dr. Ballard's contract and performance bonus.

In September 1988 the Government released a summary of the public responses to the

Picot Report, *Twenty Thousand* (1988). The Government claimed that its policy document, *Tomorrow's Schools* reflected the public's responses. More details about that report are contained in the next chapter but only about 10% of the responses were not from people involved in education. *Twenty Thousand* was not released until after *Tomorrow's Schools* so that the narrow range of responses and the Government's setting aside of them could not be known at the time *Tomorrow's Schools* was published. An account of the writing of *Tomorrow's Schools* is in preparation by Susan Harper, a graduate student at Victoria University, Wellington. This study draws on her preliminary research in the brief account of *Tomorrow's Schools* given in the next chapter. Harper notes that preparation of the report by an officials committee included the same Treasury and State Services officials who had been attached to the Taskforce. Preparation was well underway before the period allowed for public consultation had expired.

Tomorrow's Schools was not a direct implementation of the Picot Report. It made changes to some proposals and removed others. The proposal for a Policy Council, a small group representing parents, the Ministry and experts, which was to 'make policy' (Picot,1988:58) recommendations directly to the Minister, was not proceeded with nor were the proposals for teachers of outstanding merit. The Policy Council concept was opposed by the officials because, they argued, its functions prevented the establishment of the accountability and management culture preferred for public servants. There were also significant changes to the industrial relations aspects of the Report. The Report had stressed a co-operative educational culture for schools, *Tomorrow's Schools* suggested a managerial culture characterised by line management and rewards and sanctions for the individual performances of employees. A major subsequent policy proposal was to place secondary school principals on contracts of service by removing them from the coverage of the *Secondary Teachers Award* . It is important to note that the Taskforce disbanded on 10 May 1988 and took no further part in the Report's development into policies. The Report became the responsibility of the policy formation processes of the Government

and was subject to the influences of state agencies, officials and politicians.

The period from October 1988 to 1 October 1989 is referred to as the implementation phase. During this time the Department of Education was 'downsized' through staff redundancies and prepared for its new and narrower role as a policy Ministry. *Tomorrow's Schools* required Dr. Ballard to establish an Implementation Unit and a series of Working Parties made up of officials of the Treasury, the State Services Commission, the Secondary Schools' Boards Association, other state agencies where required and the Department of Education, to effect the reforms as set out (*Tomorrow's Schools*, 1988:1). Behind this requirement was the strategy of the State Services Commission (SSC, 1987, Part C:15) to ensure that former teachers in the Department of Education should not take part in the reform implementation, that they should not be re-employed in the new agencies at the centre and that no opportunity should be given to the teacher unions to frustrate the reform implementation. Macpherson, working within the State Services Commission at the time, supports the contention that 'consultation' was off, that '...the power phrases were provider capture, responsiveness and client satisfaction' (Macpherson, 1988b:6) and that interest groups were to have what was alleged to be their privileged position in education policy formation ended.

The implementation groups worked under pressure and at speed. The Charter Writing Group and the Funding Group showed the contested nature of their progress when their final reports were the subject of strong trustee opposition in late 1989 and early 1990 respectively. Initially teachers unions had no involvement in the working parties but gained access after a motion to that effect was passed at the 1988 Labour Party Conference in Dunedin; a motion David Lange strongly opposed. Agreements and undertakings were made on the confidentiality of the working parties which both enabled unions to be kept informed and enabled the Chief Executive to be satisfied that the nominees' contribution was to be positive. The secondary teacher representative on the Funding Working Party was seconded into the new Ministry in 1990 to resolve the

funding problems remained at the end of the implementation phase. *Tomorrow's Schools* (1988:39-42) set out the processes and features of the implementation phase that were to be followed. It notes that not all issues were to be left to the working parties, some were to go to Officials' Committees chaired by the State Services Commission. One of those issues was teacher registration which *Tomorrow's Schools* recommended should be considered by the Officials' Working Group on Occupational Regulation. The Treasury officer who formed a part of the writing group of *Tomorrow's Schools* was the same Treasury official attached to the Picot Taskforce and the same official who chaired the Officials' Working Group on Occupational Regulation that considered teacher registration and recommended that it not be compulsory. The capacity of a very small number of strategically located state officials to form, progress and implement specific policies is illustrated in this study. The strategies those officials used to overcome officials from other agencies supports Gordon's point about the importance of viewing intra-state policy formation processes as part of the limits and capacity of the state.

On 1 October 1989 the *Education Act 1989* gave the reforms of *Tomorrow's Schools* effect. However there was to be a further report. That this report had no legitimisation role was evident from its lack of publicity and its lack of any attempt to be accessible to the public. The Treasury and State Services Commission reported to the Government by letter in late 1989 that in their view some essential elements of reform in *Tomorrow's Schools* had not survived the working parties (Treasury, 1989). Those letters noted, amongst other things, that Education sector interest groups and former employees of the Department of Education had 'claimed back' aspects of the reform policy so that the model required for the operation of the new system could not operate. This was especially illustrated, they believed, by the case of the delay and possible permanent deferral of the direct funding to schools of teacher salaries. There was also a view expressed in those letters that the Ministry of Education was too large. Changes to the 'user pays' provision of Special Education and Advisory Services were also criticised. The *Tomorrow's Schools* policy was, in their view, to supply schools or Colleges of Education with

funding and to allow them to secure services from the cheapest supplier. In this way use of the state's funds was made contestable and providers were disciplined by the market. Opposition to this policy had grown and the Government was not as committed to the policy as *Tomorrow's Schools* originally suggested. The Treasury and the State Services Commission therefore wrote to the government in September 1989, before the new Education law and its reforms came into effect, to suggest the holding of a six month review of the education reform implementation process.

2.3 The review of implementation

The request for a review was first made by the Treasury to the Minister of Finance. Soon after submitting that request a review team consisting of

Mr. Noel Lough	a former secretary of the Treasury;
Mr. Donald Cowie	a businessperson with the Southpac Corporation;
Mr. Paul Carpinter	State Services Commission and formerly the Treasury;
Mr. David Grieg	Treasury;
Dr. Maris O'Rourke	Chief Executive of the Ministry of Education

was established. The Lough Committee, as it was termed, had terms of reference which were to:

' Carry out a wide ranging review of the process and outcomes of the reform of education administration to date and to recommend any necessary improvements in the process or the structures' (Lough, 1990:2).

To carry out this task the committee travelled about New Zealand and spoke mostly to school principals.

The *Lough Report* was instigated by the Treasury and the State Services Commission but

its timing also assisted the Government. The funding formula proposed in *Tomorrow's Schools* had prompted considerable disquiet from school trustees and principals when they trialled their first budget. *Tomorrow's Schools* had also proposed the direct funding of schools. Direct funding was strongly supported by the Treasury because it was fundamental to the commodification of education, without direct funding there could not be even a quasi-market consumer-supplier of services relationship. Similarly, direct funding was fundamental for the reform goals of the State Services Commission. The Commission's managerial culture required the total accountability of the principal (Chief Executive) and that accountability required the principal to have total freedom to deploy 'inputs' to achieve specified 'outputs'. Accountability was the responsibility for achieving outcomes, for meeting targets and goals. If the principal was to be held accountable then the freedom they required included the power to deploy and pay staff for different purposes, at different rates and the power to dismiss more readily. This was put at risk when schools received their indicative budgets. Few schools accepted that they had ever been advantaged and the notion that their school should have a reduced funding so as to balance out overall funding was rejected. Instead the focus of frustration over funding grew to be not only the apparently contradictory funding formula but also the perception of a growing number and size of central state education authorities; the very 'problem' identified by the Picot Report's rhetoric as being solved by devolution.

The Picot Report had claimed that significant sums of money could be saved from the reduction of central structures and the devolution of education administration and that that money would be available to all schools (Taskforce, 1988:89-97). During research for this study no evidence of the carrying out of a cost benefit analysis of the Picot Report's proposals was found. In late 1989 it was clear that there was not going to be more money for schools, deferred maintenance alone stood at a possible \$500 million so the frustration of the new Boards of Trustees at the level of work expected of them and the reality of fiscal constraints turned upon central agencies and bureaucrats.

The *Lough Report* recommended the reduction of the staffing of the Education Review Office, the bringing forward of the review of the provision of Advisory Services and many other adjustments to the reforms. The *Lough Report* was able to draw on extant public support for its recommendation, the Government did not have to use it to organise support for a cost-cutting exercise. In terms of the struggle for policy the report was a significant opportunity for the Treasury and the State Services Commission. Their reform agendas had separate elements but in common had direct funding. The two had also set the language within which policy was formulated and discussed. Parts of their reform agenda had been opposed since *Tomorrow's Schools* by other state agencies, i.e. the Ministry of Womens' Affairs had required the concept of gender equity to be considered in education policy, and the new Ministry of Education was prepared to advance education arguments in the face of some reform proposals. As well the language of commodification and technocratic policy formation showed signs of stress, the language of the community, still attached to the egalitarian myth, was reasserting itself. In this report the state agencies were able to reintroduce the details of their reform agenda without having to situate them within another discourse. Lough made visible what Picot's 'vision' had obscured. The *Lough Report* returned both the state agencies' reform agendas and the commodification language to the forefront of the Government's thinking. A significant recommendation made in the report was the call for a similar exercise to be undertaken one year after the establishment of the Ministry of Education to determine how effectively the policy of *Tomorrow's Schools* had been effected. That report has not taken place but a series of reviews, established by the new Minister under the coordination of the Ministry of Education, are taking place. The reviews include officials of the Treasury and the Commission.

The *Lough Report* was an important event in the reform of education administration. It had no legitimisation role but was written to take advantage of a position already agreed in civil society. It was used by state agencies to return their agendas and language to government policy formation processes.

2.4 Education reports

The Picot Report was the first of a series of reviews of the separate education sectors. The success of its legitimization of Government policies and policy formation processes encouraged the later reviews of the Early Childhood and Post Compulsory Education sectors. An indication of the pace of reform and the production of reports for the period 1985-1989 is given in Appendix D. The Picot Report had procedural antecedents in the Government's review of labour relations carried out in the period December 1985 to September 1986 and ending in the *Labour Relations Act 1987* and in the review of pay fixing in the State Sector which began in early 1986 and ended in October 1986. Perhaps the closest model of process and report style that the Picot Report followed was that used in the Gibb's Report (1988). Gibb, an Auckland businessperson, was invited by the Government to Chair a review of the state hospital system. He was appointed before the 1987 election but reported after it. In the event his report, which urged a degree of privatisation of hospitals and the deregulation of various services, was not adopted by the Government. However the strategy of inviting a prominent person, not immediately identifiable as having the same philosophical orientation as the Government, to undertake an 'independent' study of a social welfare issue was adopted in the case of school administration. Brian Picot, an Auckland businessperson, was appointed to chair the Picot Report.

Education reform has been a constant activity in New Zealand. However that reform was, until 1987, within the framework of what Beeby (Renwick, 1986) identified as the myth of equality of opportunity. The myth, as articulated by Peter Fraser in 1939, set out the principles of the education system and any changes to it. The unifying capacity of this myth and the presumed common commitment of all persons to it, obscured the politics of education reform and the political control of schooling. Reforms were, in Offe's (1984) terms, the result of conjunctural policies. The national system adjusted to new demands by adding on tasks and costs. From the beginning of the 1980's there had been an

increased politicisation of three areas of secondary schooling; the curriculum, assessment and the quality of teachers. The Picot Report is the successor of reports on those issues and reflects, to varying degrees, aspects of them. The degree of support enlisted for the Picot Report in civil society would partly depend upon the public's understanding of the degree to which the Report promised to remedy their concerns. The construction of the Report took account of the public concern and the devolutionary discourse contained as a key element the promise of enhanced parental control over schools and teachers. The rhetoric of devolution did not suggest there would be constraints on that power. A brief outline of some of the antecedent reports which informed parts of the Picot Report follows.

(i) Curriculum

Some degree of public disquiet about education began with the publication of the Johnson Report, *Growing, Sharing, Learning. The Report of the Committee on Health and Social Education* (1977). That report, in suggesting a role for schools in health and social issues, was not wholly proceeded because of opposition to some of the detail of those recommendations.

The Hon. M.L. Wellington, Minister of Education in the National Government of 1981, adopted a conservative position on curriculum and assessment issues. During his period as Minister, the Opposition spokesperson on Education was Russell Marshall who took a broadly liberal position on the same issues. Much of the contestation over secondary education policy issues in the period 1981 to 1990 could be said to reflect the varying support each minister received from parents and teacher groups.

In 1983 the Director-General of Education, Mr. W.L. Renwick, set up a working party to review the core curriculum of New Zealand schools; it produced a discussion paper in November 1983. The Minister, Mr. Wellington, did not welcome the report and sought to

redraft it by selecting a small group of 'leading educators' to meet with him to alter the proposed core curriculum. The original working party was seen as liberal and as having picked up the recommendations of the Johnson Report. The Minister wished schools to focus on the 'basics' and to use examinations to assess learning. Following the selected group's meeting a further document was issued in March 1984. That report, and its writing, drew considerable opposition from liberals and teacher unions. Russell Marshall, then Opposition spokesperson for Education, promised to review Wellington's document if elected later that year. At this time the secondary teachers' union had a political campaign underway to remove the examination at form six, University Entrance; Russell Marshall promised to do away with that as well. The OECD Report (1983:45) had observed that the examination structure of the senior school needed reorganising and had suggested the removal of both examinations and their replacement by other forms of assessment. The PPTA (the secondary teachers' union) drew on this Report and campaigned against the Minister's insistence on the status quo. There was a further significant element in the politics of education reform at stake in the 1984 general election. The Department of Education, the Secondary School Boards Association (a national body representing parents who acted as Boards of Governors of secondary schools) and the PPTA had used a 1977 National Party Government promise to review the staffing of secondary schools to prepare a comprehensive staffing schedule for schools based on meeting the needs of students in the 1980s. The recommendations of the *Report of the Secondary School Staffing Working Party* (1983) had been adopted selectively by the Government because the cost of full implementation was too great at the time the National government was attempting to reduce state expenditure on account of the second oil shock. The PPTA undertook a lobbying campaign during the 1984 election lead up which indicated that irrespective of which party was returned, the report was likely to be implemented. Marshall stated his commitment to it.

The 1984 general election was New Zealand's first 'snap' election and the Labour Party was elected. Marshall became the Minister of Education and immediately undertook a

review of the core curriculum established by his predecessor and a Committee of Inquiry into Curriculum, Assessment, and Qualifications in Forms 5-7. The issue of staffing ceased when, in 1984, the secondary teachers reached an agreed salary settlement with Marshall and David Caygill, then one of the three Ministers of Finance, only to have it overturned by the Cabinet.

The review of the core curriculum was a huge consultative exercise between schools and their communities. The result was a draft report *The Curriculum Review 1986* which was circulated for public comment. The final report *Report of the Committee to Review the Curriculum of Schools. The Curriculum Review* was issued in 1987, an election year. The report was strongly opposed by the Treasury whose preparation of arguments against it are reflected in the substantial briefing papers of 1987 especially the second volume. An interim report of the Committee of Inquiry in 1985 recommended the removal of University Entrance from form six, the Inquiry continued to address the 'wider, longer term issues of curriculum, assessment, and awards in forms 5-7' (*Learning and Achieving*, 1986:18) until its final report in June 1986.

(ii) The quality of teachers

In 1978 the Government had received a report which addressed the nature of teaching as a profession. The *Report of the Committee on the Registration and Discipline of Teachers* (1978), the Marshall Report, was chaired by former Prime Minister Sir John Marshall and dealt with issues of teacher registration, discipline and the powers of Boards of Governors to dismiss teachers. The recommendations of that report were never implemented because of teacher opposition to some of the provisions. That failure meant that parental frustration with the processes by which incompetent teachers were able to be dealt with, which had been made in submissions to the Marshall Committee, was not addressed. In 1986 that issue was taken up by a Parliamentary bi-partisan Select Committee. The *Report on the Inquiry into the Quality of Teaching* (1986), the Scott

Report is given major significance in the forging of an alliance between the Treasury, the State Services Commission and the Government against the Department of Education and the teacher unions (Macpherson, 1988b). The recommendations of that report were not implemented either, they were 'deadhanded' according to Macpherson (1988a:8) but taken up by the Opposition spokesperson on Education Ruth Richardson in the 1987 General Election.

'Richardson made very effective use of the Scott Report during the election campaign, much to the annoyance of the Labour Party, and to the alarm of some key supporters, the teachers' unions. She also capitalised on an acrimonious dispute over salary levels. The result was that the Labour Party suffered electorally over education, and in the time honoured way of politics, it turned on the teachers and "their" Minister' (1988a:9).

After the election Macpherson recounts that there was a determination that the wider state sector reforms would apply to education. It was in this context that the Picot Report was used as the means to legitimate the reform policies.

2.4 The political context

Finally in setting out the historical context of the Picot Report it is necessary to summarise the political framework of 1984 to 1988 when the Report was released. The policy orientation of the 1984 Labour Government is well covered by others (see Collins 1986, Jesson 1987 and 1989, Wilson 1989 and Easton 1989) and the specific policies are set out in the budget speeches of the Minister of Finance. Broadly the Government believed that if it constructed an economy that was not reliant upon the state it could promote full employment and productivity gains would pay for welfare benefits; all citizens would enjoy the benefits of an efficient economy. The means for achieving this goal were fiscal policy, maintaining a high exchange rate and internal interest rates to reduce what were

seen as endemic inflationary expectations, the deregulation of the financial sector, the removal of subsidies, tariffs and industry protections and reform of industrial relations. Labour market deregulation to the degree asked for by capital was resisted, though the *Labour Relations Act 1987* and its amendment in 1990, effected substantial reforms to the structure and organisation of the labour market.

Two state agencies played a crucial role in the formation of these policies. The Treasury's 1984 briefing papers to the Minister of Finance *Economic Management* set out proposals for reform of policy formation and the economy. The Treasury argued that state intervention in economic activity distorted optimal solutions by weakening the market. Accountability and incentive mechanisms were prevented from operating so that the dependent constructs of opportunity cost and the marginal principle were also prevented from operating. This led, the Treasury argued, to inefficiencies, to mismatches between supply and demand and to social inequality. In 1987 the Treasury produced a major paper on Education, *Government Management, Volume II*. That document applied the precepts of an economic vision of society and libertarian individualism. The result of these two papers was a new analytic framework within which the assessment of all government policies took place and within which the former myth that had unified education policy formation and policies was replaced.

The second state agency to contribute to the new hegemonic settlement was the State Services Commission. The concepts of accountability, transparency and freedom to manage promoted by the Commission were applied to State trading activities. The new ideology held that managers should be accountable for their achievements, those achievements were their outputs and should be measured by those to whom the manager was accountable. If the manager was to be accountable they needed the freedom to operate, to be able to use their inputs in any way they saw fit to achieve the goals set for them by the Minister. Managers in the state sector were hampered in that freedom by the constraints over managerial prerogative negotiated over time by unions; a reform of state

sector labour relations was required. Also required for the market to operate was a system of incentives and disincentives for individual performance. *Pay Fixing in the State Sector. A Review of the Principles and Procedures in the Fixing of Pay and Associated Conditions in the New Zealand State Sector*, known as the Buff Report, began in early 1986 and was presented in October 1986. Like the Treasury briefing papers, this document was a major influence in establishing the vocabulary and concepts within which the Picot Report would be written. It is also significant because it, like the Treasury papers, was not a consensus document. It was written by the State Services Commission and the Treasury and adopted by the Government.

By the general election in 1987 the programme of economic reform was firmly established, there was no place in it for increased expenditure on education goals which the Treasury argued had no identifiable economic return (Treasury,1987). Instead, taking the view advanced by the Treasury that state welfare agencies were too close to the interests of clients because the interests of those clients had become indistinguishable from the interests of those providing the service, a programme of the reform of state provision was proposed. In education the State Services Commission had formed the view that officials from the Department of Education were not to be involved in those reforms, they also supported the view that Russell Marshall had been 'captured' by the teacher unions (Macpherson,1988a:6). In a surprise move the Prime Minister took over the education portfolio after the election and immediately made himself unavailable to the teacher unions for nearly two years. Upon the retirement of the former Director-General, Bill Renwick no replacement was appointed until the Picot Report was ready to be implemented. Dr.Russell Ballard was appointed as Chief Executive until 1 October 1989, the date of the implementation of the Report. To assist Dr.Ballard, Mr.Jim Ross, the former Assistant Director-General of the Education Department, was retained as a Senior Education Consultant to keep the Department of Education running until the new 'policy only' Ministry was established. David Lange referred to this in his interview as the 'good cop, bad cop arrangement' (Lange,1989). These were the political features and intra-state

processes which formed the context within which the Picot Report was written.

Soon after this study began it was clear that to understand the policy text a detailed knowledge of how the Report was constructed would be required. At the time this study began the reforms set out in the Picot Report were in their implementation stage and many of the people who could contribute to the study were still very closely involved in the reforms. The former Department of Education was being disestablished and the records of the Picot Taskforce were not available. The records were not found until early in 1990 and access to them was limited.

Interviews were arranged with Russell Marshall and Jim Ross to ascertain how the Picot Report became a reality. Marshall was interviewed because he would be able to give an account of how the review of education administration arose from within the policies of the Labour Government and because he was identified as the person responsible for the establishment of the Taskforce. His views would reveal aspects of the politics of the Report's construction. Ross was interviewed because he was identified as the Department of Education person initially responsible for the Terms of Reference of the Taskforce and because of a subsequent role he played in the writing of *Tomorrow's Schools*. The person best placed to give an account of the process by which the Report was written was Maurice Gianotti, the Executive Secretary of the Taskforce. Gianotti had been a primary teacher, a senior inspector and had worked in the Department of Education at senior levels. Though he was not a member of the Taskforce he was identified as a key articulator of the 'vision' of Picot. From the interviews it was clear that Gianotti largely wrote the final draft of the Report.

The interviews of those three provide the details of the following chapter. The interview length varied according to the role each played. At times claims are not attributed to identifiable sources not because the author wishes to make an illegitimate point but because those interviewed were not prepared to have all that they said reported or

attributed to them. That requirement necessitated something of a narrative style in places as well.

At the end of the interviews with these three people it was clear that the role of the officials of the Treasury and the State Services Commission in the construction of the Report had been seriously underestimated. The construction of the Picot Report had to account for the policies of the Treasury and the State Services Commission or it could not have been acceptable to the Government. An account of the construction of the Report would be incomplete without detailing the policies which formed the background to the Picot Report and which were pursued by the officials. Such an account would have to identify linguistic items and strategies as well because the language of the Treasury and State Services Commission permeates the Report.

It was apparent that in the context of New Zealand education reform this document indicated that there was to be a shift in the nature of education policy, a shift from conjunctural policies to structural policies (Offe, 1984). The Government had kept itself at a distance from the Picot Taskforce should its recommendations not find public support but had reserved a position should the recommendations receive public support. By the Report forming process, the composition of the Taskforce and the consultative process proposed after the release of the Report, the Government was in a position to secure legitimation for its education policy. An outline of the context in which the Picot Report was written is set out in the following chapter.

Chapter three

The Deconstruction of the Picot Report

The view that a policy document is value free in its construction and that it has no real social or political effects is rejected in favour of a view that holds that such texts are constructed within a particular political context, and may therefore be deconstructed. Deconstruction of a text is '...the analysis of the processes and conditions of its construction out of the available discourses' (Belsey, 1980:105). The description of the process and context of the Report's construction which follows is based on interviews with Russell Marshall, the Minister of Education 1984-87, Maurice Gianotti, the Executive Secretary of the Taskforce, and Jim Ross, former Assistant Director-General of the Education Department. This chapter is an account of how the Picot Report came to be written drawn from the three perspectives above.

3.1 The origins of the Taskforce

Four features of the specific political context within which the Taskforce was established and the Picot Report was constructed are described below.

