Tomorrow's Schools: Today's Industry.

Economic agendas and competitive forces in global education:

New Zealand and South Korea.

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Abstract

Over the last four decades, education has been moving away from being not just a national or state responsibility, but also a tradable commodity, with its design, funding, pedagogical content, and resourcing closely linked to trade and industry. This thesis posits that education industries in both New Zealand and South Korea are manifestations of the long-term effects of a global mantra of competition and economic trade agendas and/or policies that the United States of America, the World Bank, and the IMF have strategically developed and implemented since the 1980s. This competitive mantra has been influential in growing the 'shadow' education industry in South Korea that flourishes alongside the egalitarian state school-system deemed, to be in 'crisis' or 'collapse' since 1999. The result is societal pressure for Korean students to spend many hours of intensive after-school study at huge financial and social cost to families. A number of Korean parents have sent their young children abroad for educational sojourns since 1999, with many thousands being enrolled in New Zealand's state schools as foreign fee-paying students (FFPS) and, thus, becoming part of New Zealand's 'billion-dollar' export education industry. This thesis argues that further 'shadow' industry activity, particularly in the guise of public-private partnerships (PPPs), is increasingly being spread into the state-schooling sectors of countries, including New Zealand, that have accepted education policies and 'good ideas' from the World Bank and the OECD. Consequently the potential is high for there to be a surge of competition and credentialism that will facilitate further private investment in education and ultimately create similar pressures to those already experienced by Korean students. With New Zealand's support of the WTO general agreement on trade in services (GATS), its continued participation in global tests, such as the OECD Programme for International Assessment (PISA), and legislation in place for charter schools and public-private partnerships, it appears that a restructuring of education or a global education reform movement is already well underway.

Acknowledgements

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Abbreviations

ACG	Academic Colleges Group
APEC	Asia Pacific Economic Cooperation
AMF	Asian Monetary Fund
APMRN	Aoteoroa/New Zealand Asia Pacific Migration Research Network
ASP	After School Programme
BOT	Board of Trustees
BSM	Beginning School Mathematics
CBS	Columbia Broadcasting System
DDD	Dirty Dangerous Demeaning
EEC	European Economic Community
EFF	Extended Fund Facility
EPIK	English Program in Korea
ERP	Education Reform Proposals
ENZ	Education New Zealand
ERO	Education Review Office
ESL	English Second Language
FFPS	Foreign Fee-paying Students
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GERM	Global Education Reform Movement
GFC	Global Financial Crisis
IBRD	International Bank for Reconstruction and Development
ICT	Information Communication Technology
IIE	Institute for International Education
ILO	International Labor Organization
IMF	International Monetary Fund
INSEAD	Institut Européen d'Administration des Affaires

IRD	Inland Revenue Department
KBS	Korean Broadcasting Service
KCCI	Korean Chamber of Commerce and Industry
KEDI	Korean Education Development Institute
KERIS	Korean Education Research and Information Service
KFTA	Korean Federation of Teacher Associations
KICE	Korean Institute of Curriculum and Evaluation
KIF	Korean Institute of Finance
KMOEHRD	Korean Ministry of Education and Human Resource Development
KNZBC	Korea New Zealand Business Council
KORETTA	Korea English Teacher Training Assistant
KOTESOL	Korea Teachers of English to Speakers of Other Languages
KTU	Korean Trade Union
LTBV	Long Term Business Visa
MEST	Ministry of Education Science and Technology
NAEP	National Assessment of Educational Progress
NAFTA	North Atlantic Free Trade Agreement
NEA	National Education Association
NEST	Native English Study Teacher
NIC	Newly Industrialised Countries
NZBRT	New Zealand Business Round Table
NZCF	New Zealand Curriculum Framework
NZEI	New Zealand Educational Institute
NZIEM	New Zealand International Education Marketing Network
NZPA	New Zealand Press Association
NZQA	New Zealand Qualification Authority
NZVCC	New Zealand Vice Chancellors' Committee
OECD	Organisation for Economic Cooperation and Development
OKF	Overseas Koreans Foundation
PIN	Public Information Notice
PISA	Program for International Student Achievement
PPP	Public Private Partnership

PPTA	Post Primary Teachers Association
PTE	Private Training Enterprise
ROK	Republic of Korea
SABER	Systems Approach for Better Education Results
SAP	Structural Adjustment Programme
SOE	State Owned Enterprise
SNU	Seoul National University
TOEFL	Test of English as a Foreign Language
TOEIC	Test of English for International Communication
UNESCO	United Nations Educational Scientific and Cultural Organisation
USAMGIK	United States America Military Government In Korea
UNC	United Nations Command
VER	Voluntary Export Restraint
WIN	Whip Inflation Now
WTO	World Trade Organisation

Chapter 1

Introduction

"Education is the most powerful weapon which you can use to change the world."

Nelson Mandela (2003)[1]

In the late 1990s many Asian fee-paying students began arriving in New Zealand to purchase English language tuition and/or general study courses. By 2001 an 'export-education industry' was providing over a billion dollars of annual export earnings to New Zealand's economy.[2] Many young South Korean children effectively became 'government-approved commodities' within this industry when their parents enrolled them in New Zealand state schools.[3] The uniqueness of this school-age industry is that it is only driven and funded by the decisions and choices of the Korean families, not the children themselves.[4] As this thesis will demonstrate, parents purchasing education for their young children in another nation's schooling system is symbolic of what can occur when free-market pressures, economic agendas, competitive forces, and consumerist desires buffet traditional educational environments.

Moreover, education, when treated as an economic service, will always be controversial, all the more so when it is labelled as an 'industry' and endowed with

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[1] *Lighting your way to a better future*. A Speech delivered by Mr N R Mandela at launch of Mindset Network University of the Witwatersrand Johannesburg South Africa Wednesday,16 July 2003. The speech transcript is online at: http://db.nelsonmandela.org/speeches/pub_view.asp?pg=item&ItemID=NMS909&txtstr=education%20is%20the%20most%20powerful

[2] At the end of 2001 the income received from export education market was estimated to have reached one billion dollars, according to a New Zealand Government press release by Associate Minister of Education (Tertiary Education) Steve Maharey, (Maharey, 2002, April 23). Levy to fund strategic development for the export education industry. Retrieved from http://www.beehive.govt.nz/release/levy-fund-strategic-development-export-education-industry

[3] For the purpose of this thesis South Korea will hereafter be referred to as Korea. Historically the Korean Peninsula was unified as Korea but since 1953 the land has been divided into two parts: the Republic of Korea (South Korea) and the People's Democratic Republic of Korea (North Korea).

[4] For this thesis school-age is defined as being from 5 years to 18 years of age.

contextual language more associated with factory-based production and manufacturing than traditional social areas. An industry has many lenses it can be viewed through, and many interpretations as to what the actual workplace may be, or what is being constructed or produced. Perceptions and meanings can literally be worlds apart, as shown in the following situation I witnessed in Seoul when I was a participant at a meeting in 2002.

> *A private English language institute owner in New Zealand spoke to delegates about New Zealand's successful 'billion-dollar export education industry'. At the end of his speech, a Korean dignitary responded in anger and challenged his use of the word 'industry'. Showing high emotion, he thumped his hand on his heart and spoke of education only ever being 'of the heart', and never 'blue collar' like an industry in Korea. (M Innes, memoirs of Korea)* [5]

The reasons for labelling New Zealand's education services that were being sold to overseas students as an industry, no matter what the age level, has never been adequately explained. Nor has the use of this industrialist terminology changed since it first appeared in common use in New Zealand after 2000. To make matters worse, a lack of information about the niche school-age Korean market and any associated parallel 'for profit' markets has allowed myths and assumptions to flourish. Although statistically measured for over a decade, the Asian participants inside New Zealand's education industry have never been given a human face or a human narrative. Little has been known of how the New Zealand government, Koreans resident in New Zealand and overseas Koreans have navigated entrepreneurial pathways around what this thesis will show as 'malleable' laws and visa regulations in both countries in order to grow the education market. In this respect, an evaluation and separation of compulsory and post-compulsory education is long overdue.

While each nation's school-age education industry appears at first to have no connectivity or similarity, analysis undertaken for this thesis nevertheless confirms

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[5] This situation happened at a joint meeting of the Korea New Zealand Business Council (KNZBC) in Seoul in 2002. For additional information on the activities of the KNZBC refer to the website. Retrieved from http://www.koreanzbc.co.nz/ko/about-us/membership-profiles

many common influential factors do exist, albeit in different ways and/or at different times. In general New Zealand and Korea are seen as modern democracies, with both holding membership of the OECD as a 'developed nation' and equally influenced and affected by global events. Just as America, Britain and New Zealand share a colonial history in Western ideology and culture, Korea similarly shares a colonial connection and thousands of years of history with China and Japan.

To deconstruct the origins and operation of New Zealand's export education industry and the parallel private education industry in Korea, and to ascertain the degree of involvement of America's 'hidden hand', it is essential to look back and analyse relevant factors and events that have contributed to, or changed the value of education from being 'of the heart' to 'of the wallet'. Each country is considered within the same period of global change and sixty year time period (1952-2012). The use of 'Asia' in this thesis refers to the North East Asian regions of China, Korea and Japan, and the 'West' refers in general to the United States of America, Britain, and the historic colonial countries of Britain, such as New Zealand.[6] The sixty years of educational change encapsulated in the thesis covers a time period when democratic nations of the West experienced changes in security as democratic and communist ideologies clashed, new conflicts broke out, and the stability and leadership of many nations oscillated. By the late 1970s global instability had created a downturn of trade and an increase of currency instability which was regarded as a threat to many Western nations' domestic economies. As crisis conditions spread worldwide, they created a world in flux and the possibility of a new world order. For the citizens of New Zealand, this was a period of economic turbulence after the nation lost its trade security from its British colonial parent by the 1970s and had to 'grow up' economically, make its own way in the world, fix its own problems, find new international friends, and make new allegiances.

As America sought to counteract the growth of unregulated trading practices by countries such as Korea, it turned to a previously developed neoliberal economic ideology and embarked on what this thesis will show as having been a sustained

[6] The United States of America (USA) will be referred to as America for the rest of this thesis.

programme of neoliberal policy being promulgated worldwide, the side effects of which still endure to the present day. The political landscape of the world changed dramatically after 1980 as adversaries became trading partners, political allegiances were shored up, and new international organisations and economic communities were formed. Adopted by the International Monetary Fund (IMF) and World Bank in the 1980s, neoliberal policy soon became the dominant tool to 'help' any country experiencing economic problems.