(i) The Budgets of 1987 and 1988

Government economic reform had focussed on the private sector during the first term of the Labour Government, 1984-1987. 'The changes to date have focussed mainly on getting the economy right' (Budget, 1987:8). The post 1987 focus was to maintain the pace and direction of structural reform but to be more explicit in transferring the gains to social policy. The major reform focus of the 1988 Budget was the Public Sector. There had been an indication in the 1987 Budget that further efficiency gains and cost savings could only be gained by cuts in social services; this was rejected as unacceptable in the

1988 Budget.

'We have already attacked government spending and made it more effective. Any further large-scale cuts could now come only from Health, Education or Social Welfare spending. We can and will ensure that government spending in these areas provides quality services at the lowest possible cost. However, any wholesale cuts in these areas would be socially disastrous. As a Labour Government we are not prepared to contemplate that. That has left us with no option but to sell some government assets and use the proceeds to pay off debt' (ibid:11).

The Government policy was to maintain welfare expenditure but to seek savings in the delivery of social services. The Buff Report (Rodger,1986c) detailed structural and industrial relations changes necessary in the public service to effect savings and efficiencies in the delivery of public and welfare services. A more detailed description of that report, which was a major discourse from which the Picot report was constructed, is given in chapter five.

The 1988 Budget gave the first public indication that a review of education spending was to take place. The Budget situated the 1987 fiscal policy of making efficiency gains and savings within a discourse of democratic participation in education decision making.

'The government intends to give communities more effective influence over the running of the education system. We have decided, therefore, that the administrative structure of the state education system will be reviewed. This review will be carried out by a small task force who will report to the Government during the first half of 1988' (ibid:23).

The initial imperative for the review of education administration was the need for fiscal restraint, that priority was obscured by this announcement. The priority was seriously

challenged when the Chairperson of the Taskforce later secured a change in the terms of reference which committed the Government to increasing education spending if that was the recommendation of the Taskforce. A strategic effect of the budget announcement was that it established an immediate constituency of support for the Report's findings and supplied a possible source of conflict between parents and those who worked in education.

(ii) Conflict between the Prime Minister and the Minister of Finance

Jesson (1989) shows that by 1987 the Prime Minister had begun to act to restrict the capacity of the Treasury to influence government policy. The Royal Commission on Social Policy (1988) had been established to find an alternative to the ideology of *Economic Management* (1984) and to delay threatened further reforms. From the account of Jesson (1989) and from interviews the establishment of the Taskforce to Review Education Administration may be understood as a part of the Prime Minister's attempt to limit the impact of the Treasury's ideology on social policy.

Roger Douglas, the Treasury and the State Services Commission presented papers to Cabinet on the structure of government in 1986. This was an attempt to act before and in spite of the Royal Commission. Jesson notes that Roger Douglas had been unrestrained by the Prime Minister in the first years of the Labour Government and that 'Instead of Treasury and the Reserve Bank implementing the policies of the Labour Party, the Labour Government implemented the policies of Treasury and the Reserve Bank.' (Jesson, 1989:69). Boston (1990) details how the Treasury was able to use the new policy formation processes and structures of the Cabinet to influence policy and to control the supply of contestable advice. The doctrine of collective responsibility of the Cabinet allowed a small number of Ministers to dominate the entire Cabinet, the Caucus and, by virtue of the party whips, dominate Parliament. Oliver (1987) observes that there was resistance to Douglas and Treasury, however the unifying principle adopted by the

Government that economic policy was to be the measure of all other policies and the privileged access of the Treasury to policy advice effectively prevented serious alternative advice to be heard.

Douglas and the Treasury continued, in 1987, to push for further reforms to deregulate the labour market and to apply commercial principles to the operation and delivery of health and education services. The Prime Minister would not agree to the social policy reforms advocated by Douglas and, according to Jesson (1989), a compromise was reached. Committees would be established to examine a specific area of social policy each. The committees would be sub-committees of the Cabinet but their membership might not be officials only. Having public figures on these committees not only defeated the Treasury's leadership role but also gave the Government an opportunity to secure early legitimisation for new policies. The supporters of Lange in Cabinet and Caucus who opposed Rogernomics but lacked numbers in Cabinet, had no state controlling agency support. Staff from the Prime Minister's Department therefore shadowed all policy committees (Macpherson, 1988a:10). That group could agree with proposals for making savings from improvements in the administration of education provided they could be reassured that it would have no adverse effects on the classroom. The struggle over the process and outcome of the review of education administration began in 1986 and continued with the issue of the *Lough Report* in 1990.

(iii) Treasury and State Services Commission criticism of the Department of Education

The Minister of Finance, Roger Douglas, had established a review structure for an examination of Health spending in 1986 (Fraser, 1988). The Department of Education anticipated a similar review. According to Ross he undertook a review of the Department's management structures in 1986 and issued a corporate plan. In 1988 the Department made submissions to the Royal Commission on Social Policy (1988) on education as social policy. Officials of the Treasury had attacked the Department's

presentation in that forum. The attack, and it was regarded and felt as such by the Department according to Ross, centred on the alleged inefficiency of the central office, on the handling of the Curriculum Review (1987) and on the Department's attempts to restructure its senior management to increase effectiveness. One Treasury officer, Dr. Simon Smelt, was particularly scornful of the Department's 1986-1987 Corporate Plan and its August 1987 briefing papers to the Minister of Education. Similar criticisms are repeated in the Picot Report (1988:31).

The Department believed it could meet the objects of reform itself by building on the process it had begun; the Treasury held a contrary view. The Treasury's focus at this time was not education generally; its focus was the Head Office of the Department of Education. The Treasury continued to maintain the 'provider capture' rationale it had outlined in *Economic Management* (1984) to exclude all voices other than itself and the State Services Commission from working groups on reform. On the first level provider capture excluded consultation with teachers and teacher unions. Roger Douglas made plain that the Government's policy was to not listen to interest or privileged groups (Douglas, 1989: see Appendix B). At the next level the thesis held that where a state agency was responsible for both policy development and the delivery of services based upon that policy, there was an inherent conflict of interest. Such an agency came to present policy in its own organisational interest and worse to effect only those aspects of government policy which were congruent with its own priorities. This is a view of policy formation that ignores a wider set of constraints; it was the Treasury's view of the Department. It was however a timely argument because Labour politicians were known to have been determined to ensure, through reform of the public service, that senior public servants could not frustrate government policy as they were believed to have done in 1972-75 as claimed by Bassett (c.f. Jesson). The provider capture thesis was used to undermine Department officials in the subsequent policy forming process of reform including up to and including the *Lough Report* (1990). In interviews (Harper, 1991 and for this study) David Lange indicated that there had been no coherent philosophical

resistance from the compulsory sector in the Department of Education to the Treasury during the reform period. Lange believed that because the Pre-school and Tertiary sectors were able to organise effective policy contestation they were able to ameliorate some aspects of reform.

Support for the Treasury thesis of provider capture and the 'sidelining' of the Department of Education came in the Buff Report (Rodger, 1986) which argued that the presence of former teachers or at least people disposed to the culture and values of education in the Department of Education was a major obstacle to reform. This contradicted the report of the OECD examiners (1983:11) who had referred to the 'education family'. In the State Services Commission's view, Department officials who were responsible for setting teachers' wages had a vested interest because, in the case of the Secondary Inspectorate and Education Officers, their own wages were established by a relativity to those wages. Thus the Commission argued strongly that the industrial relations functions of the Department should pass to it. Government support for such a move was the more likely because of the effects of the wage claim won by teachers at arbitration in 1984 and again in 1987. The breakout from the Wage and Price Freeze in 1984 set back the Government's fiscal reforms by providing state sector leadership for high wage demands in the private sector. It also helped strengthen both a view that the Department was not effective and that teachers needed 'reigning in'.

(iv) The public impetus for change

The beginnings of public interest in the reform of education and the Picot Report lie partly in the shared fates of the Marshall (1978) and Scott (1986) Reports and partly in the fate of the Curriculum Review (1987). The former two reports addressed the recruitment, training, discipline and competence of teachers. Neither report was proceeded with causing commentators, including Macpherson, at the time an independent researcher at the State Services Commission, to observe that

The Scott Report concluded that the quality of teaching in New Zealand was being undermined by three major problems:

- provider capture, that is where the providers of education have captured the terms of their service:
- a grossly elaborated structure, so elaborate that information flows and lines of accountability were confused and confusing; and
- obsolete administrative practices and attitudes' (Macpherson, 1988a:8).

The view of officials, and the Government as recounted in the interviews, was that the Department was unable to act against the interests of teachers because it consisted, at the policy level, of former teachers, and because the Department engaged in the practice of 'consultation to paralysis' with teacher unions. Macpherson (1988a and 1988b) gives an account of the steps the Government took after the 1987 election to meet those criticisms. However the practice of consultation also included the huge consultative task with parents and school communities that was a part of the Curriculum Review after the 1984 election.

In 1984 the National Government's Minister of Education had released a policy document *A Review of the Core Curriculum for Schools*. During public debate of the document and of the Minister's actions in constructing it a snap election was called and the fate of the *Review of the Core Curriculum* became an election issue. A broad public consultative process was undertaken by the new Labour Government and by March 1987 a final document was released. The final version was opposed by the Treasury which set out its objections in a letter to the Minister of Finance on 29 May 1987 (Codd, 1988:16 and Taskforce, item 54). Broadly the objections were that the costs of the proposals were likely to exacerbate the fiscal crisis and that an early government agreement to the policy would prevent an opportunity for the reforms in state service provision as envisaged by the Treasury to be considered. The Treasury employed the wish of parents to be closely involved in the education of their children as demonstrated by responses to the Curriculum Review, to support its strategy for the introduction of an alternative funding

mechanism which privileged parents and students over institutions. The Treasury never said that it favoured vouchers, nor did the Taskforce, however the imperatives of the Treasury and the principles of the operation of the market required the devolution of funding in some voucher-like manner to schools. From the interviews it was clear that Taskforce members familiar with education preferred a funding option which funded providers rather than the users. Other members accepted that option and the Taskforce believed it had rejected the more market oriented voucher system. The desire for parental involvement at the local school level evident in the Curriculum Review was translated into the desire for local choice. What that meant was left undefined. For the Treasury it meant commodification, for the Commission it meant power over teachers for parents and for the Taskforce it meant the preservation of all that was good in the current system because schools were, in the case of secondary schools, free of central bureaucrats, and in the case of primary schools, free of bureaucrats and education boards .

(v) The Department of Education and Devolution

The Department of Education had attempted a limited devolution in 1978. Legislation had been prepared but, following strong resistance from education groups, had not been proceeded with. Pilot schemes established in Nelson, Taranaki and Gisborne operated until 1 October 1989. In Jim Ross's view devolution remained an object of the Department from that time. Soon after the 1984 general election the Department, accepting that it would be restructured, decided that such reform would also present the opportunity to devolve much of its central power. Because Ministers of Education habitually took a close interest in matters of education, to the level of pursuing individual queries themselves, the Department had been required to maintain extensive records and information at the centre. Meeting these Ministerial requirements effectively handicapped attempts to devolve. The Department found itself held accountable for much that it preferred to devolve. When added to the huge number of queries, Picot noted 'over 7,000 correspondents each year..' (Picot,1988:25), referred to the Minister, there

remained constraints on devolution if the existing administrative structures were to persist. The Department remained an easy target for critics who accused it of being centralist and bureaucratic, it wished, according to Ross, to devolve, but the need for the Department to meet the needs of a closely involved Minister prevented that devolution.

3.2 The Taskforce

The next section is a chronological narrative of the political and administrative processes which led to the establishment of the Taskforce and to its final Report. It is an account provided by the interviews and is thus a partial view of the events. Because of the very small number of participants in the struggle over policy formation in education that the Picot Report became, there are instances in the following account of statements not directly attributed to an individual. This is not an attempt to disguise speculation, rather it is to record the view of one of the interviewees without identifying him/her. Whilst the major part of this account was drawn from the interviews with Marshall, Gianotti and Ross, corroborative and contradictory information came from documents held by Harper (1990) and from the wider group interviewed for the final chapter of this study. The account is divided into five broad stages corresponding with key aspects of the Report's construction.

(i) Establishing the Taskforce : Preliminary manoeuvres

An officials committee was established by the Minister of Education early in 1987 to conduct the review of the Department of Education foreshadowed in the 1987 Budget. The committee was chaired by Jim Ross and included Michael Irwin and Simon Smelt of the Treasury and Nick Hill and Marijke Robinson of the State Services Commission. The committee's first task was to draft possible terms of reference. This officials committee was significant for the later Picot Report because it had the power to set the agenda for reform and to do so in the market discourse. Three features of the Committee were :

- a) The same four officials would be present almost continuously in various combinations and in different policy forums during the subsequent policy formation processes up to and including the implementation of *Tomorrow's Schools* on 1 October 1989. In 1990 Irwin was seconded from the Treasury to the Ministry of Education to 'advise' on the bulk funding of teachers' salaries;
- b) The Treasury's Neo-Friedmanite economics found a complement in the Commission's market driven vision of personnel reform. The relationship was established before the Taskforce met; and
- c) The Department of Education was able to use the review process to secure a long term goal, the devolution of some of its powers of education administration.

These became the dominant agendas of the Picot Report and the task of the Taskforce was to weave all three into an apparently coherent vision for reform within a discourse likely to encourage public support for the policies.

Ross's view was that the Treasury wished to reduce the Department of Education considerably and to prevent its regeneration by a fundamental reorganisation of the administration and delivery of public education; Marshall had that understanding of the Treasury's intentions as well. The Treasury wanted savings to be made from reducing the staffing of the Department and wished to find ways to reduce education funding itself. The terms of reference should therefore have been narrow, focussed only on the Department and focussed only on fiscal matters as they were for reviews of other state agencies.

The Commission's interest was, as Macpherson notes (Macpherson, 1988a:11), opportunist to a degree. It was by virtue of the co-ordinating role in Cabinet of the

Ministers of State Services and Finance that their officials worked together. The Treasury and the Commission were determined to restructure the Department of Education and they did not underestimate the likely opposition from within the Department and from teacher unions (SSC,1987). It was because of the distrust of the Department of Education and the fear of 'provider capture' that the terms of reference of the Taskforce required it to report to the Ministers of Finance, State Services and Education. That requirement provided the justification for the involvement of officials from those Ministers' Departments on the Taskforce.

The Department, according to Ross, was just as determined to use the opportunity and counted as a fundamental success the initial broadening of the terms of reference of the review to include the administration of the entire system of education. Though not recognised, according to Ross, by Treasury and the Commission, the Department of Education was prepared for reform and was ready to work an educational agenda into the economic agenda. The first step was to agree on the terms of reference.

The Department expected discussion on the terms of reference to reflect the Treasury's goals of reducing the size of the Department and of separating policy formation from service delivery thus securing a rationale for an alternate funding scheme. The Commission had expressed the view that it should have control of teacher industrial relations. Its briefing papers reflected its wish to remove the capacity of teachers, 'chalkies' or 'schoolies' as the Commission's in-house slang called them, to influence policy formation and, following the Buff Report, the commission wished to remove as many barriers as prevented the implementation of its preferred management culture. It was a culture shared by the Treasury's concept of agency and implicit in the notion of market forces. Once agreed, the terms of reference went to Russell Marshall who took them to the Cabinet Expenditure Review Committee for approval.

In terms of the later construction of the Picot Report much had already been accomplished. What was revealed in the interviews was that the Department of Education

did not see the review as a Treasury driven defeat. On the contrary, it saw the broad terms of reference and the appointment of a non-officials Taskforce to effect the review as a considerable victory.

The role of the small group of public servants in the education policy formation process supports Dye's thesis (1975) that policy formation is powerfully influenced by individuals strategically located in government agencies. It supports Gordon's thesis (1989) that intra-state agency relations and agendas also act to limit policy formation. The struggle at this point in the policy formation process was over the framework and principles of reform and to ensure the future capacity for influence of the controlling state agencies.

The Taskforce was announced on July 21, 1987 just a brief period before the announcement of the 1987 general election. It was required to report to the Ministers of Finance, State Services and Education by May of 1988. The terms of reference for the Taskforce to Review Education Administration, as given on July 21, were as follows :

To examine:

the functions of the Head Office of the Department of Education with a view to focusing them more sharply and delegating responsibilities as far as is practicable;

the work of polytechnic and community college councils, teachers college councils, secondary school boards and school committees with a view to increasing their powers and responsibilities;

the Department's role in relation to other educational services;

changes in the territorial organisation of public education with reference to the

future roles of education boards, other education authorities, and the regional offices of the Department of Education;

any other aspects that warrant review.

The Taskforce will endeavour to ensure that the systems and structures proposed are flexible and responsive to changes in the educational needs of the community and the objectives of the Government.

It will identify any costs and benefits of its recommendations and recommend the nature and timing of any necessary transitional arrangements.

The Taskforce is to make recommendations which will ensure the efficiency of any new system of education administration that might be proposed' (Picot,1988: ix).

The requirement that the Taskforce report to Ministers additional to the Minister of Education was the means by which the involvement of officials other than those from the Department of Education was effected. Arguments for reporting to the other Ministers had as their rationale the object of restraining expenditure by the 'sharpening up of accountability and the devolution of decision making', by requiring administrative structures to be 'flexible and responsive' and by requiring that the education system to be 'efficient.' These terms are found in the literature of the Treasury which preceded the establishment of the Taskforce (Treasury,1987:2). The third concern points to the need for institutional arrangements which give greater emphasis to accountability, and provide incentives for efficient delivery, including timely response to changing demand (ibid:28). 'The extent to which such problems emerge is affected crucially by the nature and strength of the implicit or explicit contract that is forged between the professionals and administrators in the institution on the one hand and the customers of the service concerned on the other' (ibid:3). The concepts appear in the terms of reference.

(ii) Personnel of the Taskforce

The composition of the Taskforce was announced at the same time as the terms of reference; to lead it was Auckland businessperson Brian Picot. Picot was familiar with the administrative system of private schooling. A structure more closely identifiable with that presented as the final model of the Taskforce than the then current model of state schools. That model of administrative practice fitted the conditions required by the Treasury to effect its voucher like scheme to control educational spending and fitted the devolutionary administrative model the State Services Commission required to effect its personnel reforms. Picot was appointed to ensure that the Report was presented on time and because he was a nominee unlikely to be blackballed in the same way that nominations for the Royal Commission (1988) had been by the Treasury or the State Services Commission (Jesson, 1989:106). Picot was from Auckland and had been Pro-Chancellor of Auckland University. The Treasury suggested Douglas Myers, Lion Breweries' head as the chairperson. Roger Douglas suggested Ron Trotter, managing director of Fletcher Challenge. According to the interviews Picot was suggested by John Wilcox an official in the Minister of Education's office.

In early July 1987 Maurice Gianotti was rung in Hong Kong and offered the position of Chief Executive Officer of the Taskforce to Review Education Administration. The invitation came from Jim Ross and was so put as to make plain the advantages in accepting the offer given the likely uncertainty of the Department's future. Gianotti's first task was to complete the membership of the Taskforce so that its terms of reference could be announced. Picot had been approved and Dr. Peter Ramsay was added. Ramsay had been a critic of the Department of Education, an informal criterion for appointment given the provider capture thesis, however he had also had experience on the national executive of the primary teachers' union NZEI, had been a field officer and was at the time Associate Professor of Education at Waikato University with a particular interest in effective schools. Margaret Rosemergy was a Senior Lecturer at the Wellington College

of Education. She was a qualified Psychologist, had been the Chairperson of the Onslow College Board of Governors, had been a member of the Curriculum Review (1986) and was a known Labour Party supporter (Macpherson, 1988b:7). Whetumarama Werata had been associated with the Kohanga Reo movement, she was Maori and worked as a Social Statistician in the Department of Maori Affairs. Werata had also worked in the State Services Commission. Colin Wise was not originally on the Taskforce. Picot informed the Minister that he did not see that he was responsible for bringing a business perspective to the Taskforce. He saw his responsibility as ensuring the Report met its deadline. Colin Wise, the Managing Director of Alliance Textiles in Dunedin and an experienced member of the Otago University Council was then added. Wise had the additional virtues of representing employers and the South Island.

Picot required two changes to the draft terms of reference. The first came from the recognition that on matters of education there was, in New Zealand, an expectation that everyone would have an opportunity to be consulted. The Taskforce also adopted the position that the centralised education interest groups would oppose and attempt to delay the review. This assumption is consistent with the views of officials on the fate of the Scott Report (1986) as reported by Macpherson (1988a:8). The Taskforce asked the Minister to set an early reporting date so that it could point to a deadline and argue to any group aggrieved by the haste that the Taskforce had time constraints. In the interests of hearing all of those who wished to be heard the time available for particular groups was thus necessarily brief. The second change was to the wording of what came to be the penultimate task. Originally it read '*It will identify the potential cost savings of its recommendations.*' Picot's view, according to Gianotti and Marshall, was that the Taskforce was not to be directed to seek efficiency at any cost. His view was rather that the Taskforce was charged with establishing the best possible education administration; the final recommendations might have required more spending on education. A meeting was held with Marshall to ensure that the Cabinet was clear that additional expenditure might be required; it was, the changes were made and Brian Picot took the job. The

Minister of Finance, Roger Douglas, accepted the changes. The Taskforce were 'cheered up' by these changes according to Gianotti, they had not seen themselves as cost cutters though they had felt that the original terms of reference tended to push them that way.

This is a key point in the process of the Report's construction. The Taskforce, excluding officials, believed that they were building the best possible administration of education. They believed they could do so despite the commodification and cost controlling agendas of the Treasury which, according to Gianotti and Rosemergy, they were aware of. If that was their view then it supports the thesis that the Report was ambiguous. It was not meant to be a definitive policy text even by its authors rather it was written to be interpreted. The Taskforce clearly expected its interpretation to persist as the definitive meaning.

The Taskforce had met on July 19, two days before it was announced and learned there was to be a General Election on August 16. Members knew from contact with the Opposition that should the National Party win the election the Taskforce was unlikely to continue. Opposition spokesperson on Education, Ruth Richardson, had told the Taskforce that she would disband it. The Taskforce decided to set a meeting for the Monday after the election if the Government was returned and to hold no more meetings if the Opposition won.

The election delayed the Taskforce's beginning its duties immediately. That delay imposed a further time constraint on an already tight time-line. There was always a tension between being seen to consult widely and the time available for the Taskforce to complete its work. Given that the Taskforce asked for a short time-frame initially and then found that shortened by the election, and given the Christmas holiday period, there was a real danger that the legitimacy of the consultative process would be undermined. That stress and the need to report to Ministers irrespective of the timetable gave officials, who already had a coherent framework and discourse of reform, an advantage in the

advocacy of their policy.

The Taskforce agreed to meet once a month to consider papers prepared by the secretariat, that would include any research asked for by members, and to make decisions as the review proceeded. An immediate difficulty was how to ensure the scale of public consultation envisaged within the now reduced time constraints allowing for the Christmas holidays.

Political strategists had considered the question of the timing of the review and decided that as the reforms were likely to be substantial they would require at least a full school year before the following election if the advantages for the Government were to assist it to win that election. As a change could not be contemplated during a school term and not during the first term and given the need for legislation, their conclusion was that half way through term three of 1989 was the only time the reforms could be implemented. A public relations agency, Charles Haines, was engaged to advise the Taskforce on the conduct of its consultative programme. A programme of newspaper and radio advertising began with the object of alerting people to the Taskforce, its role and when and where to make submissions. The Taskforce then travelled around New Zealand and consulted people. It also consulted major interest groups and sent them ideas for comment and recommendation.

At this time the Royal Commission on Social Policy published its April Report (1988). This was not because it had planned to do so but because the Royal Commission had been concerned at the efforts of the Treasury and State Services Commission, and their Ministers, to pre-empt and undermine the Royal Commission's possible findings. The struggle over the Royal Commission was also a reflection of the struggle in the Cabinet and Government between supporters of Rogernomics and supporters of David Lange. The Government and state agencies had learned a number of lessons from the Royal Commission which they tried to heed with the Taskforce. The Royal Commission was

wholly independent of the Government and was, in the view of some in the Government according to Marshall, out of control. The secretariat to the Royal Commission excluded officials and was seen to have been 'captured' by people not inclined to support Government economic policy. Most importantly the controlling agencies had no access to the Royal Commission other than by submission; this was not acceptable to either the Treasury or the State Services Commission. The 'deadhanding' of the Royal Commission's report can be attributed to the power of the Ministers of Finance and the efforts of control agency officers to discredit the Royal Commission's staff. The criticism was that the advice provided by the Royal Commission to the Government was uncontested. As Jesson notes there were many reasons for the failure of the Royal Commission and several of those reasons can be directly attributed to the actions of the Treasury and Treasury Ministers (Jesson, 1989:105-106).