The theoretical basis of neoliberal ideology gave it a transferrable capacity that secured its implementation into not only economic and trade areas but also the social domains of welfare and education. The positioning and actions of those in America throughout these years are integral to understanding the wider context of how state education systems in both Western and Eastern countries subsequently became the target for neoliberal policy and reform. For the purpose of this study, the term 'reform' in regards to education is used to mean programmes of educational change that are government-directed and justified on the basis of the need for a substantial break from current practice.

This thesis details the incremental journey of neoliberal policy into the state education systems of both Korea and New Zealand and argues that the dominance of this policy has been instrumental in the formation and/or growth of different models of education industries in both countries.

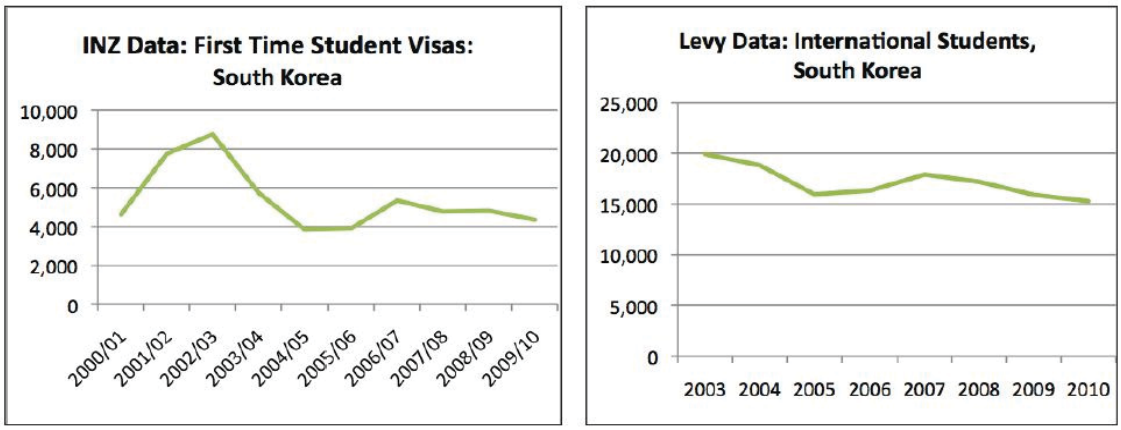
1.1 Asian students arrive in New Zealand

Although there had been a small but steady flow of foreign fee-paying students (FFPS) into New Zealand's primary and intermediate schools after 1992, the numbers rose rapidly after 1999 from 507 in 1999 to 4741 in 2003 (New Zealand Ministry of Education, 2005). An analysis of events points to 1999 as being the time when the Korean and New Zealand school-age industries first intersected. This is the same year that the Korean media highlighted a 'collapse' of schooling in Korea and the same year that Korean children became part of a mass flow of Asian students into New Zealand.

Over the next four years (1999-2003) approximately 90 per cent of primary school level FFPS were Korean (New Zealand Ministry of Education, 2005).[7] At the secondary school level 29 per cent of the 3059 FFPS were Korean, the second largest group after the 31 per cent of Chinese students.

Figure 1

Source: Education New Zealand: South Korea Market Profile 2011-2012



When the influx of Asian students began, New Zealand appears to have adopted a 'one-size-fits-all' mentality and an 'open-for-business' approach to what it regarded as being a collective Asian market without asking questions such as: "What situation are you coming from? How did you make this choice, and why did you select this country?"

Over the period 2003 to 2010, Korea remained the second largest provider of FFPS arriving into New Zealand with the number of Korean students fluctuating by just 5000 annually over that time, – 19 909 students in 2003 and dropping to 15 282 in 2010. This is a much smaller fluctuation than for the Chinese and Japanese markets

[7] Relatively few primary schools had hosted international students during the period 1993–2000 but this increased dramatically during 2000 and 2001 when the number of Korean primary students increased significantly (260 per cent from 1999 to 2001; 111 per cent from 2001 to 2002). In 2004, 3460 (89 per cent of all primary students) were from Korea.

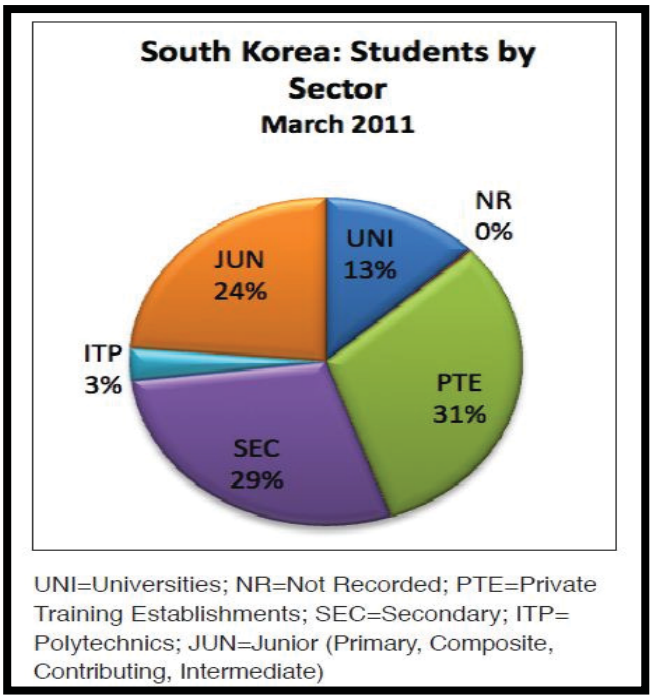
over the same time period.[8] Despite a rigorous search of literature available in New Zealand, I was unable to find any research that explains why so many Korean children came to New Zealand after 1999, why the numbers increased until 2003, declined soon after, and then stabilised until 2010.

This lack of research is surprising given that Korea was selected as a 'Depth Market' for New Zealand to focus on in 2006, and reaffirmed in 2010 when the industry was consulted about the reviewed 'Depth Markets' for 2011 onwards (Education New Zealand, 2006a, 2011a). The 2011 Korean market report stated there were more than 15 000 Korean students in New Zealand in 2010 and that "By sector, it is the largest market for the schools sector, the second-largest market for the English language sector, and the third-largest market for the tertiary sector" (Education New Zealand, 2011, p. 2).

Figure 2

South Korea Market Profile 2011-2012

Source: Education New Zealand: South Korea Market Profile 2011-2012



[8] In comparison, the overall Chinese market fluctuated by a staggering 35 000 students. In 2003 there were 55 998 and just 21 258 in 2010. The Japanese market halved in number from 18 025 students in 2003 to 9745 in 2010.

In 2012 more than half of the 15 000 Korean students were in schools – 29 per cent were in secondary schools and 24 per cent in junior and primary level schools. The remainder of Korean students were in tertiary and private training establishments (PTEs), as shown in Figure 2. In 2012 the percentage of fee-paying Korean students in primary and intermediate schools remained high when compared with all other nationalities, as shown in Figure 3 (page 9).

The importance to New Zealand of the three largest Asian markets (China, Korea, and Japan) has been well acknowledged for many years. Education New Zealand (ENZ) noted:

> These three markets although different in character and sectoral loading, collectively are the most vital core group of markets for the ongoing continuation of the overall industry at its current level and are vital to the ongoing financial health of the industry. (Education New Zealand, 2005, pp. 10-11)

Although identified as being different, the separation of each country's unique cultural and demographic background does not appear to have ever been undertaken. This has commonly led to the merging of all Asian nations into a single collective ethnicity. This lack of research has resulted in contradictory and often confused perceptions of the market, especially when the Chinese and Korean students arrived and departed at similar times.

A need to understand the differences within the Asian market was signalled by Colmar Brunton (2007) in the government commissioned report, *Perceptions of Asia*, when it was observed that "Learning how to operate in different business cultures is a key piece of advice from successful New Zealand business people, but it appears that we are slow to take this advice" (p. 28).

The lack of differentiation in the Asian market has certainly been hindered by the students of the two lead countries (China and Korea) arriving into New Zealand during the same timeframe. Concurrent but different political policies and events in each country were facilitating the exodus of the students. While this thesis

investigates and clarifies the origins of the Korean students arrival, Zweig (2005) provides the reason for the Chinese students arrival as being the 1996 Chinese government policy called '*the freedom to come and go'*. This policy made it clear that the Chinese government officially supported students to study abroad, promising them the right to go abroad if they later came home. This policy also called on Chinese people to "serve their nation from abroad" (p. 7), and reflected the idea of 'storing brain power overseas' (ibid).

China's strategy encouraged large numbers of scholars to migrate, especially if they then had a substantial amount of their overseas education funded by overseas agencies (ibid).[9] In 1999 the Chinese government relaxed the long standing travel ban that barred its private citizens from going overseas for non-official travel (Ip, 2000). When New Zealand was added to a list of approved destinations in 1999, many Chinese students sought to travel to New Zealand – exactly the same year the Korean students were arriving.

A market difference is apparent in the statistics in Figure 3 (on page 9) which shows very few young Chinese students in schools, with the majority enrolled at the tertiary and private training enterprise (PTE) level. This is a very different balance to that for Korean students shown in Figure 3. 29 per cent of the Chinese students were recorded at universities in 2009 compared with eight per cent for Koreans, whereas 35 per cent of the Korean students were in schools – more than three times the percentage of Chinese students (10 per cent).

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[9] China's government fully recognised that it was more efficient to leave its scholars overseas, especially if China could not afford to pay their salaries, guarantee a high standard of living or afford the technical infrastructure and equipment needed to create new products. It was also much cheaper to leave students working overseas after they had finished studying, but use various strategies to get them to also help China (Yao, 2004). In the years after 1996, the government set up relevant organisations and worked out regulations to supervise and serve students and manage Chinese educational affairs overseas. "Education offices were established in Chinese embassies in 38 countries and more than 2000 Chinese overseas scholars and students associations set up with the help of the Chinese embassies and education offices" (Yao, 2004, p.7).

Figure 3

2009 Enrolments of international fee-paying students

by education sector and by main source countries

Source: Ministry of Business Innovation and Employment[10]

Source country[1]	Education provider group (%)					Total (%)
	School	ITP[2]	University	PTE[3]	Subsidiary[4]	
China	10.4	12.8	29.3	44.4	3.0	100.0
South Korea	35.3	4.8	8.0	47.7	4.2	100.0
Japan	16.7	7.3	8.7	59.6	7.6	100.0
India	0.8	32.4	13.0	53.7	0.1	100.0
Saudi Arabia	5.3	4.5	22.3	58.3	9.6	100.0
All others	17.3	10.2	25.2	44.0	3.3	100.0
Total row (%)	16.5	11.3	20.2	48.1	3.9	100.0

Note: Due to rounding, percentages may not sum to 100.

(1) Ordered by descending number of enrolments in 2009.

(2) ITP = institute of technology and polytechnic.