The Treasury defeat over the Labour Relations Act and the Royal Commission showed that intra-state agency contestation of policy formation was possible, but it taught the Treasury new skills which it used to outflank the Department of Education in the review of education administration.

Marshall knew that the Commission, Treasury and Finance Ministers believed he was too close to the teacher unions and that like all officers of the Department of Education he had been captured by the providers. The provider capture analysis had been heard when Treasury was beginning its campaign to effect savings in the Department of Education. The Treasury document (1987) spread the analysis and gave it a wider legitimacy. The practical effect was that the Treasury and State Services Commission were able to argue successfully for the exclusion of teachers from consultative processes associated with policy formation; the Taskforce treated teacher unions in the same way.

(iii) Writing the Picot Report

Development of a new administrative model was begun by Smelt, Robinson and Gianotti

in August and September. That process began by listing the functions and responsibilities each part of the model might have. According to Gianotti, the diagrams on pp. 103-108 of the Picot Report reflect the models considered. The Taskforce had no preferred model at this time. It had had one meeting on a 'getting to know each other' basis on July 31 and its next meetings were August 17 and September 15. The officials undertook the initial task of suggesting the format of the Report and showed immediately their capacity to set the principles of that framework.

The Taskforce addressed some important issues early in its deliberations. Two of those were:

- whether Maori children have their own education system; and
- the question of vouchers and the desirability of a market led solution.

The analysis of the bibliography of the Taskforce (Appendix C) shows that vouchers were a major early focus. A voucher like funding system was the object of the work of the Treasury (1987) and was supported by the State Services Commission which had begun to develop a managerial concept of accountability for the public service. As was suggested earlier, the Commission knew at the 1987 election that it required some form of financial incentive structure in schools for the establishment of its management culture, and it needed to find a funding mechanism to facilitate that.

It was never the intention of Marshall that officials should act as part of the Taskforce. They were never formally part of the Taskforce. Their agencies offered their permanent presence as an assistance to the secretariat of the Taskforce. At one of the earliest meetings the officials outlined the assistance they could bring. The Taskforce considered the matter and took a vote. Ramsay and Rosemergy did not want them to be present at all deliberations of the Taskforce; Wise and Picot thought their presence would be helpful. Gianotti was not a member of the Taskforce and had no vote. Werata's was the deciding vote which gave the officials regular access to the secretariat and to the Taskforce. Rather

than having a role as policy advisors presenting technical advice when requested, Smelt and Robinson were made members of the secretariat and were placed in a position to be advocates for the policies of their agencies.

This was a key decision. It gave the officials, Smelt and Robinson, a closed forum for the presentation of their policies. No other state department or interest group had that access or, once the formal public consultation ended, the opportunity to present contestable advice. The policy formation process was removed from public or interest group pressures and made available to state officials. Their inclusion was seen by teacher unions as a confirmation that the role of the Taskforce in education was to be similar to that of the Gibb's Taskforce in Health. That perception was that the focus of reform was cost-cutting and privatisation with the latter being most likely through a form of vouchers (PPTA 1988,1989 and Munro 1989).

Hill, who had helped draw up the terms of reference in consultation with the Department of Education and the State Services Commission, had moved from the Commission to the Treasury. Smelt, an academic economist recently recruited from England and who, at the time of writing the 1987 Treasury papers, had been in New Zealand for about eighteen months, had been less active in the Taskforce prior to the election because of his involvement in the writing of *Government Management Volume II*. An early draft of chapter two of that report was referred to the Taskforce (Taskforce,1988:Item 69). Marijke Robinson, an officer of the State Services Commission with responsibility for management policies, and Smelt, subsequently wrote a variety of position papers for the Taskforce and argued for them at meetings throughout the process. Examples of those papers set out the Treasury view of vouchers, the State Services Commission's support of vouchers (Taskforce,1988,Item 15:4) and the Commission's view of the management structures and culture which should prevail in the reforms (Letter to Taskforce,1988 : 1). The latter outlines the desirable end result of the Taskforce's deliberations and reflects very closely the final administration structure recommended.

By the end of November Gianotti, Smelt and Michael Irwin, the other Treasury officer involved in the writing of *Government Management Volume II*, drew up an outline of how the Report should be structured and presented it to the Taskforce. According to Gianotti, they proposed:

- 1 an initial chapter setting out the philosophy and position of the Taskforce,
- 2 a chapter which was a description of the present system,
- 3 a chapter which was a critique of the current system,
- 4 a chapter setting out the premises of a reformed system and showing how those premises would be carried out in a school,
- 5 a chapter on costs and benefits,
- 6 a chapter showing how the transition would be made.

Picot had wanted an 'issues' report but the structure agreed to in late 1987 constrained that wish; it was a constraint that the Taskforce did not see at the time and may, according to Gianotti, have later wished to have avoided. Chapter one was then drafted by Gianotti. The vocabulary and ideology of the Treasury is soon apparent. Gianotti believed that Chapter two was drafted by Hilary Lamb, an Education officer in the then Curriculum Division with responsibility for English. Lamb maintains that she merely re-ordered and commented on a draft. The language of that chapter is distinguishable from the rest of the Report though there are language features consistent with the style of officials and the rest of the Report. Chapter three was drafted by Gianotti following a brain-storming session on problems in the current system at which Gianotti, Smelt and Robinson alone were present. Following that session Gianotti wrote the draft and when he received comment back from members invited those with particular concerns to draft their own wordings which he then included in the text. Smelt had, in the writing of *Government Management Volume II*, undertaken a critique of the then current education system already; parts of Chapter three are repetitions of Smelt's earlier work in that brief. Gianotti believes that some of Smelt's work was emended out in the redraft, however by

raising the deleted bits before the entire Taskforce, who had not been present at the brainstorming, Smelt was able to persuade them to include the same passages again.

Chapter four grew to become chapters four, five and six. The drafts were prepared by Gianotti.

Chapter seven was not in the original plan for the Report. Towards the end of the Taskforce's deliberations there remained issues upon which the Taskforce agreed but which did not fall readily into the established outline. A separate chapter was written to set out the Taskforce's views. Some of those issues, such as teacher registration and teacher assessment, were outside of the brief of the Taskforce, however they were issues which both Smelt and Robinson and their agencies were pursuing in the public service as a whole. By persuading the Taskforce to raise the issues the officials obtained support for the policies and made their rejection by the Government more difficult.

During its deliberations the Taskforce was not directed by the Government. Picot met with the Minister David Lange from time to time and briefed him on progress (Macpherson,1988b:8). However the rest of the Taskforce received no instructions at all. They relied upon speeches, magazine articles and informal networks for guidance as to the Government's wishes.

3.3 The new administrative model

When the initial work on a likely administrative model was being done the concept was developed by asking;

- what decisions is a school competent to make ?
- which decisions can a school make because it has the knowledge and an interest in the outcomes ?

Where matters fell outside of those parameters they were agreed as being the proper concern of a central agency. The Taskforce had examples of devolved administrative structures in the primary education boards, in secondary school boards of governors and in the arrangements in the early childhood sector. As well there had been some experimentation in regional organization under the previous National Government. The Taskforce initially considered reforming education boards so as to make them more representative; the preponderance of older males on these Boards had been drawn to the Taskforce's attention according to Gianotti. The Taskforce was also aware that something had to be done to ensure that the Boards carried out government policies. Boards were not carrying out policies and the Government was clear that that had to be changed.

At the September meeting Ramsay suggested doing away with the boards and a model was developed which left them out. Those with primary teaching experience looked to the secondary school Boards of Governors as a possible model. In November Gianotti and Picot happened to meet Marshall in the Wellington Koru Club lounge. Marshall observed, 'I hope you get rid of Education Boards.' Marshall had been invited to the Boards' Annual Conference in Invercargill in 1984 and didn't go. The Boards elected to view this as an affront; the relationship between the two had never improved according to Marshall.

In October/November the Taskforce was invited to meet socially with Lange, Goff and Noel Scott (respectively the Prime Minister and Minister of Education, the Associate Minister of Education and the Minister's assistant outside of Cabinet) to report on progress. At that time the Taskforce had made no decisions and was about to begin the extensive public consultation process. Also present were education officers from the Minister's office; Harvey McQueen, Dr. Anne Mead and Kevin Brown.

The Taskforce was sent away for its Christmas break with drafts of the first six chapters to read. The next meeting was planned for mid-January. To help meet the deadlines a

consultancy was hired to provide word processing and editing expertise. The firm was Wordsmiths and consisted of Christine Williams and David Naulls. This is the source of the pun in Brian Picot's introduction to the Report.

By February there was still no agreement on the model of administration. Even by March agreement had not been reached. Picot was not convinced that Education Boards should be removed as he was concerned for the smaller schools in isolated areas. Picot, according to the interviews, resisted the removal of Education Boards until the very last out of a fear for those smaller schools.

In March Gianotti drafted Chapter nine on costs and benefits and sent it to Smelt for comment. Smelt, observed Gianotti, rewrote it in 'treasury-speak' and the consultants had to redraft it for the public audience. This suggests that some parts of the Report have up to three authors. A first draft by Gianotti, a second draft by Smelt and a final draft by the consultants.

In March the Gibbs Report (1988) was released and the Taskforce watched to see how the Government would respond. In early April Gianotti wrote a draft of Chapter eight, the transition chapter.

Macpherson (1988a,1988b) has set out the analysis which led the Treasury and State Services Commission to co-ordinate their strategy against the Department of Education and their view of the reforms required in the administration of education. Included in that reform agenda was a determination to reduce the opportunities of teacher unions and former teachers to maintain any input into current or future policy formation. According to Gianotti the Taskforce understood the agenda of the officials to be :

- i) To ensure that whatever structure eventuated avoided provider capture. That is that teachers had no power over policy formation or resource gathering or

allocation.

- ii) To ensure that the final central structure dealt with policy and regulatory functions and that it was small.
- iii) To ensure that the final central structure separated the responsibilities of policy formation and operations.

The Taskforce contained people with a background in education, with experience of schools and their culture and who understood the nature of the relationship between teachers and communities. As well there were people able to distinguish the inefficiencies of the Department of Education from the positive effects it had. Their agenda, according to Ross and Gianotti, was quite different:

- i) They could agree on a structure which avoided provider capture.
- ii) They wanted a structure which separated the policy and regulatory functions.
- iii) They wanted a structure which put policy and responsibility for operations together.
- iv) They wished to fund service providers not consumers.

The Commission and Treasury wanted three central bodies. A policy ministry, later expanded to be a policy and regulatory ministry, an administrative agency and a property managing corporation. The Taskforce separated the policy and regulatory functions by creating the Review and Audit Agency; later the Education Review Office. Those with a background in education on the Taskforce wanted an Education Policy Council. An autonomous small group able to provide the Minister with advice on education policy.

This concept was energetically resisted by the Commission and Treasury. The officials argued that the new State Sector Act 1988 set out the Government's required relationship with its Chief Executives. If the lines of accountability were to remain clear and direct, policy advice could not come from an unaccountable source they claimed; the Policy Council was opposed therefore. At times the proposal was in the Report, at others it was out. The Policy Council proposal was finally extinguished by *Tomorrow's Schools* which indicates the influence of the officials in the writing of this policy statement.

Besides relying on the force of their arguments the officials attempted to persuade the Minister unilaterally that he should make a public commitment not to have a Policy Council. This was regarded by the Taskforce as an effort to prevent it from selecting an option it had clearly indicated it was considering. The pursuit of the agencies' policies to such lengths and with such confidence was a feature of the Treasury and State Services Commission's officials during the term of the Labour Government. Jesson (1989:108) details a similar process employed to circumvent the anticipated findings of the Royal Commission on Social Policy. Such attempts were ended by the Taskforce meeting with a State Service Commissioner.

According to Gianotti some of the concepts used in the Report were drawn from ideas already in existence at the time the Report was being drafted, whereas others came from members of the Taskforce or secretariat. For example:

- i) The Charter concept had been developed in the Probine-Fargher Report (1987). The success of community consultation and the reaching of agreement on local school goals in the Curriculum Review experience supported the Government's desire for democratic form and the officials desire for an accountability measure.
- ii) Contracts for principals came from state sector reforms. The need for

performance review and ease of dismissal were the policy goals. Picot's wish for principals to know clearly what their responsibilities and duties were was modelled on his interpretation of his business experience. In discussion at the 1988 Secondary School Principals' Conference Picot observed that he had used contracts as an illustration and that he did not regard the Commission's then fixed term contract as appropriate. He wished, according to principals at the conference, given the subsequent industrial confrontation, that he had never mentioned contracts.

- iii) The Parent Advocacy Council was suggested by Smelt to counter the organizational effectiveness of teacher unions. It had the role of protecting parents from arbitrary trustees as well. Strategically the Council was part of the sophisticated market checks and balances required in the application of agency theory to education transactions; that is for the Treasury's commodification of schooling.
- iv) Community Education Forums were suggested by Robinson. Their role was to be similar to the Parent Advocacy Council except that they were to operate on single issues at the level of the community. They clearly had a legitimization role and a populist device for countering central bureaucratic controls.

Smelt also suggested an education ombudsman to deal with the huge number of complaints about education which are a feature of the system, the idea was not proceeded with. Its virtue was that it would have freed the Ministry from the possibility of being drawn back into taking responsibility for the delivery and supervision of education.

Hill became a member of the Bulk Funding Working Group, an implementation committee, whose task it was to find how to turn the recommendations of the Taskforce for devolved responsibility into a pure market funding model. In particular the object was

to facilitate the bulk, or direct funding to schools of teachers' salaries. Achievement of this single goal became the focus of the activities of both state agencies after the Report was released. Direct funding was fundamental to the Treasury's commodification strategy and fundamental to the State Services Commission's managerial culture. For a variety of reasons, including the counter-hegemonic struggle of teacher unions and the inclusion of officials of the old Department of Education, the subsequent working party on bulk funding concluded that direct funding of teachers' salaries to trustees should not take place in the short term. This proposal was therefore deferred.

The *State Sector Act 1988* and the *Labour Relations Act 1987* and the likely impact they would have on any proposed administrative structure were not considered by the Taskforce. No member of the Taskforce had any experience of working in a school under the *Labour Relations Act 1987* because it applied to teachers only from April 1 1988, the time the Report was finished. Those Acts, and more importantly, the goals and objects of those Acts, were however very familiar to the Commission and Treasury. It is clear that the control agencies had anticipated the impact and concepts of the legislation on personnel matters. Smelt and Robinson performed a continuing policy advocacy role in the drafting of the *Tomorrow's Schools* statement without the presence of other members of the Taskforce. The officials were well placed to offer definitive readings of the meaning of the Picot Report text. The Treasury also had, through the organisation of policy advice structures to the Cabinet, a further opportunity to alter the Report's recommendations when it was referred to them for comment after presentation to their Minister.

The Report could not have finally recommended an administrative structure that did not account for the principles of state sector reforms. Both in its structure and in its personnel relations, the Report had to allow for accountability, for the devolution of authority to the principal or trustees, for sanctions and incentives for teachers and the inculcation of a management culture founded on the pivotal role of performance appraisal. Requiring the Taskforce to report to the three Ministers ensured that the Minister of Education could not

take sole responsibility for it at the Cabinet and also prevented the possibility that Department of Education officials might wrest the initiative from the control agencies.

The penultimate meeting of the Taskforce revealed the difficulty it had on its proposals for reform. Peter Ramsay was considering writing a dissenting opinion and Whetumarama Werata was considering resigning. She did not resign because the Taskforce agreed to include a section in Chapter seven on the aspirations of the Maori people and to add the section on cultural sensitivity in Chapter one.

The Taskforce had its last meeting on April 9, 10 and 11, 1988 without the officials. The officials did not know in advance that they were going to be excluded. They were thanked for their assistance but told that the Taskforce had heard the officials' view and would now consider its position for itself. From the interviews it appears that although the Report was mostly written, the Taskforce still felt able to change elements.

According to the interviews, the Taskforce was then able to alter parts of the Report more strongly supported by officials than the Taskforce. Gianotti suggested that some parts of the Report were deleted at that meeting. The officials were able to restore their views by participating in the later *Tomorrow's Schools* drafting process. The Minister of Education believed that Gianotti would thoroughly represent the interests of teachers and Departmental experience in the review. Whilst he played a major role in the Taskforce, on any question which required a decision Gianotti had no vote; he was not a member of the Taskforce.

As the release date came closer Picot wrote Chapter ten and the letter of transmittal and Gianotti wrote the Executive Summary.

On May 10, 1988 the Report was released. Picot, his task completed, left the Report to the Government. The Taskforce ceased on May 10 and never met again. Questions over the meaning of any passage in the Report were not referred back to the Taskforce.

3.4 The immediate aftermath

When the Report of the Taskforce was released the Minister of Education, also the Prime Minister, announced that the Government welcomed it and was committed to the broad reforms it set out. Management of the presentation of the Report included its release at a media briefing in a Wellington hotel and the use of a direct television broadcast to teachers early one morning during the May 1988 school holidays. The broadcast reassured teachers that they they were unlikely to be affected by the process of reform. A small pamphlet *Administering for excellence : A summary of the Report to Review Education Administration* (1988) was released to accompany the public release of the Report. Features which distinguished the release of this Report from the release of any other report by or to the Government, were its cover and language. The Report had a silver and crimson cover which gave a shimmering effect. A suspended banner title appeared to hover in the future. There are many language registers present in the Report. The style varies from the economic and managerial to colloquial. It is not the language customarily used in policy documents.

At the release Brian Picot observed '..bad system, good people.' This was to reassure those who worked in education that the criticisms made were not directed at them. Those were the same words used in March when Gibbs observed 'good people, bad system' (1988:14) at the release of his report. Gibbs similarly noted that the report's criticisms of the hospital system were not criticisms of the staff.

Once the Picot Report was released public comment was invited. The Prime Minister said ' The Minister of Education wants to hear from anyone who wishes to comment on the report' (Department of Education,1988). Harper (1991) reports sighting personally at least 14,000 submissions which were the response to the call. The Government received them all, synthesized their views and made its decisions. The next document, *Tomorrow's Schools* was the Government's policy response to public submissions on the Picot Report. The same officials who had been the secretariat of the Taskforce were

assigned to the secretariat preparing *Tomorrow's Schools*.

An official's committee chaired by Annette Dixon of the Prime Minister's Department attended by Penny Fenwick Ministry of Women's Affairs, Michael Irwin and Simon Smelt of the Treasury, Marijke Robinson of the State Services Commission, Louisa Crawley, Edie Tawhiwhirangi, Jim Ross, Brian Ashton, Rory O'Connor from the old Department of Education and, from time to time, Nick Hill of both the Commission and the Treasury, met to prepare a draft. The group worked under considerable time pressure according to Ross. It was also a group in which personal clashes and ideological differences came to the fore. The Minister was ill in hospital at the time but drafts were taken up to his bed for approval as the sections were completed.

Officials from the control agencies had access once more to policy formation. According to Harper (1991) officials from other agencies now contested the control agencies' policies and successfully restored the definition of equity, back from equality of access to affirmative action or funding for equality of outcome. While the funding mechanism remained unresolved there was an opportunity for contrary advice and resistance from other state agencies. The contestation of policy that took place in the writing of *Tomorrow's Schools* supports Gordon's thesis outlined in Chapter one of this study, that intra-state agency agendas act to limit the capacity of the state's policy formation processes.

According to Ross antagonisms surfaced because the Department believed the Commission had never understood how the former administration operated and had adopted the view that all past practices were to be discredited. Some of these clashes were serious and required the Minister to be involved. The Commission adopted the view that the Department's advice was historically demonstrably ineffective, that the continued presence of 'schoolies' in the reform process negated the then current advice and that in any case the mandate for change at the time was so strong the Commission could afford

to confront even the Minister of Education with some possibility of success.

A draft of *Tomorrow's Schools* was submitted to the Social Equity Committee, which included Associate-Minister Noel Scott, and was chaired by the then Deputy-Prime Minister Geoffrey Palmer. The committee debated the document section by section and made some changes. The debate took some three hours according to Ross who was present. This process allowed the Government's wishes to regain a focus. The overriding focus was retention of control over the quality of education provision. It was, according to Ross, the case that much of the detail of some proposals was left unsaid in the belief that those details would be negotiated during the implementation stage. Again that process, implementation, is a matter beyond the scope of this study though the same officials of the Treasury and State Services Commission were given responsibility for that latter process.

On 7 August 1988 the Government released *Tomorrow's Schools*. This was the Government's policy and was announced as the result of the 20,000 submissions received on the Taskforce's report, although there is evidence which suggests that the document was being printed before the final date for submissions fell due (Harper 1991).

In September 1988 the Government released *Twenty Thousand*, a summary of the submissions made on the report of the Taskforce. Of interest in that report is the number of responses from teachers and workers in education, c.55%. Boards of governors provided a further 20%. There was an accusation made in the report of interest groups 'playing a numbers game' (Lange,1988:2). Some 40%, c.8,000 submissions were thus discredited. Two samples of the profile of the responses were taken on 28 June and 1 July and showed a similar spread of respondents. Those two samples were taken on the Tuesday and Friday of the same week.

3.5 Records and the bibliography of the Taskforce

The records of meetings of the Taskforce were placed in a secure cupboard at the Department of Education. The dissolution of the Department of Education and the formation of the Ministry posed a problem for those responsible for the storage and retrieval of records. When the Taskforce's records were traced they showed that the Taskforce met on fourteen occasions. The dates are set out in Appendix B. Taskforce members interviewed were surprised by the number of meetings and did not recall having been present at so many.

A bibliography of research material consulted by the Taskforce, other than the submissions received or the the groups consulted as part of the Taskforce's consultative exercise, was released following a request by Rae Munro, author of the *Munro Report* (1989). The bibliography refers to 131 items. The items are set out fully in Appendix C in thirteen broad categories to indicate the areas of research the Taskforce considered. Alongside each group is given the Taskforce's reference for each item under that broad heading and the percentage of items falling within that category. Noted in brackets are items capable of being in two or more categories. For example item 100 deals with the United Kingdom's Education Bill reforms, with school development and with voucher-like schemes.

A number of points may be made about the items. The observations are general as not all of the items have been found or read. It is clear that three broad areas were the focus of those who provided the research for the Taskforce.

Considerable efforts were made to gather recent research on vouchers. The Taskforce had, in Item 14, a review of the voucher debate prepared by Dr. Allan Barker of the Department of Education. The Taskforce also had available a background paper prepared by the Research Unit of the Labour Government on 14 February 1987. At the time of

writing the capacity for bulk or direct funding of teachers' salaries exists in the *Education Act 1990* though the Minister has deferred its introduction to at least 1991. Direct funding of the school operations budget has occurred. Voucher-like funding fitted within the rhetoric of local school autonomy and schools' rights to choose, language within which the Report was presented. The Treasury required a form of funding that allowed for performance and accountability mechanisms at the level of either the school or the student. Comments from interviews conducted for the latter part of this study suggest that the Taskforce's educationally experienced members steered their colleagues away from vouchers as used in American schools. Their goal, according to Rosemergy, was to fund the provider of the service not the client.

There was a strong representation of articles and ideas from the reform of education undertaken in Britain by Mr. Kenneth Baker. There were a variety of reported articles and newspaper stories. The Taskforce had regard for the British experience because of the similarities of reform and because the British had begun to refine their initial plans. Some of the aspects of reform, bulk funding of local schools and the devolution of considerable authority to governing bodies of schools for example, were similar to the reforms considered by the Taskforce.

A further large group of items drew on research material about school development. An examination of the items shows a strong focus on the personal qualities of the principal as 'leader'. Aspects of this literature not strongly represented are articles whose focus is on team strategies, on teaching and learning and on findings showing the inappropriateness of a Taylorist conception of education administration.

Though also large, both 3.7 % , the items supplied by the Department of Education and the Government were largely historical documents i.e. The Currie Commission Report (1962) or copies of the Department's Annual Reports to Parliament.

Items supplied by the OECD all addressed the fiscal crisis of the state and detailed economic strategies for effecting a reduction in state expenditure. A small number of items address the theory of Human Capital.