(3) PTE = private training establishment, including English language provider.

(4) The subsidiary group comprises mainly the English language training affiliates of some universities and high schools.

Source: Ministry of Education.

New Zealand researchers Bishop and Glynn (1999) were quick to raise concerns over the phenomenon of fee-paying Asian students enrolled in New Zealand state schools. In their 1999 book *Culture Counts*, they warned that the newly arrived foreign children were at risk of being regarded as 'commodities' as their fees were already being used to subsidise claimed reductions in government funding to schools. By controversially labelling the foreign students as commodities, Bishop and Glynn (1999) argued that the FFPS were not necessarily being viewed in human terms. They also noted that there appeared to be little evidence that the schools were incorporating the language and multicultural understandings of the foreign students into classroom teaching or of the host schools creating learning opportunities that would benefit either international or other students (ibid).

[10] The table of provider groups is taken from the 2009 *Life after Study Report on International Students in New Zealand.*

In an examination of Auckland's education market environment, Collins (2006) described how Asian students were perceived as being like farm animals and allowed to graze for economic reasons:

> The generalised economic facts about the Asian student are as follows: they are wealthy, consumption-obsessed, able to be measured like other inputs and outputs, and as such can be moulded, purchased, value-added through practices like investment, accountability and marketing … It seems that this goose [goose with the golden eggs] like the cow and the sheep that preceded it can be grazed to the maximum benefit of individuals, (educational) businesses or the national economy. (Collins, 2006, p. 224, brackets in original)

Being viewed as a goose to be fattened for profit is somewhat ironic in that the Korean term *kirogi gajok* means wild geese – a term used to describe family members separated by an ocean. Wild geese are believed to keep the same partner for life and maintain a strict hierarchy and order when they are flying. A pair of carved wooden geese is a central feature of traditional Korean wedding ceremonies, representing the new husband and wife as wild geese together carrying the hopes and dreams for the new marriage.

Wild geese transnational family living may be an improvement over the perils of simply sending children to another country on their own. However, this improvement is offset by the problems the separated parents and the dispersed wider families experience. One study that investigated why families exit Korea, *Speaking with Their Feet* (Innes, 2006), found that in Korea there had been a massive growth of societal stress, high financial costs and serious family problems related to education. Together these indicated an urgent need for further research into the impact of education pressures on young children and the true costs involved. Innes (2006) found that, in New Zealand, young fee-paying Korean students were generally non-complaining, silently transiting, and consistently flying 'under-the-radar' whilst being disguised within the collective Asian market.

In a *Migration Issues* research paper Chang, Morris and Vokes (2006) similarly found that a number of major stresses and societal problems existed for Koreans in New Zealand and that, as yet, they have not been adequately identified and thus not addressed. Furthermore, they found that for many Koreans travel to New Zealand had been undertaken in the face of adversity and considerable financial pressure and self sacrifice. Significantly many Koreans did not intend to settle permanently in New Zealand; many remained dependent on other family members and were employed only within the New Zealand Korean community or were self employed in small businesses.

The vulnerabilities and stresses of the transnational lifestyle of wild geese families were exposed on 5 May 2010 when seventeen and thirteen year old Korean sisters Holly and Kelly Baek committed suicide in their home in Christchurch along with their mother, Sung Eun Cho. Immediately following their deaths, their grief-stricken father and husband Young Jin Baek arrived from Korea and also committed suicide just before their funeral. An acquaintance of the family, when interviewed by Lincoln Tan, a journalist with the *New Zealand Herald,* reported that the mother was in New Zealand on a work permit which was being questioned by the New Zealand Immigration Service and that the daughters were on student permits. The final entry in Holly's online blog on 4 May 2010 portrayed the anguish and stress the family felt they were experiencing.

> I am scared, but I decided to follow, I am really scared. I wonder who will find us first. ... I am scared of people. Just because we never say we are ... hurt or lonely, don't think we are not hurt and not lonely... Even though a person smiles all the time, it doesn't mean the person has no sorrow inside. I am only human too. (Tan, 2010)[11]

In reporting the event on 13 May 2010, Tan wrote of Holly's earlier entries where she had written about life being hard in New Zealand and referred to feeling upset, crying

[11] Asian columnist at the *New Zealand Herald* Lincoln Tan quoted from Holly's online Korean language blog he had access to.

and feeling cold. In an earlier article on 11 May, Auckland Korean Society vice-president Audrey Chung was quoted as saying:

> This is the first time that a whole Korean family has died, and the news has shocked every Korean here [and] that the deaths should act as a wake-up call to the plight of many Korean mothers in New Zealand as many Korean mothers choose to remain here because they want to accompany their children, but their husbands have to work in South Korea because there are no jobs for them here so they are forced to live apart. (Tan & Booker, 2010) [12]

The tragic deaths of the Korean family could have been depicted as being symptomatic of underlying issues in New Zealand's export education industry. However, an entire family committing suicide because of alleged underlying visa issues failed to create even the smallest of ripples on the surface of New Zealand's 'export dollar coffers'. The suicide of this family is but one example of the many complex issues involving Korean students in New Zealand. A news article on 17 April 2008 described how six Korean girls enrolled in Auckland schools were convicted for 'ambushing' another sixteen year old girl, holding her captive, and beating and burning her with cigarettes ("Korean attackers went," 2008).

In the article John Cho, spokesperson for Auckland's North Shore Korean community, said that New Zealand society was too open compared with Korean's own home culture and urged schools to be more supportive of their Asian students and help them settle as once the international fees had been paid it seemed that schools didn't care about the students' welfare. He acknowledged that the Korean community was embarrassed and felt afraid when incidents like this came to light. Mr Cho spoke of how all of the girls had struggled to adjust to life in New Zealand and that some were living with one parent while the other parent worked in Korea. The victim of the

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[12] It was reported that an immigration officer found the bodies when he visited the house after Ms Cho had failed to keep an appointment. The Korean family had been in New Zealand for six years. Holly and her sister attended St Andrew's College, a private high school in Christchurch. Mr. Baek had been working in South Korea to support his family.

assault was living with a home-stay family but had become rebellious and struggled to cope when living in a new country (ibid). In similar circumstances in 2009 a seventeen year old Korean boy at an Auckland school for just a few weeks stabbed his classroom teacher in the back. The court heard that his mother remained in Korea while his father was en route to New Zealand (NZPA, 2009).

1.2 The financial and social costs of education in Korea

A parental zeal for academic achievement is being blamed for increasingly high suicide rates among Korean teenagers and a plummeting birth rate (Hayne, 2004).[13] Chang (2008) refers to education in Korea as "a religion or perhaps more than a religion" (p. 2). A Korea Institute of Finance (KIF) report in March 2006 found that 37.5 per cent of respondents in a survey undertaken by the Korea Chamber of Commerce and Industry (KCCI) were sacrificing their financial planning for retirement as a consequence of the increased financial burden of educating their children ("Korea Institute of," 2006). Even obtaining a PhD is no longer an employment guarantee when there are excessive numbers of highly educated individuals all vying for well-paid jobs in a limited job market. For example, when an English language school was due to open in 2009, of the 150 applications for a reception position, the majority held either a PhD or MBA (Innes, 2009, personal communication).[14]

In 2003 the Bank of Korea analysed the country's expenditure on private tutoring by using data from the National Tax Service and the Ministry of Education. It reported that 72.6 per cent of all elementary, middle and secondary school students were taking extra classes at private cram schools, locally known as hagwons ("Private tutoring tops," 2006). With the deepening economic downturn occurring in 2006, it was reported that parents were taking on extra employment to pay for their children's

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[13] Hayne reported that the number of new-born babies dropped 12.6 per cent each year between 2000 and 2002, falling from 630 000 to 480 000 over the two years as the economic recession bit home. It has been declining steadily since then, but at a lower rate.

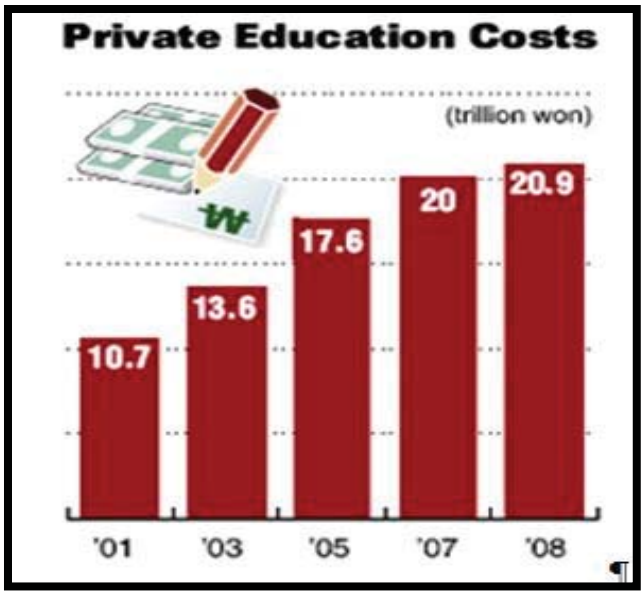
[14] In December 2009, my company, World English Service Ltd, an international recruitment company providing native English speaking teachers to Korean public and private school market, was contracted to provide seven teachers to the new school. The private owner of the nationwide Avalon franchise business had built the school in an elite area of Busan City.

tuition ("Spending on tutoring," 2009). By 2009 a similar analysis found that 77 per cent of students were depending on parallel studies for which their parents paid 20.4 trillion won, as shown in Figure 4 (Kang, 2009).

Figure 4

Comparative growth of private education spending in Korea

Source: Kang (2009)[15]



The total expenditure for private education, undertaken in addition to education provided by the government, in 2009 amounted to 21.6 trillion won (US$18 billion), a 3.4 per cent increase from the expenditure in 2008. The expenditure per student per month at the end of 2009 averaged 241 000 Won (US$208), with households having an income greater than 7 million Won per month (US$6000) spending double this amount per child (Yoon, 2009). These amounts are conservative as they do not record any undeclared tutoring activities or cash payments. While the real household income decreased, due to a global economic downturn in 2009, the

[15] I have elected to not do the currency conversion from Korean Won to New Zealand dollars because during 1999-2012 there was a wide fluctuation of value against the NZ dollar. The Korean Won is set against the American dollar and in all Korean media the publication conversion is given as the American dollar. On 11 July 2012 one million Won was equal to NZ$1099 and one trillion Korean Won was 1.10 billion New Zealand dollars.

overall spending on private education actually increased with the rate for high-income citizens increasing the most (*The Hankyoreh*, 2010, February 23).[16]

Korea's tertiary completion rate for students at university is one of the highest in the world. Once admitted, 95 five per cent of students graduate, according to Dickey (2009).[17] The number of people who received a PhD from a Korean university exceeded 10 000 for the first time in 2009 with two Koreans in every hundred now earning a PhD (H-S. Lee, 2010).[18] However, any praise for Korea's impressive education results overlooks where the gains have come from and at what cost, given that both the public and private business sectors jointly play an important role in education.