The Treasury papers supplied to the Taskforce were early drafts of what became the second chapter of Volume II of *Government Management*. Jesson (1989) suggests that the work Treasury did in preparing its submissions for the Royal Commission on Social Policy developed the concepts of the minimal state set out in *Government Management* (1987). By the time the Taskforce was considering administrative structures and the funding of public education the Treasury had come to a complete view of education reform. Smelt was then the officer attached to the Taskforce. As Jesson (1989:159) notes, the Treasury attempted to exert strong pressure on the Taskforce to adopt its preferred structures. Item 54 is an early setting out of the Treasury's view. It is a letter to the Minister of finance from Michael Irwin setting out the Treasury's concerns about the Curriculum Review (1986). Attached as the major part of the letter is a response to the Curriculum Review. Reference is made in the document to 'Treasury papers in preparation identify four functions and hence benefits from education' (Taskforce, Item 54:2). It notes also that equity is 'adjusting inputs to need' (ibid,54:2).

Summary

The above account of how the Picot Report was produced is an account of a struggle to construct a policy document. The policy document was not written by the state as the result of a 'scientific' evaluation of a range of policy options. It was negotiated as a settlement between the officials of the two control state agencies and a small group of people, some of whom had an educational background. The officials had the benefit of established policy goals and a language that contained them. The Taskforce had to understand the new discourses and then situate their reforming vision within them. The policy struggle was removed from public access in an elitist manner. There were time

pressures, arguments and significant disagreements during the construction of the Report.

This deconstruction of the Picot Report supports Gordon's thesis outlined in chapter one, that the activities of state officials and inter-state agency relationships act to limit the capacity of state policy formation. The final report resolved the tensions and contradictions of conflicting policy goals by presenting the reforms in a populist discourse. That was necessary because the role of the Report was to legitimate future Government policy without requiring further public consultation. To that degree, the Picot Report could not have diverged, in its language or recommendations, from the principles of market liberalism or the principles of human agency theory. The discourses within which those principles were developed and brought to bear on the Picot Report are illustrated in the next chapter.

Chapter four

Discourses of the Picot Report : The New Zealand Treasury

No account of the 1984-1990 term of the Labour Government would be complete if it did not acknowledge the role the New Zealand Treasury played in determining the principles and practices of economic and social reform. This chapter traces that influence through the discourse of the Treasury which it is argued was a discourse from which the Picot Report was constructed. The chapter identifies the principles and practices of economic reform and government policy formation as they were set out by the Treasury in 1984. The Treasury applied those reform principles specifically to the administration of education in its 1987 briefing papers. There is a description of both publications.

During preparation of this study it became apparent that the alliance formed between the Treasury and the State Services Commission, especially in 1987, in order to effect the reform of education administration, required reference to the role of the Treasury and the Commission. In the case of both state agencies the main ideological concepts which were to inform the Picot Report may be identified in documents produced by the agency. The documents and language of the Commission that were constitutive of the Picot Report are described in the next chapter. From the interviews undertaken for this study it was also apparent that a very small group of state officials had a significant influence on the policy formation and implementation process. As those officials were involved in writing the briefing papers and the writing of the Picot Report, some account of their language and concepts was required. The best source was the official documents of the Treasury and the State Services Commission. In this chapter links are drawn between the vocabulary and concepts of the Treasury and the Picot Report to illustrate how the Report was constructed out of the Treasury discourse. The next chapter draws the links between the Report and the State Services Commission's discourse.

4.1 Language and state agencies

Grace notes that education policy is not the result of a scientific, disinterested evaluation of rational alternatives but that it is the product of historically specific struggles.

'...education policy can be looked upon as the provisional outcome of a continuous struggle. In this struggle dominant interests (the nature of which will vary in different socio-political and economic settings) are able for particular periods to shape consensus or construct a social policy hegemony which defines the best education policy solution and which enacts a concept of the 'one best system' in education'(Grace,1990a:5).

The securing of an hegemonic position depends upon the replacement of an established ideology by a new ideology; that struggle takes place in civil society. At the level of common sense, the language of the new ideology is a key element in the struggle. It is argued in this study that the Treasury, by virtue of the position it secured in the policy formation process, was able to establish the language within which the critique of the former education settlement was carried out and was able to establish the language within which the new settlement, which established the next 'one best system', was constructed. The language of the Treasury and the State Services Commission were major features of the historically specific socio-political circumstances within which the Picot Report was constructed.

¹Gramsci (1971) termed the forging and shifting of alliances at a time of contestation over the hegemony of a new ideology as a war of position. Groups take up positions in civil society on the basis of cultural forms, individual philosophies and on the basis of the information available to them including explanations for the failure of the current ideological settlement and the necessity for the new. The state agencies were the major source of public information on the failings of the then current education administration

system and the source of the principles and structures of its replacement. The strategies and principles adopted by those agencies were set out in their documents.

The existing education 'settlement' (Grace,1990a) in New Zealand in 1984 was founded upon the provision of equal opportunity to all through a publicly funded and provided national education system (Renwick,1986). Any proposal for a change to that settlement had to demonstrate the inadequacy of the existing settlement at the level of individuals and begin to reconstitute a new settlement. In 1984 a new framework for education policy formation and analysis was presented by the Treasury. That framework argued that politics was reducible to economic management and that education policy, like all policy, should be determined on the basis of the principles and practices of economic theory. In 1987 the initial framework was further refined by a substantial critique of the functions of education and the practices of education administration in New Zealand in a project which sought to reconstruct the new 'one best system' of education.

The coherence of the Treasury's principles and their broad acceptance by the new Labour Government formed the historically specific economic and political context within which the Picot Report was written. The language within which the Treasury argued its reforms was constitutive of a new ideological hegemony. The dominant feature of the discourse was its combination of the discourse of market economics with a libertarian moral discourse. In the reconstituted discourse, education became a commodity not a public good and the state's responsibility for provision of education was replaced by a moral obligation upon families to be responsible for its provision themselves.

4.2 The Treasury 1984 : *Economic Management , Volumes 1 & 2.*

In 1984 the new Minister of Finance, Roger Douglas, released to the public the briefing papers prepared for him by the Treasury. The Minister claimed that the papers formed 'a comprehensive, independent and professional assessment of the state of New Zealand's

economy and of the many difficult policy issues which confront us all' (The Treasury, 1984:iii). Release of such documents was new and the wide ranging discussion of policy issues prepared and published by the Treasury before the new Government had begun to set its own policy was unexpected. The Treasury could not have known of the snap election in 1984, however their ability to produce the substantive document as a briefing paper shows how much work on the analysis had already been done. Jesson (1989) and Easton (1989a) have raised the constitutional issues the Treasury's activities immediately before and after the 1984 election pose for the role of state agencies in policy preparation and policy advocacy. Their concern was that the Treasury had no authority to prepare a document of the nature of the papers, that the action was tantamount to a usurpation of power and that by its action the Treasury prevented public participation in the formation of economic policy. The action also prevented parliamentary participation in that policy formation process.

Explanations for the preparation of the papers draw attention to the links between the Treasury and the Minister of Finance Roger Douglas. Collins (1986) and Jesson (1987) note that Douglas maintained close contact with the Treasury before the 1984 election through Doug Andrew a Treasury officer delegated to liaise with the Opposition.

'..Andrew became the Treasury liaison officer with the Opposition, where he acted not as a detached advisor but as a participant in the Labour Party debates.', and 'Together, Douglas, Swier and Andrew produced an Economic Policy Package which was accepted by the Caucus Economic Committee and then submitted to the Labour Party Policy Council for adoption ' (Jesson, 1989:60).

Wilson (1989) gives a full account of how the Swier, Andrew, Douglas paper came to be adopted by the Labour Party. Oliver (1987) shows how uncertain Douglas's economic position was over this period. He traces its development and shows that the final

position, known popularly as Rogernomics, was not pre-determined, but was arrived at as the result of a considerable struggle. *Economic Management* set out a comprehensive manifesto for the reform of government policy formation processes and detailed actual policies required by the Treasury. '*Economic Management* was a hard line Chicago school document that must have been written with the expectation of a Labour victory - Muldoon would have had a fit if it had been presented to him' (Jesson,1989:43). The policies proposed in *Economic Management* established the context within which, three years later, the Picot Report was to be constructed. Policy reforms suggested by the Treasury were:

a) The management of policy formation

The Treasury believed the public did not understand and did not therefore accept government policy. Their central thesis was that government policy decisions paid too much attention to pressure or interest groups. That prevented governments from acting to 'improve the collective welfare of the country' (Treasury,1984:131). This was both a critique of pluralist democratic practices and an argument that fiscal policy should be the paramount principle of government; that is what 'collective welfare' meant for the Treasury.

The Treasury proposed a process by which the presentation of state policy documents could be better managed. It further suggested a reformation of the Cabinet Committee system to provide a new forum outside of Cabinet which '..in the interests of promoting a wider understanding of the broad economic policies of the government and of developing a coherent policy programme' (op.cit:125-126) would consist of a small group of ministers, mostly finance, would have macro-economic policy as its measure of all other policies, would monitor all other areas of economic management, would review policy development in social welfare and would enable a small number of officials to be present to 'expose officials' thinking directly to ministers with economic portfolios. To this end

the Treasury recommended 'in the first instance the presence of representatives of the Treasury and the Prime Minister's Department may suffice with the option to call on other officials if so desired' (op.cit:125-126). An outcome of this proposed reform was the establishment of the Social Equity Committee.

By adopting the Treasury's proposal the Government gave the finance ministers, the State Services Minister and their officials a strong hold over policy development and coordination. As Boston (1989) illustrates the Treasury secured a strategic advantage in these forums by appearing more coherent in their policy commentaries than other state agencies because their arguments could be briefer. The significant advantage however was that the Treasury was in a position where it could set the boundaries for all policy formation without necessarily being challenged by the contestable advice of other Departments. The Picot Taskforce was required to report to the Ministers of Finance, State Services and Education in accordance with this policy.

The degree to which the Labour Government adopted the Treasury's prescription for policy formation may be indicated by the paper Roger Douglas presented to the Mt Pelerin Society of New Zealand, on November 26, 1989 entitled *The Politics of Successful Structural Reform* and attached to this study as Appendix B.

This is a post-fact paper and is likely to represent an idealised and simplified rationalisation for political actions. The paper argues that 'Political survival depends on making quality decisions..' (Douglas,1989:1). Douglas argues that politicians must act in the interest of the nation not in the interests of any identifiable interest group nor in the interests of any political party organization. That supports Oliver's thesis (1987) and illustrates the response that the state would take in policy formation at a time of fiscal crisis predicted by Offe (1984); it is elitist rather than corporatist and proposes techno-managerial solutions to accumulation and legitimation crises. Policy is prepared and advocated by an elite for the good of all others. It is imposed by the state irrespective of

the wishes of the people.

Douglas notes first that compromising on either the purity of policies, i.e. allowing interest groups to influence them, or showing a waiver of government will, leads to a withdrawal of public support and that second, the state does not need to develop a consensus for a policy before its implementation. 'Consensus for quality decisions does not arise before they are made and implemented. It develops progressively after they are taken, as they deliver satisfactory outcomes to the public' (Douglas,1989:9). Douglas gives the example of the imposition of GST, which had less than 30% support initially but which grew, he claims, to a majority support. In political terms Douglas is suggesting that the state can determine its policies and implement them without mass support and that legitimisation itself becomes an ex post facto process.

The Picot Taskforce adopted a variety of strategies to enable it to claim that its final Report was not determined by interest groups in the education sector but that it was the result of wide consultation. The timing of the reforms was partly to enable the Labour Government to benefit electorally from any public benefits visible by the 1990 general election. In terms of the strategy outlined by Douglas, the Picot Report can be seen as a key document in securing legitimisation both for the Government's education policies and for the policy formation process used in its construction.

b) The separation of policy and operations

The Treasury argued that '..the policy advice areas of departments..' should be separated off from the operating or '..implementation areas..' (Treasury,1984:128). The rationale was that '..a large number of Departments and their advice tend to reflect sectorial views (i.e. the views of their main clients) rather than an economy wide perspective..' (op. cit : 128). This criticism was directed particularly at welfare state agencies and large departments such as the Department of Education. This advice from the Treasury was

early notice of the comprehensive review of the machinery of government that the Treasury had begun before the 1984 election and continued up to the 1990 election. For a helpful summary see Boston (1989 a & b).

The separation of policy from provision became a fundamental principle of the reform not only of state departments, but also of all management relationships within the state by the time of the writing of the Picot Report. This reform principle was evident in the Report at the level of the Board of Trustees where the *Education Act 1989* expressly divided the roles of the Board and the Principal. The Board was to be responsible for policy, or governance, and the Principal was to be responsible for the day to day management of the school. The separation depended on the provision of rewards and sanctions.

New central state agencies were created to avoid the Ministry of Education having to be responsible for any operational matter. Thus the New Zealand Qualifications Authority took responsibility for school examinations, the Education Review Office responsibility for monitoring school charters, the Teacher Registration Board took over the Department of Education's task of monitoring the quality of the teaching service, two new agencies were created to take responsibility for transition from school to work programmes and career guidance and a new national provider group, Community Learning Aotearoa New Zealand (CLANZ), was formed to distribute funding for Community Education programmes. The ideological requirement that the Ministry have a policy only function contradicted the public expectation of a reduced centre being possible because of the reduction in the size of the Ministry. Whilst there is now a small policy Ministry there are also plainly, more equally small agencies. This caused public concern which the *Lough Report* (1990) attempted to deal with. The agencies are not confined to policy functions and are in some instances, taking on the operational functions formerly performed by the Department of Education. The Teacher Registration Board for example was established in the *Education Act 1989* on October 1 1989 but increased its powers in the *Education Amendment Act 1990*.

4.3 State provision of services

In addition to the two broad principles of the business of government discussed above, the Treasury set out what it regarded as four key analytic concepts for examining the state's role in welfare provision. These concepts re-appear in the critique of the former education settlement in the Picot Report and may be found, though phrased differently, in the final recommendations of that Report. The analytic concepts are economic principles and derive from :

- i) the principle of opportunity cost,
- ii) the marginal principle, and
- ii) the principle of the efficiency of voluntary exchanges.

Associated but subsidiary economic concepts are; the provision of incentives, the importance of information and the interconnectedness of the principles. The effect of *Economic Management* (1984) was to argue that these principles should be a part of all government policy and that they should be applied to government services. These theoretical constructs are a constant feature of the documents of the Treasury and the State Services Commission and were finally translated into organisational structures and principles appropriate to education in the Picot Report. An outline of the links between the four analytic concepts and the Picot Report follows.

a) The market

In the view of the Treasury the task of social policy was to '...set the rules which influence people's ability to advance their own welfare through voluntary market exchanges. In setting these rules society has a variety of objectives including equity, security, social harmony, individual freedom and the smooth functioning of markets' (The Treasury, 1984:252). The authors had already noted 'Fundamental to our comments on social policy objectives is the presumption that *in general* (sic) individuals (or their

guardians) can pursue their own interests satisfactorily, or at least as well as others could for them' (op.cit:251). The Treasury suggests that there is no role for the government in the provision of education or in determining what education is best for children. This became an argument for individual parent competence in the Picot Report. The proposition appears there as the rationale for empowering parents and devolving the administration of education. It is used there to rebut critics of devolution by manoeuvring them into a position where they would seem to be opposing the good sense of ordinary people.

(b) Efficiency

Government is criticised for its failure, '..to correct perceived social problems because it has focussed on desired results (outcomes) and ignored the inherent nature and implications of processes or the rules surrounding individuals' decisions' (Treasury, 1984:252). This is the question of efficiency in achieving desirable outcomes. The proposition is that any allocation of services other than by the market is, by definition inefficient. In the public debate inefficiency became particularised as a criticism of the Department of Education for wasting scarce money that could be better spent on schools. In this discourse parents of school children became 'consumers', children became 'products' and teachers 'providers'. Providers were the cause of inefficiencies. In this way the vocabulary and concepts of the debate over education policy was constructed. This illustrates the constitutive power of discursive practices. But to demonstrate the power of discursive practices is not to subscribe to a form of linguistic determinism. What is claimed is that a new vocabulary and a reconstructed set of social relationships are contained in *Economic Management* and that they reflected the essential features of a discourse from which the Picot Report was subsequently constructed.

(c) State provision and public goods

The provision of public goods is accepted in *Economic Management* though the definition of a public good is narrowed to those situations where '...the costs to individuals of establishing mutually beneficial arrangements may be sufficiently high to prevent them from doing so. Thus it may be more efficient for the government to seek some solution to the problem' (op.cit:252). This position was to alter later with the publication of *Government Management Volume II* (Treasury,1987) which argued that education was not, in strict current economic theory, a public good. State provision is seen as having serious handicaps which include, interference with private markets, the lack of incentives and sanctions (that is price signals), and middle-class capture. The Picot Report's structures contained proposals to avoid those handicaps.

(d) Agency

The Treasury noted that where the state acts on behalf of individuals

'Underlying the exercising of an agency role by the state is frequently the perception that the state (or its appointed guardians, e.g. providers of services) has more information or is in a position to make more rational decisions than consumers. When the government assumes responsibilities for individuals' decisions an inevitable consequence is the reduction of freedom for individuals to make their own choices....The more doubt attached to the proposition, (that the state knows best) the stronger the case for either not intervening at all or for delivering *untied* assistance - i.e. for redistributing income rather than providing particular services or regulating individuals' decisions' (Treasury,1984:253).

This analysis leads to the construction of the state as acting coercively where it intervenes

in the market. Concealed within the criticism of the state are libertarian demands for a minimalist state and a conservative moral position on the duties of individual citizens. The effect of removing state provision, irrespective of the rationale, is a diminution of the state. The demand for accountability follows from the above passages. Because the state or an institution or a provider stands in place of a consumer, then it should be beholden to the individual for whom it acts for those actions. The Treasury makes clear that if there is not to be a free market then at the very least there must be enhanced accountability. Rewards, sanctions and accountability later come to be associated with the management ethos and reassertion of managerial prerogative that characterised the policies of the State Services Commission. It is necessary, the Treasury argues, to create deliberate accountability or control mechanisms in the public sector because it does not have the mechanisms of the private sector. There, the analysis holds, the market supplies the discipline or accountability. That is of course Offe's (1984) point, i.e. the state is typically not of the commodified form; hence the Treasury seeks to re Commodify the state.

Much of the vocabulary of the final report of the Picot Taskforce is a setting out in more popular terms of the micro-economic social arrangements necessary to ensure that if the state or school is to act on behalf of parents then clear lines of accountability must be in place. In the Report the theoretical need for those relationships is obscured by presenting them as the legitimate restoration of power over schooling and teachers, to parents.

4.3 The failure of state provision and education

Economic Management contains a specific critique of the state provision of welfare services including education. Those criticisms were an important part of the construction of public consensus for the Government's policies set out in the Picot Report because they explained, at the level of individuals in civil society, why their local school was failing and why teachers were opposing the Government's reforms. In Grace's (1990a)

terms, the critique legitimised the ending of the former education settlement and set out the principles of the new ideological settlement.

a) The recommodification of public services

In terms of the Treasury discourse the state may act to promote particular outcomes deemed by society to be intrinsically worthwhile. Such outcomes are defined as merit goods and include education. 'The major problem with merit goods is that perhaps the majority of cases represent the 'paternal state' operating to serve the interests of one group (who would almost certainly have consumed the good anyway) by cross-subsidising their consumption through payments by others who may or may not have chosen to consume the good' (Treasury,1984:254). The Treasury suggests that state provision should be seen as an option no more meritorious than private provision. However state provision is held as paternal, a moral judgement consistent with the liberal economics of the Austrian School and Hayek (1944) in particular. Even for merit goods an argument is found to advance the cause of the market and to negate the notion that a social formation might agree to promote an outcome it sees as intrinsically good on the basis that not all members of the social formation might agree that the outcome had merit. Such an over-extended argument for individual freedom removes the very concept of a collective will. At its heart the Treasury reveals it has no concept of a society other than the sum of individuals acting in their own interests.

b) Opportunity costs

In establishing priorities among social objectives the papers note that 'Allocating scarce resources to one activity (or opportunity) implies that other opportunities are forsaken. This 'opportunity cost' concept underlies the need for urgent attention to better targeting and more efficient and more cost-effective policy implementation' (Treasury,1984: 255).

In calling for improvements in the cost effectiveness of Social Policy the 1984 briefing papers note that 'Achievement of social and other objectives has tended to be associated with state provision of the services concerned' (op.cit:257). And that 'Areas of extra potential for diminished state provision and increased incentives for efficiency over the longer term are education (at all levels) institutional health and welfare care (especially for the elderly) and rental housing' (op.cit:258). 'Interest groups of course often seek to maintain or extend programmes which benefit them on the grounds that they improve the opportunities for the less well off. Typically, organised groups comprise principally people who are educated, articulate and have the resources or spare time to pursue the interests of their group' (op.cit:259). These are the concepts of shifted benefits and both middle-class and interest group capture. In the Picot Report two national structures, the School Trustees Association and Community Education Forums were proposed to balance the perceived strength of teacher organisations; the assumption is that the state acts to establish and fund agencies with the express purpose of acting against organised groups in the social formation. The charter concept is also based on this assumption.

Funding was always critical for the Treasury. Within the new structure it was to be the preferred information giving, reward and sanction mechanism. In these passages the Treasury is partially accepting state provision of education but arguing that there are efficiency savings to be made by better use of the funding mechanism to discipline providers and empower consumers. The devolution of all funding to schools, including teacher salaries, was a fundamental policy detail for the State Services Commission.

c) Education

Education is conceptualised as being both a 'public good' and as a 'good with merit' (op.cit:267). Fundamental to the focus on education is the assertion that unemployment and the poor performance of the economy are due to the failure of the education system.

'The poor performance of the education sector has adverse effects on the adjustment of the labour market directly and, indirectly on the performance of the overall economy....In addition, the supply of education can also distort supply and demand conditions in particular segments of the labour market giving rise to barriers to entry (particularly to the major professions) which artificially restrict participation in various activities' (op.cit:268).

This is another fundamental construct of the Treasury view, that unions, union coverage by national awards and restrictive qualification requirements to professions cause unemployment. Only a deregulated labour market can restore or ensure full employment. Any bar to the entry of people to the workforce, such as a qualification or skill requirement, is seen both as an exercise of privilege, 'gate keeping', or as a device employed to artificially 'ratchet up' salary levels by taking advantage of the status accorded to qualifications, 'credentialism', and by creating a shortage of practitioners as a result of the practices above. The Picot Report sets out the principles which should govern entry to teaching in its proposals for the Registration of Teachers in sections 7.3.2. to 7.3.20 (Picot,1988:67-71).

In general, according to the Treasury, the poor performance of the education sector is identified as

'..often characteristic of state provision. These problems concern the efficiency of education resource use in an environment where

- a price signals (reflecting consumer demand and resource costs) do not operate to direct resources to areas of highest return to the community;
- b education suppliers are relatively independent of the need to satisfy consumers in order to obtain funding and so incentives to respond to consumer monitoring are relatively weak; and
- c competitive incentives to minimise costs are also weak '

(op.cit:268).

The Treasury had resolved, in 1984, that it required an alternative funding mechanism for education. The discourse within which the alternative funding mechanism was to be identified now referred to the market, price signals, freedom, parental choice and agency and was an ideological critique of the existing funding mechanism which was assumed state provision. The Treasury's search for a new funding mechanism began with the outlining of the new management structure required in the public service.

'An effective management system for either of these tasks requires the following main attributes - clear objectives, appropriate incentives for performance, clear accountability, delegation of authority and responsibility to the most appropriate level. It also requires suitable people to run the system. In any organisation the management should have goals established by the owners. They should also have incentives, monetary or otherwise, to achieve the organization's goals. These should include rewards for good performance, and penalties for poor performance. This in turn requires that managers are accountable for the decisions that they take. It is essential that if authority is delegated, then so is responsibility, and vice versa' (op.cit:287).

The Treasury notes that the role of the State Services Commission in Industrial Relations matters and the giving of advice to government agencies on management issues needs a change. 'There is probably insufficient liaison between the Treasury and the State Services Commission on management issues' (op.cit:289); that was partly because personnel management issues were not the responsibility of the Treasury until 1984.

Two further prescriptions for reform that establish the vocabulary and policy that was to appear in the Picot Report were drawn from the Treasury's prescription for the new management model for state owned corporations.

'Perhaps the most appropriate mechanism would be for the Permanent Head

of a department to be the legal employing authority, with a responsibility for the most effective and efficient use of his or her staff....A system of three or five year contracts, renewable if performance has been satisfactory, could be implemented to allow for greater freedom '(op.cit:292).

This prescription is shown in the Boards of Trustees, where the differing roles of management and governance of the principal and trustees reflect the reforms of the public service. Principals were to be placed on performance contracts to ensure they carried out the wishes of the trustees. It followed that if they were to be held accountable for their actions, principals needed to have control over their 'inputs'. The new 'one best system' of education administration was then complete in outline.

Summary

Economic Management (1984) had two effects of importance for the later Picot Report. First it set out vocabulary and concepts which policy documents thereafter would incorporate. It was no longer possible, in terms of the new discourse, to maintain the use of measures of policy other than effectiveness and efficiency, or to use vocabulary other than that of economics when considering policy options. The second effect was to inscribe an ideological position in that vocabulary and to domesticate that discourse within the realm of common sense. By virtue of the state's privileged position as a news source and publisher, the language containing the new ideology became part of everyday life. In the Picot Report that ideology is fundamental although it is obscured by a rhetoric of democratic devolution.

Economic Management was the document which set out the principles and vocabulary of the reform of the New Zealand economy. The Treasury's next policy document, published three years later, contributed directly to the discourses from which the Picot Report was constructed by applying the principles and vocabulary of *Economic*

Management specifically to education. Through the predominant role in government policy formation which it secured in 1984 and through the wide circulation of the new discourse the Treasury was a significant agent in securing a new ideological hegemony.

4.4 The Treasury 1987: *Government Management Volumes I and II* .

The 1987 Treasury brief to the incoming government *Government Management* was in two parts. Volume II, *Educational Issues*, was some three hundred pages long, was written in a more publicly accessible style than previous Treasury documents and was, at times, self-consciously colloquial; the latter being a stylistic feature also of the Picot Report. Volume II took the economistic discourse of *Economic Management* and translated it into an analytic framework for discussing and formulating educational policy. It also reconstructed the meanings of key educational concepts so that they were consonant with the Treasury discourse. Thus discussion of education policy was colonised by economic constructs and concepts (Walsh, 1989). Volume II provided the transition between *Economic Management* and the Picot Report. Its part author, Dr. Simon Smelt, was also the Treasury officer attached to the Picot Taskforce, to the group of officials who drafted *Tomorrow's Schools* and the Treasury officer responsible for considering the registration of teachers. Some of the major features, including vocabulary items, of Volume II are detailed below.

The Treasury prepared the 1987 papers for the new government to examine the issues of '...social equity....economic efficiency....and the extent of public concern about the public educational system' (The Treasury, 1987:viii). In its view there was a danger that spending more money on education might not be warranted. Research, the Treasury claimed, suggested that there were no social gains to be necessarily had from increased expenditure on education. But the fundamental problem, according to the Treasury, was that people didn't know how to think about education policy. '...debate does not seem to have been well focussed on the underlying issues and dilemmas facing the development

of education policy' (ibid:viii). The Treasury therefore sought to provide a 'robust' analytical framework and vocabulary for an informed public and state debate on education policy. Three popular concerns were presented in the new analytic framework's language to argue that the current education settlement was failing and that reform was necessary. The concerns were broadly:

a) A '..concern that significant numbers of children and young people are disadvantaged in terms of present institutional and financing structures '(ibid:2). In the context of the papers this concern highlights the failure of the traditional 'equality of opportunity' policy. The systematic disadvantaging of children on the basis of class, gender or ethnicity was that policy's concern. The shortcomings of the past educational settlement were at the time being addressed in education policy initiatives through processes such as the Curriculum Review and the removal of the University Entrance examination. Those initiatives were contested but their impetus was gained from local communities and teacher organisations. A new principle was emerging from these policies, the provision of equality of educational outcome (Renwick,1986). The Curriculum Review was a policy that required affirmative action, the privileging of some groups over others. That policy was identified by the Treasury in its letter to the Minister of Finance (Picot, Item 54) as having large resource implications. The policy also faced opposition from groups which held conservative values; the Curriculum Review was thus seen as having social as well as economic consequences. The Treasury directed its criticism to the mechanism for delivering equity arguing that the most efficient delivery mechanism was targeting. By this manoeuvre the causes of differential school achievement, class, race, gender and economic circumstances, were able to be set aside and the problem redefined as a technical difficulty best able to be resolved by economists. A political problem was reduced to a rational-technical problem. In the course of that focus the meaning of equity was redefined so that it no longer meant the advantaging of women or maori, but the matching of funding with those who needed it in the most *efficient* manner.

b) A second issue was '...the concern that these (institutional and financial) structures are inequitable in that they involve a transfer of wealth from lower to higher income groups'(ibid:2). This is the notion of middle-class capture which holds that where government assistance is available universally, the middle-class benefit most consistently. In part this criticism anticipates the theoretical point the Treasury will make in chapter two of Volume II, that education is not a public good but a private benefit. The middle-class, by reproducing their cultural capital and by continuing to turn social advantage into capital advantage, benefit more than the working class. As any remedies must address the needs of the disadvantaged it follows, according to the Treasury, that the form of funding must be changed. Again the persistence of disadvantage is attributed to ineffective targeting. By promising to help the poor or disadvantaged in a cost-effective way the Treasury drew on two quite separate groups for support.

c) The third identified concern is '...that some educational outcomes are either declining or not improving to an extent commensurate with increasing educational outputs' (ibid:2). Yet only some lines before this the author(s) note that the OECD examiners had reported in 1982 (OECD,1983:10-13) that they were impressed with the New Zealand education system in terms of pupil achievement and cost effectiveness. The Treasury provided no evidence of underachievement or cost excesses but drew on the general recognition that youth unemployment was undesirable and allowed its authority to support the view that schools were responsible for unemployment. The criticism was not required to be scientifically accurate because the purpose was to form an opinion that favoured the new solution. What was more important was the vocabulary of the critique and the promise that the reforms would be successful. The remedy was to change the nature of schools and the relationships between people in them so as to '...give greater emphasis to accountability, and provide incentives for efficient delivery, including timely response to changing demand' (Treasury,1987:2). The theoretical criticism of schools by the Treasury readily became understood in popular terms to be state support for the anxiety of parents over the failure of children to secure employment and confirmation of

their suspicion that poor teaching was to blame. Such a criticism could count on widespread support at that time.

Having situated the popular criticisms of education within its own terms the Treasury then set out its recommended framework for discussing education policy.

'Education can be analysed in a similar way to any other service in terms of interaction and exchange in the face of uncertainty, information costs, scarcity, interdependence and opportunism....Generally we would consider that such an approach is an analytically robust method which can generate useful insights. However, in education, as in various other specialisms, it can be useful for ease of communication to use an approach and terminology that is more familiar to those involved. Accordingly this paper adopts an approach that is more accessible to those in education' (ibid:2).

That framework could generate solutions to the concerns which would be 'robust' in terms of economic theory, and, though only implicitly so, 'robust' educationally. Those solutions required the commodification of education policy formation and education administration. The central policy concern became, and remains, the funding of schools.

The Treasury recognised that if it proposed to change the funding of schools it would meet resistance. It therefore identified and predicted where the resistance would come from and suggested a strategy for reducing that resistance. According to the Treasury educational changes were slow to effect because there was a national funding system, because consensus was the process used to effect reform and because educational interests groups were powerful and likely to favour the status quo funding arrangements because their members benefited from them. In its discussion the Treasury attributes that position to benefits those groups gained from the conjunctural policies historically followed in New Zealand. On the basis that rapid international changes in markets and

employment patterns required a prompt response here, the Treasury urged a structural policy response to the crisis. The extract, a state policy paper on economics, contains the colloquial expression 'sudden gear shifts'; again a linguistic feature of the Picot Report suggesting a common author(s).

'Thus a key current question to be addressed in this brief is whether the mechanisms for change in education policy, which worked well in more leisurely times, are up to the sudden gear shifts that are increasingly required if the system is to adapt to the fast changing and increasingly varied needs of society' (ibid:4).

The *Report on the Inquiry into the Quality of Teaching* (1986) had suggested that the Government was moving to commit itself to accepting a definition of equity that meant equality of educational outcome. Welcoming the emphasis in the Scott Report on 'greater equity of outcomes' the Treasury noted that '..this is, of course, an admirable egalitarian objective' (Treasury, 1984:6), but, it adds, that egalitarian objective is not what the Scott Report actually means. The Treasury re-interpreted that objective to mean a concern

'..at the failure of the state school system to meet the needs of certain groups as evidenced by the high drop-out rates, truancy and lack of preparation for the world of work. It may also reflect concern at middle and upper class Pakeha capture of much educational assistance and the consequent need to redress the distributive balance in favour of the lower income, often non-Pakeha, individuals and groups. A third possible element behind the 'needs based' approach is simply the fiscal cost of a non-targeted approach to the provision of education' (ibid:6).

Thus what may have been the Government's social policy is reinterpreted as an economic policy. Two final logical steps in the critique of educational policy formation are then

made. As 'education objectives must be subject to, and moulded by, the society's overall social and economic objectives' and 'There are real choices not only between educational objectives but also between expenditure on education and other government objectives, including deficit reduction' (ibid:6) it follows that expenditure on education must be carefully assessed to see whether it is in fact worth spending more on it or more on something else. Political or value questions thus come to be the prerogative of technocrats and policy is depoliticised.

The new analytic framework included a critique of the existing education administration system, a prescription for the new 'one best system' and a vocabulary for public discussion of education policy. Features of that discourse are outlined next.

4.5 The analytic framework

Grace describes the Treasury's 'ideological manoeuvres' (1988:7) which established the new analytic framework. The Treasury acknowledge that a production function approach to education will not work but then go on to say they must use one anyway. The new analytic framework draws its robustness from its vocabulary, thus : 'inputs', 'outputs', 'consumers', 'accountability', 'incentives', 'sanctions', 'the discipline of the market', and the like.

The papers give a broad but partial description of the education system as part of the reinterpreting and translation of the Treasury discourse into an education discourse. In this description some of the details of reform that would be in Picot begin to emerge. The earlier economic issues have begun to be translated into more identifiably education policy language. In the following paragraphs each feature is stated and accompanied by the Treasury criticism in a summary form. The analysis was:

- i) The system is 'largely a state system, there is not much choice about where

children can go to school. The state provides direct provision but there is no a priori reason why it should. Educational services are free to 'consumers and their parents' (Treasury,1987:9), there is not enough targeting. Control is centralised because there are advantages in economies of scale, it is, in toto, a small schooling system, there are also advantages in national homogeneity of provision and in a mobile teaching service, but uniformity can lead to rigidity and slowness to change. Teacher unions like central control because it means a national system of appointments, assessment, grading and promotion. Finally there is a national teaching service which ensures national standards and terms and conditions of employment, this prevents regional and subject pay differentials and hinders the application of rewards and sanctions for the individual performance of teachers.

Clearly set out here are the goals of the Treasury. Also clearly delineated is a role for the State Services Commission to secure the removal, through legislation and the industrial processes, of all nationally applied barriers to the commodification of teacher labour relations.

ii) The new analytic framework argues that education is not a public good, that there are four reasons for government intervention in the provision of education but that each rationale has its problems. A helpful summary of chapter two, which is a key chapter, is given in chapter ten of Volume II. The problems are reduced to four questions and posed in plain language

'who pays (equity concerns)

who chooses (the agency problem)

who benefits (social benefits)

who is accountable (efficiency concerns) ' (ibid:272).

For a direct link with the Picot Report compare these 'problems' with section 1.2.1 (Picot,1988:3). In essence the solutions remain those proposed in *Economic Management*

in 1984. In the Picot Report the solutions appear in the educational discourse.

iii) Some of the vocabulary used to establish this new analytic framework included colloquial phrases such as : 'time -off ' p.15, 'at the heart of the debate' p.17,'and the like' 'leave the parental nest' 'the main pay-off' p.25, 'there are no easy answers' (a repeat of a line from p.viii) p.27,'will call forth' 'ditto' p.31, 'bursts the bundle' p.35, 'low in the pecking order of interest groups' 'vicious circle' p.37, 'to hook onto' 'this is not the end of the story, it is only round one' p.38. The verb forms are propositional, that is they assert a fact with implied qualification. This is a particular feature of both the briefing papers and the Picot Report. Verbs take the form 'may' or 'might' or are qualified by 'tend','perhaps' or 'raises the question', thus 'The provider's market may become the government' p.37. Overall the strategy of the text is to establish its authority and veracity by assertion and an appeal to the 'sensible' reader.

Another feature of the way words are used in this discourse is the number of modifiers and qualifiers. These are typically a feature of spoken language and more typically a feature of informal spoken language. It is surprising to find them in a 'robust' analytical framework. Though they are present in this Brief in significant numbers, they occur with considerable frequency in parts of the Picot Report. Such words give a particular tone to the chapter. Overall the document's tone seeks to be measured and precise; it is, on the face of it, a technical exposition. However the modifiers and qualifiers give a sense of the speaker, a sense of the reader being argued with and so there is a degree of informality. At times the transition from formal language to a colloquialism or a common modifier or qualifier is so sudden there is a sense of being manipulated, of artifice. Examples of those modifiers and qualifiers are,'greater, precisely, widespread, real choices, fraught with difficulties, regrettably, dampened, simplistic, basic, of course, clearly, assorted objectives, limited, more, significant, never, extensive, perfectly transparent, almost inevitably, slightly alter' and 'greatest problem'.

Summary

Government Management Volume II was of major significance for the construction of the Picot Report. It set out the new vocabulary of the new discourse and it set out the new analytic framework within which policy formation would take place. It set out the Treasury's policy goals and indicated how it would meet those goals. That the Government needed to be persuaded was not evident in the Brief as a perceived difficulty. Early drafts of chapter two of *Government Management* were forwarded to the Picot Taskforce. Simon Smelt, part author of Volume II became a part author of the Picot Report.

A major policy initiative external to education but which had an impact on the Picot Report was the reform of industrial relations. This was first completed in the private sector but the principles of those reforms were subsequently applied to the public sector. It remains now to illustrate how the personnel regimes which were to form the basis of the new power sharing of the devolved Picot school system were taken from the Treasury, developed by the State Services Commission and came to feature in the Picot Report. It was the task of the State Services Commission to negotiate the micro-economic reforms set out in the next chapter into the terms and conditions of service of teachers.

Chapter five

Discourses of the Picot Report : The State Services Commission

In 1987 the Government released the briefing papers of the Treasury and the State Services Commission. The two controlling state agencies had, by that time, co-ordinated their policy development. A small group of officials were assigned responsibility for ensuring that the agencies' policy views were represented in the reform of education administration. Following the macro-economic reforms of 1984-1987, the Government began reform at the micro-economic level. For the Picot Report the significant micro-economic reforms were to be the structure of labour relations and the terms and conditions of employment of teachers. This chapter begins with a summary of micro-economic reforms that applied to the labour market in general then details the application of those principles to employment relationships in the public service. Finally, official documents of the State Services Commission are used to illustrate the construction of a managerial discourse, the discourse within which those micro-economic reforms were inscribed and which formed the second discourse from which the Picot Report was constructed.

The State Services Commission is the employer of the government and is responsible for negotiating the terms and conditions of employment of public servants including teachers. Macpherson (1988a,1988b) provides an insider's view of the strategic role of the Commission, its objects, assumptions and the nature of its relationship with the Treasury during the policy formation and implementation process leading up to the writing of the Picot Report. The Commission's reform of teacher labour relations and its responsibility for the construction of the new balance of power between teachers and parents reflected both the Treasury's wish for the construction of contestable markets in the provision of education services and the Government's wish to provide rewards and sanctions for the performance of public servants.

5.1 Labour relations before Picot

The Picot Report took account of the reform of labour relations by the Government in 1987. Tensions between the rights of employers and the rights of unions have been a feature of the New Zealand economy since the passing of the *Industrial Conciliation and Arbitration Act 1894*. From 1950 to 1968 labour relations were characterised by

'rapid industrialisation, major technological change and acute labour shortage resulted in continued pressure for higher wages which the traditional wage fixing system was unable to deliver. This marked the beginning of second tier bargaining...an erosion of confidence in the Arbitration Court, which culminated in the nil General Wage Order by the Court in 1968' (Rodger, 1985:115).

The unions resolved to ignore the Court and to bargain directly with employers. There followed a period of increased militancy and work disruption and an undermining of the Court's ability to resolve disputes and to control wages. The second period, 1971 to 1977, was characterised by 'a series of attempts by government to intervene in wage fixing by imposing wage controls' (Rodger, 1985 :115). The most interventionist act was the imposition of *The Wage Freeze Regulations 1982* and *The Price Freeze Regulations 1982* under the *Economic Stabilisation Act 1948*. The imposition of these regulations led to a public debate about the role of the state in the economy and the role of the state in the lives of individuals.

Early in 1983 a tripartite committee was formed to 'undertake a review of wage fixing and industrial relations in the private sector and to report the results of this review to the Plenary Committee of the Tripartite Wage Policy Talks' (Long Term Reform Committee, 1983:2). The committee included members of the Federation of Labour and the Employers Federation but the majority came from state agencies; the Treasury and the

Labour Department supplied most. One member was Doug Martin of the Labour Department who later joined the State Services Commission.

The process by which the reforms of the committee were arrived at was a process very much like that used for the Picot Report and shows that the Government was aware of the advantages likely to accrue to it from the effective management of public responses to policy documents. The sequence of events and strategy used to effect those reforms were as follow.

At midnight on 17 December 1985 a Green Paper *Industrial Relations : A Framework for Review, Volume 1* was released. The Minister of Labour said 'The Government is now committing itself to a process of information sharing and full consultation with interested parties, as an integral part of the review process' (Rodger,1985:3). Interested parties had until 30 April 1986 to respond. Later in 1986 a summary of the 188 submissions, *Industrial Relations : A Framework for Review-Summary of Submissions* (Rodger,1986a) was released. Then in September 1986 the Government released its policy statement, *Government Policy Statement on Labour Relations* (Rodger,1986b).

The preface to that statement says

'It is clear from the submissions that, while a climate for substantial reform exists, there is little consensus on the nature of that reform. The differences are sharpest between union and employer interests, but even within these sectors discernible differences exist on important issues. In the absence of any consensus, the responsibility for making decisions shifts squarely onto the government. In arriving at its position, the Government has been careful to preserve those features of the present arrangements which it believes remain valid. It has also brought together elements which have received significant support from both union and employer submissions. The resulting reforms will constitute the most significant reshaping of industrial relations

since 1894 ' (op.cit:v).

In 1983 M.P. Stan Rodger had presented a paper to the Opposition Caucus which argued strongly that a corporatist strategy to policy formation was unwarranted. His central tenet was that the central union organisations could not guarantee the support of its members for the Government. This view fitted the strategy outlined by Douglas in his speech and gave support to the Government's determination to exclude interest groups from policy formation. This view is further reflected in the passage above. The Government then drew up draft legislation and referred it to a select committee for hearing further submissions. At the conclusion of that process the *Industrial Relations Act 1987* was issued and the reform of private sector industrial relations was complete. In 1987 the Industrial Relations Act became law and the reforms were in place.

The process of the construction of the Picot Report followed that process. A representative sample of the public is selected to carry out the review, there is a declared consultative process but deadlines for consultation are short and the views of 'interest groups' are noted rather than considered, major policies are announced at odd hours or days and a 'representative' summary of submissions is issued which identify support for the Government's policy decisions.

In late 1987 the State Sector Bill was introduced to Parliament with no more notice than an hour to state unions. The effect of that Bill was to cease the industrial relations principles and practices which applied in the state sector and to replace them with the newly reformed principles and practices of the private sector. This was a profound change. The proposal required certain reforms of education administration to make the practices in schools consonant with the new Labour Relations Act. Many of the basic principles of the structures proposed in the Picot Report and particularly the powers of the Boards of Trustees as employers were necessary to give effect to the private sector model of industrial relations. Thus although the industrial reforms were not determining of the

Picot Report, they were a major influence on the attitudes and objectives of the representatives of state controlling agencies. They also shaped the attitude of the Cabinet and thus the Government to structural reform and the Government's attitude to the resistance offered by teacher unions. These micro-economic reforms were so clearly set out that the Commission knew before the 1987 start of the Taskforce what reforms would be required to be consistent with wider state sector reforms. The principles to be applied in the Picot Report were developed by the Commission and published in the report, *Pay fixing in the State Sector*, the Buff Report, in 1986. That Report is described next.

5.2 Teacher labour relations

The consultative process used to prepare and carry out the reform of private sector industrial relations was also the process used for the Picot Report. Government and officials thus had had experience of managing the policy formation process before the Picot Taskforce began.

At the beginning of 1986 the Government agreed '..that a small group of informed persons should form a consultative committee to examine principles and procedures (of industrial relations legislation in the public service) and report to the Minister of State Services on issues of contention and agreed areas of change' (Rodger, 1986c:i). In his foreword the Minister said the proposals '..amount to real changes as distinct from mere wordsmithing. They are advanced as a serious response to the call for greater managerial autonomy and improved economic efficiency. They equally recognise the rights of employees to fairness and equity' (ibid:iv).

The 'informed' persons were two representatives of the Treasury, two representatives of the State Services Commission and three representatives of the combined State Unions. The CSU representatives withdrew from the consultative committee because they believed their presence was to no avail. The process indicated to them that the Government's

outcomes were the only likely outcomes and the unions were unwilling to give the committee credibility. The final report was produced by officials of the Treasury and the State Services Commission.

The Contents page of the Buff report declares the report's priorities. Chapter two undertakes to describe the philosophy behind current pay fixing. The description is a critique of the past industrial relations settlement; it is a partial account. The critique concludes with a prescription for reform which focusses on managerial prerogative and accountability. This ideological technique, of criticising the past in the vocabulary of the future, is used in Chapter three of the Picot report. The substantive chapters in the brief Report, 55 pages without appendices, are chapters six, seven, and eight. Chapter six is a second redefinition of the former settlement and statement of the new. Chapter seven is a critique of the failings of State pay fixing in terms of the proposed reforms and chapter eight, the largest chapter at 18 pages, is the prescription for the future of state pay fixing and industrial relations. The major theme of the report is that '...incentive structures in the state sector need to be given more weight' (ibid:37).

The Buff Report provided specific details of reforms in the efficiency of public sector management, performance and accountability. The prescription follows the Treasury's 1984 description of the system inefficiencies of state provision. The report was unequivocal in its conclusion, it set the priority as ' the present need to increase efficiency, enhance management accountability, allow managers greater flexibility in the management of their organizations' (ibid:24).

On efficiencies the Buff Report said

'...there is a need to provide well defined objectives, flexibility and incentives to promote efficient performance, and explicit accountability arrangements and effective performance assessment to ensure that managers can be held

accountable for their organization's activities' (ibid:22).

On management accountability the Buff Report said

'It is the government's view that improving the performance of managers by the establishment of clear objectives, the provision of rewards and sanctions for performance, and by giving managers greater flexibility in their negotiation of pay and conditions for their staff will improve the overall performance of the organization' (ibid:24).

There is an acknowledgement in the report that state agencies and activities are distinguishable in terms of the management structures which might apply. Specifically the report notes that the principles of improved public sector efficiency which underlay the Government's review of expenditure announced on May 19 1986 '..are insufficient in themselves for certain kinds of government services, and have not been applied in the areas of education, social welfare and health. In those areas, the importance of equity considerations means that a wider approach is necessary' (ibid:23). The caveat on equity was resolved by the redefinition of equity as a targeting problem by the 1987 Treasury papers. Thus it can be inferred that the principles of the state owned enterprise management culture imbued with market forces was the administrative model advanced in Picot.

The Buff Report's proposals for change detail the implications for pay fixing and industrial relations the new philosophy requires. These were not taken up explicitly in Picot in detail, rather the principles to apply in the proposed reformed structures were established. The Board of Trustees was to be made accountable via the Charter, originally a contractual document but later changed to an unenforceable agreement (Codd and Gordon,1990), the Principal became the Chief executive of the school and was made accountable via a personal contract. As with the senior executive service in the public

service, principals' salaries were to be determined as the result of a performance appraisal. Proposals were tabled in the 1988 and 1989 teachers' salary negotiations to introduce ranges of rates and merit pay for teachers. These were the incentives and sanctions and, in effect, placed individual teachers on contracts of service. Contractual labour relations are favoured by capital because there is no need for unions, employers do not have to maintain benefits in the same way they do for permanent employees and the employee's tenure is less secure.