In a 2002 World Bank commissioned report on Korea, the author Jisoon Lee stated that: "in recent years the combined educational expenditure by public and private sectors has never fallen below 10 per cent of the GDP" (J. Lee, 2002, p. 2). The 2011 OECD statistical report on Korea reported that, between 2000 and 2008, the private share of funding for primary and lower secondary education in Korea increased from 19 to 22 per cent – the highest proportion of private funding among OECD countries. In contrast, the proportion of public funding at these levels of education (78 per cent) is the lowest among OECD countries (the OECD average is 91 per cent) (OECD, 2011).

Debate about education has shifted in recent years with the rationale for reform and market change increasingly couched in terms of economic needs and

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[16] The Ministry of Education, Science and Technology (MEST) and the National Statistical Office released results of a survey of private education expenses using a sample of 44 000 parents from 1012 elementary, middle and high schools.

[17] Robert J Dickey has been teaching English in Korea since 1994. He is a past president of KOTESOL: Korea Teachers of English to Speakers of Other Languages – a professional organisation for teachers of English.

[18] According to statistics released by the *Korean Educational Development Institute* (KEDI) in March 2010, the number of Koreans receiving PhDs from Korean universities in 2009 totalled 10 322. In comparison, in 1985, Korean universities conferred only 1400 PhDs. KEDI said the number of PhD holders per every 10 000 Koreans increased from 0.3 in 1985 to 2.1 in 2010.

international competitiveness. Private education in Korea is no longer just about small hagwons as it was during the 1980s. It is now a major industry with substantial investment funding from overseas as well as from Koreans (C-J. Lee, 2008).[19] Many businesses have grown into huge enterprises with nationwide franchises listed on the stock exchange. Universities, the media, publishers, Internet and technology operators, small businesses, private citizens and state schools are all heavily interdependent on the private education industry and its economic capacity.

With Western (English) dominant ideologies matching private business interests such as the selling of an 'accredited' English test or the franchising of an English service company, profit-seeking entrepreneurs and large corporations alike can easily find investment options. When large numbers of young Korean school children began to enrol in New Zealand schools after 1999, minimal attention was paid to their arrival other than to the financial gain received. Little has been done in New Zealand to understand why this influx of foreign children occurred, let alone identify the drivers and internal workings of this supposed 'valuable' source of export dollars to New Zealand's economy.

Markets do not simply appear from nowhere, they have drivers and promoters and require a beneficial environment to support growth and sustainability. When the enormous growth of private education investment in Korea is viewed in conjunction with the high costs and stresses being exerted on Korean parents, it becomes obvious that an education disparity between the private and state sector exists within Korea – a situation that this study will argue needs greater understanding. With the New Zealand government oblivious to the internal dynamics of what it declared was a 'valuable' market, it is vital that knowledge is now gained – albeit retrospectively.

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[19] The articles in the *JoongAng Ilbo* quoted also listed that *The Carlyle Group*, invested $20 million in *Topia Academy*, a private institute specializing in English education; *Time Holdings*, a local cram school, was launched by five prestigious cram schools located in Seoul last July after the company received 60 billion Won from US-based private equity fund *T-Stone*; St. Paul High School, a prestigious American private school, also launched a branch in Bundang, south of Seoul. *Hwakin English* has attracted investment from Japan-based *SoftBank Ventures*.

The past and present policies and practices of the New Zealand government, in relation to all school-age education being a tradable commodity and 'export product', need to be known so that future practices can be clarified and understood. To this end, this study will examine the philosophical and economic origins of market practices and investigate the extent that Western-spread neoliberal policy has played in influencing global education per se.

1.3 Summary

Three themes will reoccur throughout the thesis. The first is the manoeuvring of economic policy into state education and reform agendas. The second theme is the enormous growth of education services and products being sold by both state and private enterprises. The third and final theme is the impact these are having on societal beliefs and behaviours through the commodifying of school age education.

What follows throughout the rest of this thesis is a 'big picture' examination of many aspects connected to these three themes. The intention is to locate and interpret pivotal origins of agency and influence. This is undertaken through the analysis and interpretation of historical events and societal changes in both Korea and New Zealand with some reference to connecting countries. As all the historical intricacies, strategic agendas and reform policies that have operated within and may still surround Korea's and New Zealand's school-age education industries are examined throughout the chapters a new 'bigger picture' will become apparent – one that will hopefully facilitate new thinking, new interpretation and further research.

Chapter 2

Methodology

2.1 Introduction

The purpose of this chapter is to present the philosophical assumptions underpinning this research. This chapter discusses the methodology used in this study. The first section describes the theoretical position and methodological approaches used. The second section provides an overview of the sourcing of literature across three main literature search foci. It outlines the complexity and the considerations involved when conducting cross-cultural analysis of the historical and present day literature and data of this study. The third section discusses the aims of the research and outlines the methods used to ensure the study has both credibility and trustworthiness. The final section builds the case study by outlining the reasons for the study being presented, defining the two parts of the study, and giving a précis of each chapter's content and its connection to the overall study.