As Macpherson (1988a) observed, the State Services Commission might have been expected to have an interest in the downstream effects of public sector reforms; however the Treasury had noted that there was probably insufficient co-ordination between it and the state Services Commission on management issues. The nature of management is set out in *Economic Management* and Douglas's speech to the Mt. Pelerin Society. At the time of the setting up of the Picot Taskforce, August 1987, the Commission had released its briefing papers to the new Minister of State Services, Stan Rodger. Just as the Treasury's papers set out parts of the Picot Report, so did the Commission's papers. Some of the vocabulary and concepts of Picot are readily identified in the following.

5.3 The managerial discourse

Part B of the August 1987 Briefing Papers to the Minister of State Services backgrounds the Commission's then work-in-progress. The Commission identifies the broad policy changes in the state sector as including

'..the delegation and decentralisation of management and accountability to operational managers; improvement of management skills; adoption of conditions of employment more comparable to those being proposed in the private sector....Many of these....can be regarded as improvements in management flexibility' (SSC,1987 Part B:5).

On the matter of personnel and pay fixing the Commission notes '..the aim is to remove as many constraints as is reasonably practical whilst retaining an appropriate level of accountability' (ibid:5).

In 1987 the Commission and the Combined State Unions (CSU) completed an agreement about the scope and implementation of reforms which included; ranges of rates, enterprise bargaining, contracts of service in defined circumstances, for awards rather than determinations and essentially for the *Labour Relations Act 1987* to apply to the state sector. There were many caveats on the above, the most common being that such reforms would be with the agreement of the relevant union and that they would apply in limited circumstances. The trade for the Government agreeing to consult and proceed with union agreement was an undertaking by the unions that they would not oppose legislation containing the reforms. As it happened the *State Sector Act 1988* was introduced without consultation in 1987 and contained matters never agreed to. There was a campaign of opposition organised by state unions (PPTA,1988) which the Government appeared to ignore as few substantial changes were made through select committee submissions.

The Terms of Reference of the Picot Taskforce make no mention of personnel or wage fixing. The general terms of reference do require the Taskforce to 'ensure that the systems and structures are flexible and responsive to changes in the educational needs of the community and the objectives of the government.'(Picot,1988:ix) That is a reference to the systems and structures of administration and only by an extended argument could its subject be construed as requiring personnel reforms of the nature and extent that were finally recommended. In any case the priority was clearly to meet educational needs. The Picot Report, however, went much further and made recommendations that clearly met the preconditions of the State Sector Act. The State Services Commission's response to the summary of international research on the impact of such micro-economic reforms on educational needs, the Munro Report (Munro,1988) were presented across the negotiating

table during the 1988-89 secondary pay negotiations. The Commission maintained it was not required to meet educational needs, that the Government was determined to effect these particular reforms and that whilst the reforms may not have been successful anywhere else nothing prevented them from being successful in New Zealand (NZPPTA,1988,1989).

There is, in its terms of reference, a requirement that the Taskforce '..make recommendations which will ensure the efficiency of any new system of administration that might be proposed'(1988:ix). Given the by now well developed Treasury analysis and prescription for the reform of the role of the state, a requirement for efficiency would be sufficient to link personnel and wage fixing reform to the power of managers to manage and to be held accountable. Indeed it would be within expectations for the Commission to argue in officials-only policy forums that such micro-economic reforms were fundamental to the reform of the administration of education. To a large degree such a thesis is supported by the process and outcome that lead from the Picot Report to the Government's policy statement *Tomorrow's Schools*.

Management improvement is a specific matter addressed in the Commission's briefing papers. 'If departments are to have effective management systems they must have clear objectives, appropriate incentives for performance, clear accountability, delegation of authority and responsibility to the appropriate level '(SSC,1987 Part B:21). In a phrase that is echoed in the Picot Report and the Buff Report, the Commission requires

'..a fundamental re-assessment of (organisational) structures....Tampering with existing....structures can only achieve superficial change' (ibid:23).

Compare this with the following paragraph, 3.7.1. from the Picot Report, which states :

'Tinkering with the system will not be sufficient to achieve the improvements

now required. In our view the time has come for radical change..' and '..merely massaging present administrative structures would be both ineffective and time wasting, because urgently needed reform would not be achieved' (Picot,1988:36).

Education appears as a specific item twice in the briefing papers. Both references proved to be accurate predictions of subsequent policy directions. At the time the Commission wrote these papers, which must have been at the latest the beginning of August 1987, because the election was in the middle of August, the Picot Taskforce had had one meeting only. In commenting on the Taskforce as a current review the Commission says

'A possible outcome to the review will be a reduction in the multi-layers of education and educational establishments, a concentration of administrative authorities, with district boards and local management bodies, and a focus by the department on policy, directional and monitoring roles' (SSC,1987:33).

The Commission also draws attention to likely political and legitimisation difficulties the review might face. 'The process of consultation and the presence of diverse lobby groups within the education sphere have apparently been major hindrances to previous attempts to make such changes' (ibid:33). The Commission recommends that the review team report to a forum within which it is confident it can exert control. 'The Commission's view is that the review team should report to the three Ministers, of Education, State Services and Finance' (ibid:33). As the review's findings would in fact be scrutinised first by officials of those Ministers enhanced opportunities for the control of the outcome of the policy formation process are secured. The proposal reflects the Treasury's 1984 position on carrying out reviews such as Picot through the Public Expenditure Committee (Treasury,1984:292). The Taskforce was not made up of officials but it did report to the three ministers. The later *Lough Report* however, was an officials-only report to the Minister of Education.

In its papers the Commission sets out 'the key principles guiding the approach to managing commercial or trading activities within the Public Service' (SSC,1987:32). These required among other things, client control rather than provider control, an incentive structure which maximises efficiency and is output orientated (sic) and the provision of net funding limits with cost recovery targets. These principles all became features of the Picot Report. The last became a matter of public debate as did the issue of bulk-funding; it remains unresolved. More significantly these principles, like many other aspects of reform at that time, were seen as appropriate only for state trading agencies. The application of the principles to all state agencies and to educational institutions was an extension that showed that the Government believed there was no need to make differentiated reforms appropriate to the nature of any state or social institution. Rather than repeat the reform process on the basis of new principles, the market was adopted as the single unifying object of the state seeking to maintain and spread the commodity form.

5.4 The Picot Report

As part of its briefing papers the Commission sets out in detail a report on each state department. Part C 1987 comments on the Department of Education. By way of introduction the Commission identifies the need for the review of educational administration as :

- 'a) a concern to limit Head office to policy issues, leaving administration to the regions;
- b) the present jumble of administrative structures for primary, secondary and tertiary institutions together with three regional offices and the Head Office of the Department; and
- c) the current pressure for more local control as evidenced, for example, by the response to the curriculum review '(SSC,1987 Part C:15).

These may be identified as the Commission's view of the need for the review; implied in the needs are the desired outcomes. The Commission notes that officials from the State Services Commission will form part of the secretariat established in the Department of Education to assist the Taskforce. According to Taskforce members, as discussed earlier, the presence of officials was not settled initially and required a considerable discussion. Their access to the Taskforce was gained on the basis that their advice would be disinterested and of assistance to the Taskforce. The Briefing papers record the reporting date as 31 March 1988; it was eventually 10 May 1988.

In its comments the Commission blames both teacher unions and consensus politics for the historical resistance to the reform of education administration. That analysis ignores the nature and culture of education and attributes those socialised into the values of educational processes, teachers and educational administrators, as responsible for the failure of reform. A view to the contrary was expressed by the OECD report which identified the common commitment and culture of teachers and administrators as a major strength of New Zealand's educational administration (OECD,1983:11). In brief the Commission suggests that the Government's state sector reforms and the policy formation processes of Roger Douglas make the possibility of change more likely. Also a rationale for the legitimisation of such reforms is provided in the suggestion that the public's response to the Curriculum Review (1987) could be harnessed to support the Taskforce. Thus

'This is the latest in a number of efforts in the past 15 to 20 years to restructure increasingly cumbersome administrative systems in the education sector. Previous attempts....have always been thwarted by the strength of opposition from powerful education lobbies, and the long tradition of consultation. Current moves in the reform of the public sector, together with pressures for more community involvement and choice in education, suggest that this may be an opportune time to initiate reforms' (SSC,1987,Part C:15).

This is a partial interpretation of the outcome of the Curriculum Review. The question of choice in that context was more narrowly focussed on curriculum options, rather than, as the Commission and the Treasury later held, choice in relation to funding.

The Commission then sets out the concepts and questions it regarded as the priorities for the Taskforce, which had by then according to Rosemergy, met once to do no more than meet each other. The Taskforce had not considered what or how it would proceed. The Commission however was able to specify the policy questions and the likely outcomes. They were

- 'a) to what level or agency can authority and decision-making be devolved;
- b) to what extent can policy activities be separated from operational activities;
- c) to what extent should funding activities be separated from the provision of services;
- d) what are the limits to community choice, and;
- e) how and where can client control, rather than provider control, be enhanced '(ibid:16).

These concepts were by then unexceptional within their historical context. They show the common themes of administrative reform being pursued by the Commission as Government policy across the public service though not, at that time, in education, social welfare or health. The Commission then asserts that

'The answers to these questions await the final recommendations of the Taskforce. It seems likely, however, that they will include the following

- a) a smaller leaner Ministry of Education;
- b) the abolition of Regional Offices;

- c) the establishment of district education boards, combining many of the powers and authorities now shared by a host of separate councils, boards and other bodies, and;
- d) greater administrative authority and decision making powers to individual school management bodies' (ibid:16).

One member of the Taskforce, Peter Ramsay, is reported by Jesson (1989:159) as complaining that the officials were absolutely determined to ensure that the recommendations from the Taskforce satisfied their agency's reform needs. Removing education boards was not, according to Gianotti, an issue discussed until late in 1987 and even at the end it is suggested that Picot was not wholly certain their removal would not disadvantage small schools. The Commission's views on the review of education administration were later conveyed to the Taskforce formally in a letter on August 14 1987 from Marijke Robinson. Robinson was the Commission officer delegated to assist the Taskforce and the officials group responsible for the drafting of *Tomorrow's Schools*. That letter restates the material of the briefing papers and suggests that Robinson was the author of the common parts of both documents.

It is significant but not widely noted that at the time the Taskforce was announced the Commission had already begun a preliminary review of the Government Psychological Service. That review had assisted the Commission to identify issues in the provision of education services and administration and to assist it to arrive at a position more thoroughly grounded than the Taskforce would initially have. Preliminary work on the review of psychological services suggested that

- 'a) policy and operational activities could be separated so that objectives are clarified;
- b) the Education and Social Welfare services share similar objectives and could be combined ;

- c) the services tend to be provider controlled and therefore, the control of clients over the service could be enhanced; and
- d) Government funding could be switched to the clients, rather than directly funding the providers of the service' (SSC,1987,Part C:17).

Clearly the Commission had considered already the nature of reforms it desired and, given the tone of the above report to the Minister, decided that those reforms were in fact possible. In time the fate of the Special Education Service was considered by the Taskforce which recommended in 7.5.6 that 'these advisers will no longer be employed directly by the Department, but will be 'employed' by those learning institutions who use their services' (Picot,1988:74). Considerable lobbying has taken place since *Tomorrow's Schools* and the Special Education Service does not currently resemble the preferred structure set out by the Commission.

Attached as an Annex to the Commission's briefing papers is an early version of the Terms of Reference of the Taskforce. The only significant difference from the terms published in the Picot Report is the first item of the Commission's version which reads: 'The Taskforce will consider the powers and responsibilities of the Department of Education, District Education Boards and other controlling authorities in relation to their effectiveness and efficiency' (SSC,Part C:19). That statement is a general summation of the four points which followed and though not included in the terms of reference as reported to the public, was considered.

Summary

At the institutional level the Treasury and the State Services Commission were organisationally and ideologically prepared and able to act. Because of the nature of the reforms both agencies had the resources they needed and were, for the period, given high status and Ministerial approval for their activities. This was particularly the case for the State Services Commission which entered two years of confrontation with the teacher

unions over industrial matters. There was little tension between the two agencies and the Department of Education, the only state agency likely to oppose reform, simply because it was itself being totally restructured. Staff were demoralised and made redundant. The two were virtually unopposed in the policy formation processes. Policy formation was not a struggle at the level of the state, there were few intra-state struggles until the writing of *Tomorrow's Schools* when officials from other agencies, the Prime Minister's Department and the Minister's office were also included in the policy formation process.

The agenda, language and concepts of the reform of education administration were well developed as Government policy before the Taskforce met. The policy was the result of an elitist policy formation process in which a small number of officials took part. There were few intra-state limits on the policy formation.

It is recognised that the Picot Report was not a policy document of the state, but it was so closely identified with the Government's wishes and policy that the fact has sometimes been obscured. The Government used the Report to organise consent for the policies it preferred but, as with the unwelcome outcome of the Gibbs Report (1988), it allowed itself room to disassociate itself from the Report's findings if it needed to. The Report is treated as a state policy document in this study because of its close identification with the state at the time.

Whilst the Picot Report was written by the Taskforce, it is possible to contend that given the remarkable consistency of the concepts in the above papers, the fundamental elements of the reform of education administration it would contain could not have diverged from the principles of free market liberalism and been acceptable to the state.

The Taskforce did not inscribe upon a 'blank sheet' the best education administration system possible, as some of the members believed, rather it accommodated and reconciled in the text different goals and discourses. The Taskforce combined the desire

of the Government to persuade civil society that it was broadening the scope for democratic participation in education with the implication that parents would have enhanced control over the work of schools with the desire of state control departments to exercise greater control over education expenditure and to reduce the capacity of workers to resist management with the desire of educationalists to devolve more decision making powers and to remove Education Boards. At the policy formation level the State sought to reorganise the legitimisation process and to organise consent for itself and its policies. The task was to accommodate those goals within the principles and vocabulary of the Report.

The construction of meanings

This chapter follows the framework suggested by Codd (1988) for understanding the role of the policy text in the policy analysis process. Interviews were arranged with people involved in the construction and implementation of the Picot Report. The object was to establish whether or not 'Empirical evidence of a policy document's plurality of meaning can be readily obtained from an examination of the comments made about it by various categories of readers' (Codd,1988:20).

This chapter reports the comments made by three categories of people involved with the Picot Report. Those comments, on five selected passages from the Report (see Appendix E), were obtained by interviews with

Margaret Rosemergy	Wellington College of Education (Taskforce member)
Maurice Gianotti	Department of Education (Taskforce, Executive Secretary)
Dr. Simon Smelt	Treasury (Taskforce secretariat)
Marijke Robinson	State Services Commission (Taskforce secretariat)
Rt. Hon. David Lange	Minister of Education and Prime Minister
Gerry Barnard	Secondary School Boards Association and School Trustees Association

The responses of three categories of readers are recorded in this chapter. The first category comprised the two educationalists, Rosemergy and Gianotti, the second the two state officials, Robinson and Smelt, and the third, representatives of the Government and

the national organisation of Trustees, Lange and Barnard. The first two categories represent people who were present at and responsible for the construction of the Report .

6.1 Passage 1

The first passage is taken from page xi of the Executive Summary of the Picot Report. It is a passage which summarises, in a plain style, the principles and objects of the reform of education administration undertaken by the Taskforce. The passage also appeared in a pamphlet released to the public at the time of the Report's release; it was thus one of the most widely circulated passages from the Report. The passage was chosen because of its function as a summary and because of its language.

2 Features for a New Structure

An effective administrative system must be as simple as possible and decisions should be made as close as possible to where they are carried out. Because the state provides the funds and retains a strong interest in educational outcomes, there must be national objectives and clear responsibilities and goals. To ensure these goals are reached, decisions must be made in a co-ordinated way in a structure in which decision makers have control over the available resources and are then held accountable for what is achieved. Finally, the structure should be open to scrutiny and should promote responsiveness to client demands.

Rosemergy said '*It is hard to answer without actually precisising what is there because it says exactly what we mean, that you go for simplicity and a clear system and that you put decision making as near as possible to the place where they're carried out.*' She added, on the question of national objectives and co-ordination, that '*..they are the logical outcome of the egalitarian philosophy....of our social structure, people all expect to be*

entitled to something that everybody else has.' On the meaning of the final sentence Rosemergy added 'The fundamental image that was in my head all the time was of teachers actually being trained and encouraged and then if all else failed being required to listen both to students and to their parents....that particular requirement came from my involvement with the Curriculum Review which very much depended on an interactive thing....I could produce relentless pages of evidence of the disposition to judge rather than to listen that teachers show....that would have been the point of view I came from I can't speak for what was in the heads of other members of the Taskforce.'

Gianotti took the passage to set out '*..the two major ideas of the Taskforce, a simple structure and making decisions close to where they are carried out....the way the Taskforce dealt with this was to to ask itself one, who has the most interest in the outcome, two, who is going to be most affected by any outcome and three, who has the most knowledge required to make this decision ? Whoever met two of the criteria was where we decided should make the decision. Much to our surprise when we finished we found there was nothing left at the middle, there was no need for a structure there.*' He saw national objectives, clear responsibilities and goals as '*..preventing capture by interest groups and a reflection of New Zealand's transient population,*' and an acknowledgement that '*..you can't say to each community what's important in education is what you think.*' The co-ordinated structure was required because the thrust of reform was to '*..move away from input controls to accountability for outcomes and to require transparency in decision making.*' Accountability in this passage meant '*..if you made a decision you suffer the consequences, thus if the trustees are responsible for the appointment of staff it is their children who suffer, either you gain the benefits or you suffer the consequences that is why only parents of children at the school can be members of the Board of Trustees.*' Responsiveness to client demand meant '*..you can't be accountable for anything you don't have control of..*' and '*..it meant responsiveness to people who have no control. People can't get at the centre or at teachers now.*'

Robinson observed that the passage was consistent with '*..the general framework being adopted by the government for all systems and organizations.*' The passage thus indicated '*..where the accountabilities and responsibilities lay, where the right level of devolution was, its really talking about the organizational structures involved, responsibility and accountability and you can follow that through in the whole organizational development followed by the government.*' She noted that the reforms were carried out by the Government, which was defined as '*..the government and the control systems because the SSC (State Services Commission) talks about the machinery of government while the Treasury talks about the resources.*' The principle in the passage was that '*..devolution was of responsibility over the available resources and then they were held accountable. Accountability must become exceedingly important because before this government started its restructuring nobody was ever held accountable for anything, there was nobody who ever said I own this problem and the Education Department was one of the worst but not the only one.*'

Smelt took the passage to '*..reflect pretty well the sort of thinking and the financial management system that's being introduced generally. That you have clear objectives, responsibilities, decision making concentrated where there is information and accountability.*' He commented that for the purposes of the Government's general reform of administration in the public service, schools provided a structural advantage over other state institutions. '*..there is quite a clear unit which is the school, everybody understands it pretty well and can relate to it so you've got a sort of bloc ready made to build on. So, implicit in there is a view about the nature of the relationship between the government and the funding and targets it wants to set the educational system. And the school as the heart of the delivery mechanism, to some extent representing the customer interests of the children, the parents as agents of the children, that's very much the thinking of the passage and that's how I interpret it....it would be pretty familiar from many kinds of financial management stuff that's around or indeed manuals of good management in the private sector for that matter.*' Accountability meant '*..more than*

making decisions. It's feeling the consequences of the decisions, that's not necessarily just negative, that you go and thump somebody when it goes wrong, they have good reasons to want the decisions to be made..rather than being indifferent or sheltered from significant consequences of the decisions they made, in other words you want the right incentives structure.' The final sentence drew the observation '*..it's very vague there but I think it means both that the governance structure above the school level should be responsive and at the school level it should be responsive to client demands and I guess that means primarily parents as agents of their children.'*

Lange noted that his view of the passage was that '*I assumed that you had a simple administrative structure that devolved to the maximum decisions on the use of resources to where the resources would be applied'* and that implied that '*..you would take away the overlays of administration which enforced umbrella administrative structures.'* The national guidelines meant that '*..that devolution was not by way of total assignment but that those who had the function had to operate within strictly controlled and somewhat authoritarian rules....and that (devolution) tended to be....in terms of the material allocations.'* Responsiveness to client demand meant '*..in a system of public funding you have to have a clearly authoritarian regime for the use of public funds.'* and so '*..responsible to client demands was to be read subject to the qualifications insofar as it is possible given the central authoritarian behest.'*

For Barnard the passage meant '*..decisions should be made in schools because educational decisions are carried out by schools.'* The national objectives were necessary because '*..the state had responsibility to ensure that standards and the education offered in schools was comparable throughout New Zealand.'* Accountability meant '*..that where decisions are made the people making them should be accountable for achieving them, for the results of their decisions particularly because they have control over the resources.'* Responsive to client meant '*Schools should be open structures where parents and the community have some right to ensure the requirements of the community*

are being carried out in that school and the school doesn't become isolated from the community....accountability means to be responsible for something to a certain group.'

Rosemergy outlined the approach used by the Taskforce ' *We used a new way of working which Brian Picot called the blank page approach....if you've got absolutely nothing what would you put back as absolutely essential..*' Earlier chapters of this study have suggested that there could not have been a blank sheet but that the Report was an outcome of the particular historical circumstances and discourses of the time.

The passage set out in a plain prose and simplified form the key concepts of the reform of the administration of education. A reader of the Picot Report who began to read it at the Executive Summary would first read a paragraph setting out brief criticisms of the current education administration system, and would next read this passage. The first sentence of the passage records the agreement of the Taskforce upon two ideal characteristics of any administrative system. It is a 'common sense' proposition phrased as an imperative '*must be*' but qualified by the sensible '*as simple as possible*' and '*as close as possible*.' The verbs '*must be*' and '*should be*' are used throughout the passage to maintain a sense of determined reform. The second sentence identifies that the state's interest in education is restricted to a technical role, there is no acknowledgement of any role for the state in setting and maintaining social or cultural values. The vocabulary of the passage is initially not specific to any discourse, rather it creates a sense of commitment and determination to create a structure all could agree upon. At its end the passage is unable to avoid the technical vocabulary of the market discourse.

This first passage was interpreted in different ways by those involved in writing the Report. Because the meaning of the passage is broad, Smelt terms it '*vague*', those writing the document and those interpreting it were able to take their own meaning from it. To Robinson and Smelt the passage reaffirmed the general thrust of government reform. For Rosemergy it promised a mechanism to change teacher behaviour in

individual instances. For Gianotti the passage provided the rationale for removing Education Boards and for giving primary school principals the same powers and responsibilities as secondary school principals. For the Government it preserved a judicious balance between central control and local autonomy though Lange showed that he was concerned that that balance had been lost sight of. Whilst all interviewed agreed that there must be national objectives, they did not agree on the nature or purpose of those objectives. For example Barnard and Lange saw the state as maintaining a high degree of consistency in every school, whilst Smelt and Robinson saw any national uniformity as limited to the broadest level only. On a populist level the passage could, despite some jargon i.e. '*responsiveness to client demand*', operate as a manifesto for the reassertion of parent power over teachers.

6.2 Passage 2

The second passage is taken from page 4 of the Report. It was chosen because it referred to the goals of 'efficiency' and 'equity', because it promised 'choice' to 'consumers' and because it also promised parental control over their local school. The passage thus combined the objectives of fiscal and structural reform of the Government and the more populist objectives of addressing parental frustration with schools and teachers. The commitment to equity reflected the Government's preparedness to act on social issues such as impediments to the achievement of women in the workforce and maori children in schools.

1.2.2

Choice will involve providing a wider range of options both for consumers and for learning institutions. We detected widespread concern that the delivery of education is failing in significant ways, and we see the creation of more choice in the system as a way of ensuring greater efficiency and equity. Consumers need

to be able to directly influence their learning institution by having a say in the running of it or being able to turn to acceptable alternatives. Only if people are free to choose, can a true co-operative partnership develop between the community and learning institutions.

Rosemergy was clear that choice was not to be unlimited. *'I don't think anyone ever thought that choice meant having everything you wanted and being able to choose from anything like a smorgasbord.'* Her point was that *'..you're choosing within limits, that's been an educational model in new Zealand for a long time.'* Rosemergy acknowledged that the passage could be taken to suggest absolute choice, however the possibility of parents insisting on their views of the appropriate local curriculum being carried out were to be met by a double strategy. First with regard to the taking of control of a school by fringe or single issue groups *'..we didn't see any particular answer to that, we saw that the local level was where the fight ought to take place.'* Second, the close involvement of parents in classroom practices and curriculum planning. *'I accept that one of the risks that comes from this choice is that people assume that they've got choice in areas where they can't, I also assumed that professionals had the knowledge about curriculum and why it was chosen and how it was delivered to be able to defend their choices.'* While Rosemergy accepted that the choices would be within national guidelines she was clear that *'..what we were saying was that you ought to be absolutely able to make choices that are within your power and those may be very small but the act of choosing will in turn be a pebble that starts an avalanche.'*

Gianotti saw the passage as setting out a key principle of the Taskforce. It was founded on the assumption that *'..the only way people can get what they want is to give them the choice.'* Two mechanisms were created to support the creation of that choice. The first was the charter. *'A school can't meet multiple challenges and demands, the Charter writing mechanism is saying to the Community, you sort out what you want, sort out*

some compromises acceptable to you and the school can achieve it. Now the school is in a no win situation, only when 20 parents can't persuade the other 1200 is it that they can opt out.' Gianotti acknowledged that a new power relationship was required between parents and the school. What was needed was *'..a shift in the power balance between the establishment and parents. It was no good exhorting people to be co-operative, partners have to establish a proper equality of power, a proper balance between them, the Taskforce felt the partnership was too unequal..' and that'..'there had to be something available if people didn't listen. Something can be brought to bear on their perspective which makes them want to listen.'*

For Robinson choice in the sense of the passage *'..was new for New Zealand....people don't understand choice in New Zealand because they've never had it, it's always been completely imposed upon them' and '..this battle was fought out at the beginning of this century in Holland, whether the government should fund schools of different character and nature. You have all sorts of schools, they all get government funding but you can go to a grammar school or an institute or you can go to an academic school or a Steiner school. What we meant by choice was that schools can develop and become places of learning rather than places of instruction of certain areas.'* Robinson observed that whilst the passage talks of choice *'..the Minister, then Lange, always made it very clear that there would be a very strong core for everybody and standards....that's why in spite of the fact that its devolved to such a degree there is still a very strong central control. That's the paradox in Picot, devolution yes, but also very strong central control.'*

Smelt clarified that *'..choice is for the individual rather than the learning institution although it would certainly embrace both....the intention was to open up choice for the individual in part by opening up choices for the institution, that is the institution can choose to a greater extent what they do with money or what sort of curriculum they provide....that gives individual parents are greater range of choice either in the school or between schools.'* For Smelt the constraint was the Charter. In his view the charter *'..is*

very much to put constraints or limits around choice in that you've essentially got an exchange with the government providing funds for schools to do what the government expects of them....but the hope was that that be focussed more on outcomes than inputs.'

Lange noted that *'I think the Picot people thought that there ought to be a range of alternatives which the community could embrace but it does not explicitly say that anything like that will be subject to overriding parameters set by some central authority.'* He added *'..those areas which are within the province of the individual Board of Trustees then certainly they should have the power to deal with things in a creative local original way....but it does express it in terms of a license to do what you want to do which of course is not the thesis of Picot or of Tomorrow's Schools.'* In terms of curriculum Lange did not accept that choice applied *'..in the context of curriculum it is clearly not accepted by the government nor was it actually advanced in the general thesis of Picot because you cannot allow the education of a child to be sacrificed on the altar of individual enthusiasms or lusts or philosophies.'* Finally Lange observed that *'..insofar as this passage seems to apply a license to do whatever you want it's clearly inconsistent with the general thrust of Picot and it's to be distinguished from what Tomorrow's Schools did.'*

Barnard believed that the Taskforce *'..saw a great deal of flexibility available in the school to enable the school, to give the community, the parents and the students a wide choice of educational opportunity...I believe in doing this they saw the freedom to choose by parents, community and students in developing a co-operative situation...I believe that wide range of options included curriculum options.'* He saw the final sentence as *'..a reasonable statement in the opinion of the Taskforce of the situation they saw developing as a result of their report.'*

This passage follows the explanation by the Taskforce of how it interpreted its terms of reference, a statement of its understanding of the objectives of the education system and

its identification of four 'Core Values' (Picot,1988:3). It is the first statement of the 'vision' of the Taskforce in the Report. It is a key passage not only because of its position but because it locates the discourses of reform, the market and managerial discourses, within the fundamental core of the Report and because it creates, through its assertion of 'widespread concern', the legitimisation for reform.

The first sentence introduces the vocabulary items 'choice' and 'consumers', while the rest of the passage includes 'delivery, efficiency, equity' and 'free to choose.' As with the first passage the verbs are insistent, thus 'Choice will', 'Consumers need' and 'Only if.' The inclusive 'we' is used to show unanimity in the Taskforce and to suggest the agreement of the reader. The passage begins with the assertion that 'choice' will provide wider options. The second sentence provides the rationale for that assertion. In that sentence a crisis of confidence in education is asserted but the Taskforce does not indicate specific and measurable failures in the education system, rather it asserts that in submissions it received the criticisms it records were made. The third and fourth sentences are the Taskforce's response to the reader's individual concerns. The third sentence rephrases the fundamental principles of the disciplines to be applied to monopoly structures as advocated by the Treasury. The disciplines of incentives, feedback, information and accountability are rephrased in colloquial phrases thus ; 'having a say in the running of it ' and 'able to turn to acceptable alternatives.' The adoption of a colloquial tone and vocabulary is a feature of the style of this Report. The final sentence is similarly a rephrasing, it means 'responsiveness to client demand' but it is phrased as a quasi-democratic appeal to an individual's sense of community. The words are the title of Milton and Rose Friedman's book (Friedman,1980) which has played an important role in applying neo-classical economic theory to education restructuring in America, Britain and New Zealand.

A feature of the reforms noted in this passage was the redefinition of the meaning of equity in education policy. Though equity is mentioned in this passage none of those

interviewed commented upon it. In the passage the redefinition of equity, from meaning equality of access and equality of outcome to a question of the most efficient, meaning both least cost and least ideologically contradictory, means of providing educational goods and services is accepted. Rae (1990) provides a fuller analysis of the degree to which the redefinition of equity ignored the specific New Zealand cultural and educational context and Snook observed that ' The invocation of the term equity is a blatant appeal to local concerns and is in no way a genuine feature of the reforms. To be cynical equity is the dogma used to sell free-market policies to New Zealand ' (Snook,1989:10).

Choice was a key word and concept for the Taskforce but what it meant was not agreed even at a broad level. The argument of the passage was that education was failing, that the provision of choice will correct the failure and that choice will bring the additional benefits of efficiency and equity which are socially desirable goals. Rosemergy saw choice in terms of the existing arrangements and focussed more on the new conflict resolution structures. She took a long view of the effects of the reforms. Gianotti too focussed on the cultural change the Taskforce sought to effect in the traditional social relationship between schools, teachers and parents. Central to his comments were the principles of democratic participation in school policy formation and resource allocation. Gianotti stressed the role of the Charter writing process as a device for mediating between the community and the school. He noted as well the capacity of that process to resolve the Government's legitimation problem. Robinson understood choice in a wider perspective, for her it meant schools of different character and purpose and an end to the national uniformity of New Zealand's school system. Smelt understood the passage to mean that parents would be able to discipline their local school so that if it did not meet their requirements they would be able to shift to another school. For Smelt the Charter represented an agreement between the school and the state ; it was, in his view, a restraint on the local school. Lange accepted that more areas for decision making would be devolved to the local school but he rejected the view that the passage meant that schools

were able to exercise choice in matters of curriculum. Barnard understood the passage to mean more choice at the local school level and that that choice would include curriculum.

6.3 Passage 3

The third passage follows immediately after passage 2 in the Report. It was chosen because it completes the locating of the reform discourses within the language and experience of readers of the Report. This passage is a summary of the principles of the reforms that took place in the state sector and is phrased in the language of the managerial discourse.

1.2.3.

To be responsive to the needs of their students and the community, learning institutions need to be much clearer about their objectives, and to have far more control over their activities and resources. This implies freedom of choice in the mix of services and inputs institutions use, and where they obtain these from.

Rosemergy felt that *'..an objective is always a statement of a goal that you intend to get to stated in a specific enough way that you can see what's required to get there, and its measurable when you do'* and that the passage was so straight forward that it was difficult for her to expand it in anyway. She did note *'..that I went into the exercise expecting to spend a lot of time battling and discovered instead that we used different terminology with underlying similarity of meaning and similar terminology which fitted both circumstances. You'll say I'm a prisoner of the New Right....but when push came to shove....there were a lot of words in common.'* Rosemergy identified her involvement in the Curriculum Review as partly establishing the meaning for her of this passage. She observed that *'..you can't adapt curriculum locally if you haven't got some*

control over your resources..' Rosemergy also had a professional interest in the provision of Special Education services and said *'Special Education also influenced me in the second sentence 'mix of services and inputs' and where they get these from, when you've got them coming from only one angle that's a predestined view..'* Finally she accepted that there were risks in devolution *'The point is that if you have no power to choose you don't know if you are being well served, sometimes you have to make mistakes to find out.'*

Gianotti saw the passage as saying *'..if schools are going to achieve their objectives they need to be clear what they are and...this was this conflict again...the Right and the Left imposing different objectives on the school and never having to discuss them with each other, always arguing directly with the school and the school having to cope with it.'* This is the conflict resolution role of the charter writing process. The passage set out the general principles of accountability thus *'If you're going to be able to respond you have to have some control....you have to have control over what people are asking you to do something about.'* Gianotti explained that *'..how can you expect a primary principal to be responsive to the community if s/he doesn't have any control over appointments ?'*

Robinson saw the passage as meaning *'..schools will be capable of responding by offering far greater numbers of different kinds of subjects so that at any school you can learn mechanics.'* This view extended to an entirely new education system which *'..what education restructuring did and why we carried it through into the post compulsory sector was....that schools were not the place you could only learn mechanics, you could start doing some in school, continue at university or do them at the same time at the technical institute.'* Robinson made a strong point about responsiveness that *'Parents on the whole and especially, well not especially, but certainly also parents of kids in lower socio-economic areas know bloody well what they want, they want their kids to have a good education they want their children to succeed....now they may not know all the theory of the education system but they know who is a good teacher and who isn't and*

they know because their kids come home and tell them.' She gave examples of '*..in Masterton I think it was there are two schools within a block of each other, both half empty. Well they should be put together and it should be according to what the parents and not the government say*' and '*..it has been very difficult to achieve the removal of teachers who actually dampen childrens' enthusiasm for learning.*'

Smelt's response was that '*..this passage is, in financial management terms, the move from inputs to outputs to outcomes. You need to have objectives, you need to be clear about what you're trying to achieve....the idea was that schools steer themselves and through the charter are steered by the government in terms of what they're trying to achieve rather than specifying the minutiae of inputs.*' At the school level it means whereas previously '*I think there were over ten pages of specifications for what should be in a metal working room, if the school wants a metal working room then they should be free to decide how they might equip it.*'

Lange observed that the passage reiterates a consistent theme of the Report, the ability of the school to make decisions over the provision and allocation of some resources within national guidelines and constraints. Thus '*..the only thing missing is that it does not put in the caveat or the explicit statement that the activities and resources are to be consistent with the overall thrust of the curriculum requirement or administrative necessity.*' Lange noted that '*..in the later development of Tomorrow's Schools a wall was put around the ingredients and resources so you couldn't swap a teacher for a lawn mower, you did not have an untrammled right to switch resources to whatever you chose to do.*'

In common with the others interviewed Barnard saw this as a straight forward passage of principle. He identified the main one as being '*..if learning institutions wish to meet their aims and objectives they need to have control over the resources and activities....in resources I'd put staff, buildings, material, education equipment etc and finance also.*'

The passage is set out in the form of a logical argument. The argument is that schools should be responsive to the needs of parents, that parental choice promotes responsiveness and that responsiveness is only possible if the school has the capacity to vary its resources. The vocabulary of the passage is that of the managerial discourse of the State Services Commission characterised by vocabulary items such as 'responsive, objectives, control, freedom, mix of services and inputs.' A feature of the passage is the repetition of the word 'needs' as noun, verb and implicitly as a synonym for the phrase, 'This implies.' The effect is to suggest the necessity for the features identified in the passage. The passage details the incentive and sanction structures which are required to implement a market relationship between schools and parents.

Rosemergy took the passage's meaning as being consonant with her view of the educational needs of the school and parents. She acknowledged that plural meanings were possible but maintained that despite the differences in vocabulary the passage meant that for her the educationally important concepts were preserved. Gianotti took the passage to be restating the role of the Charter as the objective setting and consensus effecting device. He took the passage to mean that the freedom of secondary principals to make appointments and to allocate duties and responsibilities should be applied to primary school principals. Robinson took the passage to mean major reform of the resources and functions of schools. She saw a much wider curriculum being offered at the school level and more openness for students to move between institutions because of the reform of the post compulsory area of education. Smelt took the passage to mean that the reforms being carried out elsewhere in the state sector were to be applied to education. Lange accepted the devolution of some powers of decision making but was clear that the apparent license over all resources was not accepted by the Government. Barnard did not accept the meaning Lange took. He saw the passage as implying the giving of very wide powers to the Trustees that included staffing and salaries.

6.4 Passage 4

The fourth passage is taken from page 6 of the Report. The passage was chosen because it sets out the criteria the Taskforce applied in its critique of the former education administration. The same criteria were then adopted by the Taskforce as the founding principles of the new 'one best system.' The passage is a part of the Taskforce's explanation of its approach to reform. The passage was a populist summary of the intentions of the Taskforce and sought to enlist public support.

Passage 1.3.1

Bearing the above values in mind, we developed four evaluative criteria for assessing both the current system and any new structure that might take its place. These criteria are:

- **The administrative system should be flexible and responsive to individual and community requirements, and be able to adapt to changing needs.**
- **Students, parents and community groups should be able to understand the structure of the system, to participate in decision making, and to influence the system so that it provides the best educational opportunities for them.**
- **Those who work in the education system should be fairly treated and fairly rewarded, and should have the opportunity to develop their abilities.**
- **Those who have responsibility for decision making should be accountable for the decisions they make.**

Rosemergy strongly supported a redistribution of the balance of power between parents and teachers ' *I was particularly attached to the second criteria....because people don't understand the system...I just plain got sick of people getting in touch with me one way*

or another to ask how to find their way in the maze of the Central Regional Office or the Head Office of the Department....to find answers to perfectly simple questions....parents with kids with physical or intellectual disabilities.' The third criteria '*..was intended to be fairly wide, I've always assumed the unions are the custodians of individual and group well-being.'* Taken as a whole Rosemergy suggests '*..the model is one of checks and balances, it is a very American institution type one. You've got that much power and you've got that much and if you each exercise your power it will just about balance out.'* Rosemergy recalls that, though not stated in this form, the four values were implicit in the Taskforce's approach at an early stage.

Gianotti took the four evaluative criteria as the Taskforce's statement of reform principles. Because the Taskforce didn't get '*..all that many responses.'* to their original call for submissions '*..they felt the least they could do in their report was to put down where they stood right from the beginning without any information at all these were some values that they held...they felt they would have been kidding themselves and the reading public if people thought they came to these positions after weighing all the evidence. They were a bit more honest than that.'* The second criteria Gianotti explains '*..in part means yes the school must satisfy the parents demands but there are all those national constraints, the guidelines, the charterso its not open slather.'* The third criteria he saw as reflecting the requirement of state employers '*..to be good employers.'* On the final criteria Gianotti said that '*..the Taskforce took the view that the old Department of Education was not accountable to anyone, despite the annual report to Parliament and reports to the Minister.'* The Taskforce also took the view that '*Teacher organizations, jointly with the department, were making decisions of all kinds and were never ever publicly having to justify that.'* The solution set out in criteria four was to '*..have people who are making decisions, other people have to know they are making them and they have to be able to call them to account for it, to say why did you make that decision?'* The Taskforce took the view '*..that the objectives drive the organization not the other way around.'* Gianotti said that he took the meaning of the final criteria partly from an

observation from Colin Wise that *'I want state schools to behave like private schools, in other words that responsiveness, keeping their antennae tuned to the parents much more than state schools do.'*

Robinson restated the view that reform was about taking power from the centre and giving it to parents. *'We wanted parents to be able to decide for instance whether the school would be run in a certain way, whether teaching should take place in a team teaching situation or in a different situation, things like that....the centre should listen to what happens on the ground.'* She noted, on treating those in the system fairly, that *'..as to whether that is where teachers are at a disadvantage I don't know'* but added *'I am disgusted by the way the PPTA has carried on.'* The final criteria *'..is a management principle.'*

Smelt acknowledged that these criteria were *'..reworked quite a number of times..'* and that they were *'..one of the more difficult bits, not because of disagreement but because of trying to boil it down to a list that covered the four points separately.'* The first criteria meant *'..that you focus on what you're trying to achieve in schools then you don't have any preset ideas about the ways of achieving it. The administration system should be able to accommodate the changing ideas and variety of approaches.'* The second criteria meant that *'If the community's going to be influencing the school they've got to be able to understand it, to have the information in an understandable form and to have a way of influencing it....Parents have got to have some power in the system.'* He said *'..that the Taskforce worried a lot about the capture of a school by some powerful particularly motivated group. Basically my view, and broadly the view of the Taskforce, was that parents have got to have some power in the system to move elsewhere, to vote with their feet, to put some pressure on the school to start meeting their requirements.'* On those who work in the system he said *'..they are partners in the system but the concern was they shouldn't be the dominant partners but equally they can't just be treated as servants or slaves'....so there's that trying to bring the two sides together.'*

Lange saw the criteria as '*Picot's statement*' setting out a desirable authority structure. *The idea was to have a responsive administrative structure which would operate with a minimum need to go back to the sources of delegation. The boards don't have a carte-blanche to handle their affairs.'* The third criteria drew the comment that *'..those who work in the system is a sort of motherhood statement and no-one would disagree, though the PPTA would.'* The final criteria meant for Lange *'..the ultimate democratic thesis....it means they get biffed off the board next time....but it's rather a weak argument.'* He then noted *'..there are various things which monitor the boards and the principle one is the Education Review Office.'* In commenting on accountability Lange said *'..it has been talked about as a peculiar mixture of a sort of grass roots democracy and populism....but it's heavily circumscribed by the central imperative so that insofar as your power to act devolves from the statute, the regulations and the mandate of the Ministry of Education you are elected locally to fulfill a role and will be accountable horizontally at the hands of your community if you are deficient or unpopular and in more objective clinical terms from the central authorities....you cop it both ways on the Board of Trustees.'*

On the criteria Barnard noted that the first meant *'..that the administrative system should be not fixed, it should not be centrally set or nationally guided, it should be local and meeting the needs of the local community.'* The second meant that *'..the administrative system was one the local Board should develop to fit the local community and needs of the school....it shouldn't be dictated from outside, it was a free choice system.'* The third meant *'..quite clearly to me that all staff in the school not suffer in any way for a shortage of resources....it was necessary to place value on the staff....the opportunity to develop their abilities was really saying that if a teacher came into a school which was a different school from the school they had previously been at they had to develop their abilities to meet the needs of the new school situation.'* He felt the final criteria warranted no expansion.

According to the Taskforce the criteria were carefully phrased. Whilst the criteria are

qualified as being generally the features of '...any new structure that might take its place..' they were in fact a description of structures already approved by the Government and very familiar to the officials on the Taskforce. The democratic and educational discourses provide the vocabulary, the economic discourse is almost entirely removed. Thus approbatory words such as, 'flexible, responsive, adapt, community, students, parents, participate, understand, influence' and 'best opportunity' are the main vocabulary items. The four criteria employ the verb 'should be' almost exclusively. The effect of this is to make the list of criteria an appeal to and an affirmation of the reader's own hopes and aspirations. The criteria are presented as being not far removed from common sense notions of how public institutions should function in a democratic society.

The Taskforce members interviewed found the criteria acceptable, that is because the criteria confirmed the meaning they intended them to have. For the educationalists, Rosemergy and Gianotti, the criteria addressed frustrations from the past administrative structures. Rosemergy anticipated that the interests of teachers would be protected by their unions. However the Employment Contracts Bill (1990) will alter the capacity of individual teachers and their union to operate in the manner and through the structures Rosemergy and the Taskforce presumed would exist. The Bill, written by the State Services Commission, makes the goals of the Treasury and the Commission ^s set out in their 1987 briefing papers much more attainable. Gianotti understood the criteria to mean that the central co-ordination of policy development achieved by teacher unions and the Department of Education was no longer possible. Robinson was clear that the reforms meant an end to the central determination of teaching techniques, curriculum, administrative styles and resource allocation. She was not prepared to acknowledge that the third of the criteria might have industrial relations connotations for teachers. For Smelt the criteria were a restatement of the Treasury's prescription for reform (Treasury, 1987: 34-44, 278 and 282). The addition of the acknowledgement of the role of teachers is a change from the criteria previously referred to by the Treasury and

Commission. Smelt saw the solution to parent dissatisfaction with the local school as fundamentally the ability to threaten to take their financial entitlement to another school. This is the form in which a voucher-like structure has been created in the Report. The postponement by the former Government of the implementation of the bulk-funding of teacher salaries indicates that the final model is yet to be completed. Lange understood the passage to mean that the changes to the current administrative system were in terms of the devolution of the legislative responsibility for education to a degree ; he was clear that the responsibility for education remained with the Government. His defining the degree of devolution as the 'need to go back to the sources of delegation' is as specific a definition as any person interviewed was able to offer. He also set out the role of the Education Review Office in the context of the new structure. Barnard focussed on the capacity of the local Board to determine a unique school administrative structure. He did not see the third of the criteria as having an industrial relations focus though he saw it placing an obligation upon a teacher to adjust to the needs of the school.

The passage reflects the view of the control agencies of state that radical teachers had controlled curriculum revision and educational theory and that they had, in consort with the Department of Education, illegitimately deprived parents and children of the education those parents wanted for their children. On one reading the passage was construed as meaning the new administrative structure removed the capacity of Ministers of Education or Chief Executives of the Ministry to initiate and implement curriculum or assessment reform. On another reading the passage meant not a new education system but an adjustment of some of the powers formally held by central bodies such as Education Boards.

Those interviewed could accommodate the four criteria within their own view of what the Taskforce attempted to do. The Taskforce rewrote the criteria from time to time but in the end the level of specificity agreed upon was sufficiently open to accommodate all views. As the four evaluative criteria evolved over the term of the Taskforce they represent a

consensus position and were phrased so as to appeal to a wide public audience. From the interviews it was apparent that the significance of the criteria was known to the Taskforce and to officials. The final wording was a compromise which allowed readers to take different meanings for each criteria.

6.5 Passage 5

The fifth and final passage is taken from page 42 of the Report. It was chosen because it is the clearest attempt in the Report to resolve the apparent contradiction between local choice and central control. Responses were brief to this passage because the subjects felt they had made their points in their earlier comments.

Passage 4.2.4

Local decision making should be within national objectives, which are an expression of the national interest as opposed to purely local interests. National objectives, however, should be broad based, should be clearly expressed as objectives rather than prescriptions, and should allow for the inclusion of local interests, skills and resources where these are not contrary to the national interest. These objectives would cover matters of curriculum, financial management, and social goals.

Rosemergy noted that the phrase '*..should be clearly expressed as objectives rather than prescriptions is the really tricky bit. Education hasn't needed to be in the management mode before....the relative affluence of the sixties and seventies have by and large meant a chequebook approach....it's a great shame that we've had to discover objectives as incomes are nose diving nationally but I suppose it's inevitable.*'

Gianotti saw the passage thus '*..we wanted the teachers, within the broad objectives, to be able to use their own skills and resources and the resources of the community so that*

the curriculum was not so tied down.' The national objectives were to avoid '*capture by fringe groups.*' of the school, the charter or the curriculum. Gianotti was confident that '*national objectives meaning a particular set of management practices never came into the Taskforce's thinking.*'

Robinson saw the passage as meaning '*standards should be national and they should be in core subjects*' and that national meant '*everybody receives the same standard*'. Robinson saw the passage as setting out the Taskforce's wish that '*we wanted to have only the outline of the curriculum developed at the centre, only the objectives and the standards that had to be reached then to leave it to schools and other people to develop curricula and prescriptions....we realised that that would be controversial that was slightly idealistic and I see a lot of difficulties however it is damn well possible.*' The benefit of this for the curriculum was '*that the resources, instead of going to the Ministry would be available to people on the ground.*'

Smelt understood the passage to mean '*if the government is putting funding into schools it must be expecting some public interest or national interest that needs to be reflected in the way the funding is used, otherwise it wouldn't be doing it.*' Because '*everybody on the Taskforce was well aware that we are not talking about an homogeneous mono-cultural nation anymore..one expects to see, within those national objectives, at the local level a lot of variety.*' He took prescription to mean '*a prescription is more detailed (than a national objective) and more likely to focus on the means or mechanisms of achieving an end rather than the end itself.*'

Lange reframed the passage in this way '*the delegation from central authority is to operate locally as intimately and as responsively as you can within the local setting in terms of the mandate you get from an authority which should be there in a benignly autocratic way to provide protection to the child against local excesses.*' It was '*a pretty statement which is designed to maximise the local view against what have to be the*

imperatives ordained by central government.'

Barnard believed that what the Taskforce was saying was '*...that local decision should not be completely free, that local decisions could only be made within a restricted area...I believe that the area has become so restricted now that the purpose of local decision making has almost been lost.*' His view was that there was an agreed goal to the proposed reforms '*It was quite clear that a learning institution could be completely free and unrestrained in making its choices and laying down its objectives but one would have thought there would have been a broad commonality or broad set of common objectives within each school. This implied a balance between the two, I can only say that I believe the balance has gone too far the wrong way at present.*' On the social goals Barnard observed '*...the school should have sufficient finance and resources to enable one to teach a curriculum that was suited to the socio-economic situation of the school, the aims of the parents and the school but the national curriculum and national financial formula have restricted this very much. 4.2.1 has brought in restrictions which don't enable 1.2.3 to be implemented.*' Barnard felt that '*...the freedom of local institutions has become a matter of politics rather than a matter of education, the politics of to what degree the government of the time will allow the individual learning institution to vary from a common pattern in its curriculum aims and objectives and the finance made available centrally.*' He felt that '*...the Picot Report was to a degree business oriented, the conducting of a local enterprise....that Picot saw more ability for the local group to be able to raise finance....but the degree of centralised control has now become more direct and more political has very much limited the intention of the Picot Taskforce.*'

The dominant verb form in this passage is 'should' reinforcing both the apparent common sense of the proposals and making opposition to the new structure more difficult to imagine. The passage accepts national objectives as limits upon local autonomy but attempts to limit the capacity of national objectives to limit local autonomy by maintaining that no details, or 'prescription,' should be given in those objectives. The passage accepts

that curriculum and social goals would be set nationally.

Rosemergy took the passage to mean that a more managerial approach to education was required because of a fiscal crisis. She acknowledged that there could be difficulty in understanding the passage. Gianotti saw the national objectives as providing both safeguards and room for local variation. Robinson saw national objectives as being attainment standards, the detail of the curriculum were to be negotiated locally with the power to decide vested in the Board of Trustees. In her preferred structure there would be no curriculum resources located in a central authority as is the model that operates in New Zealand. Smelt took the passage to set out the necessary, in terms of the economic discourse, relationship between state funding of education and the line of accountability. Smelt's comments reflect the view that there is no a priori reason for the state provision of education. Smelt's use of the term 'prescription' is narrower than its meaning in curriculum planning and may be seen as an attempt to construct a new meaning for the term in order to legitimise the definition of 'objective.' Lange identified the passage as strategy to persuade the reader that local authority might override central controls, he rejected that construction. Lange identified both the meaning and rhetorical function of the passage. Barnard understood the passage to mean that local decision making could not be absolutely free of central control but he rejected that as not being what the Taskforce intended. In Barnard's view the reform process had increased the politicisation of education policy. He took the passage to be a restriction of the goals of the Picot Report.

Summary

Those interviewed were some of the participants in the writing of the Picot Report. Their explanation of the meanings they took from the five passages shows both differences and consistency. The different meanings reflect the differing perspectives, agendas and emphases each participant brought to the Picot Committee. Smelt took an economic view of the passages and in each case situated the meaning of the passage within the

framework of the Treasury's reform agenda and vocabulary. Robinson used each passage to stress her vision of the diversified education system she believed New Zealand needed. Robinson saw the organisational principles expressed in the managerial discourse as leading to local diversity and preventing the central control of educational provision and policy formation. Rosemergy consistently used the principles of teaching and learning and improving the relations between teachers and students as her touchstone. Her language featured educational terms and concepts. Rosemergy was aware of the New Right and of its discourses but said that she believed the differences in vocabulary did not finally amount to a difference in meaning. Ramsay, a member of the Taskforce not interviewed in this study, drew attention to the impact of the New Right on the Picot Committee when he identified Smelt as the Treasury officer who '..attempted to exert pressure on the committee to propose policies for the primary and secondary school sectors in line with New Right thinking' (Boston,1990:206). Gianotti saw each passage as explaining how the new administrative structure would function. He had a clear vision of the failure of the former administrative system and a clear vision of how the new one best education administration system should operate. A theme in Gianotti's interpretation of the passages was the reform of the administration of primary school administration so that it was more akin to the structures at the secondary level. Lange could usually give two meanings for each passage. He could give the meaning he understood the Government intended and then the meaning those who sought to go further would take from the passage.

The final wording of the Picot Report was a the result of negotiation between the participants. Those members of the Taskforce who took part in this study, and the two other participants, took different meanings from the passages.

Chapter seven

Conclusion

The 1984 Labour Government undertook a restructuring of the New Zealand economy in order to reduce unemployment. Its strategy was to reduce inflationary expectations through tight fiscal policy and to remove the need for government borrowing to finance deficits. A twin strategy was adopted in the latter case. Activities of the state were reduced through corporatisation or privatisation and, in the area of welfare state provision, policies of user pays or private provision were developed. As the government approached the 1987 election it announced its intention to review the administration of education. The significance of that review and the context it came from are detailed in the second chapter of this study. The chapter sets out the historically specific educational and political policies and events that formed the context within which the Report was initiated and completed.

The central concept of this study is legitimation, how the state acts through its policy formation processes to organise mass support both for its policies and for the form of government it represents. The third chapter is an account, gathered from the recollections of some of the participants, of the experiences, ideas and perception of events they had as they participated in the construction of the Picot Report. The study takes the Picot Report as the state's 'structural' policy response to a fiscal crisis (Offe, 1984) and illustrates how it managed the policy formation process.

Reform of the machinery of government, and of policy formation processes in particular, was a feature of the advice of the Treasury (1984) to the incoming government. That advice is examined in chapter four. This study shows that the government adopted a technocratic and managerial approach to policy formation, responses explained by Offe (1984) and Dale (1989). Two features of that approach were first the determination to

ensure that teachers and former employees of the Department of Education had no access to the policy formation process and second that the elitist (Oliver,1987) policy formation process enabled officials of the control state agencies to influence the Taskforce. The study shows how co-ordination between the Treasury and State Services Commission was able to establish the agenda of reform. The Treasury's 1987 critique of education is set out in the fourth chapter to illustrate the capacity of a state agency to determine and control the agenda for reform. The 1987 critique situated the Treasury's economic discourse within an educational discourse and so provided the language within which public discussion of educational policy would be carried out.

The fifth chapter provides a description of the contribution of the State Services Commission to the Picot Report. The Commission applied the managerial discourse that was a feature of the reform of the public service to education. Those reforms were to ensure that senior public servants were more responsive to the needs of the government of the day than they had previously been. The managerial ethos of the Commission supported the Treasury's policy that wherever possible in state provided services, the structural disciplines of the market should apply. The study shows how that principle was reflected in the structures of the Picot Report. The concept of the charter as an enforceable contract between the parents, school and government, the concept of the principal as a Chief Executive, the proposal that all school funding should be devolved to the school and principal and the recommendation that zoning be removed, were all examples of an intention to create rewards, sanctions and lines of accountability in the new 'one best system' that would ensure that as near as was possible, education would operate in the manner of the market. The study also shows that structural reforms were made within the central state to remove the capacity of teachers to influence policy formation. The state financed two national organisations, the School Trustees Association and the Parent Advocacy Council, to counter the interests of teachers.

In chapter six the study turns to the role of the policy document. Policy formation is a

central mechanism by which the state secures legitimation. The preparation, use and effects of a policy document contribute fundamentally to the securing of mass support for government policy. This study applies a materialist concept of language to the Picot Report and records the different meanings different readers gave to extracts from the policy text. The responses of those interviewed shows that even the people most closely associated with the Report give differing meanings to the same extracts. As was indicated in chapter six, the responses of the readers to the text followed the policy orientation and reform agenda they brought with them to the Taskforce.

The government used the Taskforce to test likely public support for reform before it determined the details of those reforms in *Tomorrow's Schools*. Given the historically specific context of the establishment of the Taskforce and the strength of the controlling state agencies at that time, this study suggests that the policy recommendations of the Picot Report could not have diverged from the principles of the market and been acceptable to the Government. Public support was secured for the policy through the ambiguity of the Report. The writers of the Report acknowledge that they were aware of the ideological struggle the writing of the Report entailed and they were aware that different meanings would be taken from different passages. It is the constitutive power of discourse that links the production and management of the Picot Report to the securing of mass support for the government through the struggle for ideological hegemony in civil society.

Whilst this study is an account of the writing of the Picot Report it is not a full account. The responses of Brian Picot, Colin Wise, Whetumarama Werata and Peter Ramsay are not recorded. More members of the Taskforce were not interviewed than were interviewed because of the wish to interview a sample of participants and because of the convenience of interviewing in Wellington. The description of the construction of the Report is a first account and relies largely on the recollections of Gianotti, Ross and Rosemergy.

One feature of this study was its proximity to the event. Caution is required when the detailing of events is undertaken before they are over and when that detailing is carried out by a person close to the events. There are no other accounts of the Picot Report yet, but further studies are needed to illuminate different facets of a complex policy process. The records of the Taskforce were not used to a great extent in this study because they were not then available being still secured during the dissolution of the Department of Education. Whilst these shortcomings are obvious it was not the focus of this study to provide a full account of the construction of the Report. The somewhat narrower scope of this study was to describe the historically specific context and discourses from which the Report was constructed and to then test empirically the production of meanings from the Report. That test was limited to a sample of readers.

There were advantages in gathering information relatively close to the time of the Report's construction. Those interviewed had little difficulty recalling details though there was confusion over the number of meetings of the Taskforce. What is lacking in this account is some comment about the politics of the Taskforce. The actions of the officials is described but a more complete understanding will come from research into the attitudes and contacts between Brian Picot and David Lange, or his officials, over the course of the Taskforce.

The reform of education in New Zealand followed similar reforms in America and Britain. The economic principles of reform of the Treasury and the government were also a feature of the monetarist economic policies followed in America and Britain. As Appendix D shows, the Picot Report was not the first report in education and was not the last. The struggle over policy did not end with the release of the Report as is touched on briefly when accounting for *Tomorrow's Schools*. The *Lough Report* was a later attempt to ensure that the economic principles of reform were pursued.

In its *Economic and Social Initiative* announced in December 1990, the new National

Government's Minister of Education was given the task of carrying out a series of reviews of education spending. These reviews, to be conducted by officials of the Treasury, State Services Commission and Ministry only, have as their object, further restructuring of educational agencies and the effecting of further cost savings. The new government has claimed it faces a major fiscal crisis and that state spending must be cut. Whilst the review process may partially legitimise education cuts, it does not address the wider needs of legitimation. The Picot Report secured public support through its rhetoric of devolved control to local communities as a solution for rising youth unemployment. That promise created an alliance between parents and the government. These reviews have no such promises and are more likely to result in an alliance between teachers and parents.

The Picot Report signalled a new ideological settlement in education but it did not have long to become established before serious criticisms emerged. Educational reforms were promised by the new government and their effects are yet to be seen. This study suggests that the Picot Report satisfied the need for legitimation only briefly and that the new government faces a further crisis in education policy. Whether mass support for the system of government will continue remains to be seen. This study demonstrated that different readers took different meanings from the policy document. As the account of the writing of the Report showed, the final policy text was an attempt to reconcile the differing reform goals of the Taskforce's members and the goals of the officials in a language that would produce the desired meaning for a reader. The Report is ambiguous and that ambiguity is a reflection of the ideological nature of the policy document. The study suggests that a critical policy analysis can extend understanding of policy formation.

Appendix A :

Record of meeting dates of the Picot Taskforce as supplied by the Residual Management Unit of the Department of Education, 19 March, 1990.

1987

July	31	Friday
August	17	Monday
September	15	Tuesday
October	16	Friday
November	18,19,20	Wednesday, Thursday, Friday
November	25	Wednesday
December	11	Friday

1988

January	26,27,28	Tuesday, Wednesday, Thursday
February	17	Wednesday
February	25,26	Thursday, Friday
March	16,17,18	Tuesday, Wednesday, Thursday
March	23,24,25	Tuesday, Wednesday, Thursday
April	8,9	Thursday, Friday
May	9,10	Sunday, Monday.

Note: 25 days.

Report released 12.30 p.m. Tuesday, May 10 1988.

Appendix B :

Extract from a speech by Roger Douglas to the Mount Pelerin Society 25 November 1989

Ten Principles For Politically Successful Structural Reform

The New Zealand Government's recipe for using quality policies to combine successful structural reform with electoral success can be summed up in ten key principles which underlay our strategies:

- * Quality decisions start with quality people. Moving quality people into strategic positions is a prerequisite for success.*
- * Implement reform by quantum leaps. Moving step by step lets vested interests mobilise. Big packages can neutralise them.*
- * Speed is essential. It is impossible to move too fast. Delay will drag you down before you can achieve your success.*
- * Once you start the momentum rolling, never let it stop. Set your own goals and deadlines. Within that framework consult widely in the community to improve detailed implementation.*
- * Credibility is crucial. It is hard to win, and you can lose it overnight. Winning it depends on consistency and transparency.*
- * The dog must see the rabbit. Adjustment is impossible if people don't know where you are going. You have to light their path.*

- * *Stop selling the public short. Voters need and want politicians with the vision and guts to create a better future.*

- * *Don't blink or wobble. Get the decisions right, and front up. Confidence often rests on your own visibly relaxed composure.*

- * *Opportunity, incentive and choice mobilise the energy of the people to achieve successful change. Protection suppresses it. Get the framework right to help everyone act more effectively.*

- * *When in doubt, ask yourself: 'Why am I in politics?'*

Appendix C :

Analysis of the bibliography of Picot Taskforce

<u>CATEGORY</u>	<u>ITEM NUMBER</u>	<u>TOTAL ITEMS</u>	<u>PERCENTAGE</u>
Vouchers	1,2,3,4,5,7,8,9, 10,11,13,14,15, 16,17,18,24,39 [21]	18	13.7
OECD, Human Capital	19,35,36,45,57, 92,93,94,95,96	10	7.6
Social Issues	12,61,79,83,106 112, [59]	6	4.5
Business views	20,21,22,67,[91]	4	3
SSBA EBA	44,48,58,104,116 [59]	5	3.8
Treasury	54,68,69,111	4	3
SSC	74	1	0.7
NZCER	108 [112]	1	0.7

others	47,59,76,80,84 85,126	7	5.3
UK Bill	71,72,73,91,100 101,102,103,105, 107,117,118,119 120,121,122,123 124,125,127,	20	15.2
School Reform	6,23,25,26,27,64 78,82,86,87,88,89 90,99,110,114,115 130, [29, 100]	18	13.7
Department of Education	28,40,41,42,43,50 51,53,56,62,63,65 66,75,81,97,113, 128,129	19	14.5
Government Reports	29,30,31,32,33,34 37,38,46,49,52,55 60,70,77,98,109 131, [2	18	13.7
<u>TOTAL ITEMS IN BIBLIOGRAPHY</u> =		131	= 99.5 %

Appendix D

Education reports

- 1988 (April) The April Report : Volumes I- V, The Royal Commission on Social Policy.

Assessment reports

- 1985 (May) First Report of the Committee of Inquiry into Curriculum, Assessment and Qualifications in Forms 5 to 7.
- 1986 (June) Learning and Achieving : Second Report of the Committee of Inquiry into Curriculum, Assessment and Qualifications in Forms 5 to 7.
- 1989 Assessment for Better Learning : A Discussion document.
- 1990 (August) Tomorrow's Schools : The Ministerial Report on Assessment For Better Learning. (Project ABLE).

Curriculum reports

- 1984 A Review of the Core Curriculum for Schools
- 1986 (July) The Curriculum Review 1986 : A Draft Report Prepared by the Committee to Review the Curriculum for Schools.
- 1987 (early) The Curriculum Review : Report of the Committee to Review the Curriculum for Schools.

- 1988 (late) National Curriculum Statement : A Discussion Document for Primary and Secondary Schools.
- 1990 (September) The New Zealand National Curriculum Objectives (Draft only).

Primary and secondary education reports

- 1986 The Report of the Committee of Inquiry into the Quality of Teaching.(Scott Report).
- 1988 (May) Administering For Excellence : Effective Administration in Education. Report of the Taskforce to Review Education Administration. (Picot Report).
- 1988 (August) Tomorrow's Schools : The Reform of Education Administration in New Zealand. (Tomorrow's Schools).
- 1988 (September) Twenty Thousand : A Summary of Responses to the Report of the Taskforce to Review Education Administration.(Twenty Thousand).
- 1990 (April) Today's Schools : A Review of the Education Reform Implementation Process.(Lough Report).

Early Childhood Education reports

- 1988 (August) Education to be More : Report of the Early Childhood Care and Education Working Group.(Mead Report)

1988 (December) Before Five : Early Childhood Care and Education in New Zealand.

Tertiary Education reports

1987 The report of a ministerial working party : The management, funding and organisation of continuing education and training. (Probine/Fargher Report)

1988 (July) Report of the Working Group on Post Compulsory Education and Training. (Hawke Report).

1989 (February) Learning For Life : Education and Training Beyond the Age of Fifteen.

1989 (August) Learning For Life : Two. Education and Training Beyond the Age of Fifteen : Policy Decisions.

Appendix E

Interview materials and processes

The material for the responses to the passages was gathered by interviews with :

Marijke Robinson who represented the State Services Commission on the Picot Taskforce secretariat and the subsequent Tomorrow's Schools officials-only writing group.

Simon Smelt part author of the Treasury's 1987 Brief to the incoming Government Government Management, Volume II. Smelt represented the Treasury on the Picot Taskforce secretariat and the subsequent officials-only writing group for Tomorrow's Schools. Smelt chaired the Officials Working Group on Occupational Regulation which investigated and heard submissions on teacher registration.

Maurice Gianotti who was the Executive Secretary for the Picot Taskforce and subsequently became the Chief Executive of the Education Review Office.

David Lange who was the Prime Minister and Minister of Education.

Margaret Rosemergy a member of the Picot Taskforce, formerly a member of the Curriculum Review and subsequently a member of the Teacher Registration Board.

Jerry Barnard formerly the long serving Secretary of the Secondary School Boards Association, a member of the employer's negotiating team in the secondary codification exercise of 1989 and the subsequent award round of 1989-90. Barnard was, at the time of the interview, the acting National Secretary of the new School Trustees Association

All participants were available in Wellington. The six participants were chosen as representatives of three categories of readers, a variety required to test the thesis that plural readers of a text would provide plural meanings. There was an advantage seen in interviewing people as close as was possible to the construction of the Picot Report because it would increase the likelihood of there being agreed meanings.

Each person was contacted by letter, a copy follows, and an appointment made for a structured interview of approximately 35 minutes. The interview was recorded and later transcribed. Interviews were selected as the best means of gathering the required information because the participants own spoken language was required. The subjects could give no more than half an hour from their timetables and an interview offered the best means of gathering the information required.

The passages used in the interviews were selected because of their representative nature and because of the language features they showed. The passages contained key ideas of the reforms and offered the participants an opportunity to express in their own words, the meaning they took.

The interview began with a brief explanation of who I was and the reason for the interview. This information was provided at the time of making the appointment but it was repeated. Because I was employed by the Post Primary Teachers' Association, the secondary teachers' union, I was potentially known personally, by inference or by association to all of the subjects. There was a danger that that association might interfere with the gathering of the data. It was important therefore that my role and purpose in the interviews be clear and that the subjects be reassured that I was not in any way exploiting the opportunity or situation. That reassurance was helped by my providing copies of the questions to be asked, by limiting them and by the practice of not following up points that might have been of interest to my professional role as an advisory officer during the interviews. Until the questions had been answered I made no attempt to clarify or dispute

any answers. That approach reassured those participants who were cautious about the interview; the others needed no reassurance partly because of the strength of their commitment to the Picot Report.

A small card with the passage printed on it was given in advance of each question and the subject given time to consider the passage. The question was then asked and the reply recorded on a small personal tape recorder. This procedure was repeated for the five extracts. At the end of the interview there was usually a brief discussion about relevant matters that had arisen. Those matters were not included in this study.

Extracts from the Picot Report used in interviews.

Features for a New Structure

An effective administrative system must be as simple as possible and decisions should be made as close as possible to where they are carried out. Because the state provides the funds and retains a strong interest in educational outcomes, there must be national objectives and clear responsibilities and goals. To ensure these goals are reached, decisions must be made in a co-ordinated way in a structure in which decision makers have control over the available resources and are then held accountable for what is achieved. Finally, the structure should be open to scrutiny and should promote responsiveness to client demands. (Picot,1988:xi)

Choice will involve providing a wider range of options both for consumers and for learning institutions. We detected widespread concern that the delivery of education is failing in significant ways, and we see the creation of more choice in the system as a way of ensuring greater efficiency and equity. Consumers need to be able to directly influence their learning institution by having a say in the running of it or by being able to turn to acceptable

alternatives. Only if people are free to choose, can a true co-operative partnership develop between the community and learning institutions.

(Picot,1988:4)

To be responsive to the needs of their students and the community, learning institutions need to be much clearer about their objectives, and to have far more control over their activities and resources. This implies freedom of choice in the mix of services and inputs institutions use, and where they obtain these from. (Picot,1988:4)

Bearing the above values in mind, we developed four evaluative criteria for assessing both the current system and any new structure that might take its place. These criteria are:

The administrative system should be flexible and responsive to individual and community educational requirements, and be able to adapt to changing needs.

Students, parents and community groups should be able to understand the structure of the system, to participate in decision making, and to influence the system so that it provides the best educational opportunities for them.

Those who work in the education system should be fairly treated and fairly rewarded, and should have the opportunity to develop their abilities.

Those who have responsibility for decision making should be accountable for the decisions they make. (Picot,1988:6)

Local decision making should be within national objectives, which are an

expression of the national interest as opposed to purely local interests. National objectives, however, should be broadbased, should be clearly expressed as objectives rather than prescriptions, and should allow for the inclusion of local interests, skills and resources where these are not contrary to the national interest. These objectives would cover matters of curriculum, financial management, and social goals. (Picot,1988:42)

Question asked at the interview

What did the Taskforce mean in this passage ?

Letter given to each person interviewed

Hamilton Rd

Wellington 3

Dear

Thankyou for agreeing to speak with me. My name is Ken Wilson and I am an extra-mural student of Massey University where I have been enrolled in the Master of Education Administration programme since 1986. This year is my final year. My course for this year is a thesis which records and comments on the processes which lead to the writing of the Picot Report.

I would like to talk with you about the Report because of your role in its preparation, presentation or reception. I have some questions to ask so the interview might take not more than thirty minutes. I will hand you five extracts from the Picot Report set out on cards and ask you three questions about each one. I plan on talking to six people, including you.

My shorthand is not up to listening and writing so I propose to record our conversation and work from a transcript. I will attach those parts of the transcript that I use to the thesis but the rest will stay with me. I would be happy to send you a copy of what you said if you wish.

We have confirmed a time for the interview so I look forward to meeting you and hearing your recollection of the process.

Yours faithfully

Ken Wilson.

ph. etc.

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