2.2 Theoretical position

While researchers often try to answer questions by 'looking into the past', an emphasis of this thesis is seeking to better understand key questions that have been 'raised by the past'. Key research foci that this thesis is addressing – "How and why something has occurred or continues to occur, and what outcomes may or may not mean?" are common features of qualitative research, especially if little is known of a particular situation, or if what is already known is contradictory in its nature (Cresswell, 1998). This wider interpretation constitutes a worldview that is based on relationships to, or within, specific situations (Davidson and Tolich, 1999). The methodology for this study sits predominantly within a post-positivist, qualitative and interpretive framework. It focuses on a particular phenomenon or 'case'; the commonality of economic reforms and the resultant education reform policies that have occurred in New Zealand and Korea over the last half century. At a minimum, a 'case' is a phenomenon specific to time and space. Merseth (1994) defined a case as a

descriptive research document, often presented in narrative form, based on a real-life situation or event. In a similar vein, Yin (1994) views a case study as being "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (p. 13).

The first step in case study research is to establish the focus or the intent of the project. Or as Merriam (1998) has stated, "To raise a question about something that perplexes and challenges the mind" (p. 57). Characteristic of case study methodology is that the boundaries and, often, the focus of the case will change throughout the research process - the end product being a rich, 'thick' description that evolves through the interpretation of values and deep seated attitudes (Merriam, 1988; Guba and Lincoln, 1981). In turn, this can lead to a reformulation of the phenomenon being studied as previously unknown relationships and variables emerge (Stake, 1995).

Whilst a positivist stance assumes that understanding can only be achieved through data gathering and proven by empirical verification, Weber (1949) argued for there to be a post-positivist philosophy that allowed the reality of people's various social actions to be acknowledged - an important factor in this case. Lather (1991) views post-positivist thinking as striving to produce an awareness of the complexity, historical contingency and fragility of the practices that we ourselves invent in order to discover the truth about ourselves and others. Research in a post-positivist mode does not mean judging from nowhere; instead it requires an ability to see the whole picture or a distanced overview of all aspects (Eagleton, 2003).

As a movement towards post-positivist thinking developed in the latter half of the 20th century, so did the use of qualitative methods of inquiry that encompassed interpretive methodology (Taylor and Bogdan, 1997). The interpretive aspect of qualitative research is an important factor in this study. Many strands of data and previously unknown or unconnected events are gathered, examined, and interpreted within their historical context, and pieced together to form, what I will argue, a new understanding and therefore a new argument for the origin of foreign fee-paying student markets and the now prevalent global education reform movement that

appears to be increasingly driving economic and capitalist agendas inside state education policy on a global scale.

2.3 Qualitative and interpretive approaches

Qualitative is a broad term that generally refers to a study process that investigates a social human problem where the researcher conducts the study in a natural setting and builds a whole and complex representation through description and explanation as well as a careful examination of informants' words and views (Creswell, 1998; Miles and Huberman, 1994; Morgan and Smircich, 1980). Qualitative methodology is underpinned by the philosophy that we construct our own view of the world based on our own perceptions and that every person, group or culture will have a uniquely different perspective and position and that there can be no clear window into the life of another (Denzin and Lincoln, 2000). Supporting this view, Knapp (1994) argues that "people act on the basis of their values; their actions are oriented and constrained by the values and norms of people around them; and these norms and values are the basis of social order" (pp. 191-192).

According to some writers, it is necessary to make a distinction between qualitative research and an interpretive approach as they are not necessarily equivalent and interchangeable terms (Klein and Myers, 1999; Neuman, 1997). Interpretative characteristics of case study are not highlighted by Yin (1994). These are considered in case studies by others, such as Meredith and colleagues (1989), Schwandt (1994), and Guba and Lincoln (1994), as being approaches concerned more about the correspondence of findings to the real world than to their coherence with general theories or laws.

Interpretivism begins from the position that our knowledge of reality, including the domain of human action, is a social construction by human actors (Walsham, 1993), and that social process cannot be captured in hypothetico-deductive approaches (Orlikowski and Baroudi, 1991). Interpretive methodology acknowledges the multiplicity and complexity of the phenomenon under study whilst retaining emphasis on the people within it and understanding how their experiences and knowledge will be multiple, relational and often not bounded by reason (Henriques, et

al, 1998). It provides what Schwandt (1994) describes as being a deeper insight into "the complex world of lived experience from the point of view of those who live it" (p. 118). For some writers, conducting interpretive research from a near-experience perspective entails not starting with any pre-determined concepts but rather allowing these to emerge through the interpretation of data and contextual factors (Merriam, 1988). This allows for generalisations to be based on reasoning and to be analytical rather than statistical (ibid).

2.3.1 Discourse

While promoting a post-positivist approach, there is a need to recognise that there will always be competing discourses which may give rise to contradictions, cut across each other, and not always be neatly resolved. In general, discourses circumscribe and establish what kind of person one has been entitled or is obligated to be, what position they can hold, what can be said and believed, and who can speak, when, and by what right (Wetherell, 1999; Ball, 1990). It is through discourses that power relations are maintained and changed, commonly altering and disguising the location and reality of a power base, thus creating the potential for unequal and unjust power relations (Kenway and Willis with Junor, 1995).

There will always be many different meanings occurring at once with none having greater validity or truth than the other (Gay and Airasian, 1999). Lye (1993) explains, "The world we occupy is a construction of ideology, an imagination of the way the world is that shapes our world, including our 'selves', for our use" (p. 3). Understanding therefore involves getting inside the world of those generating it (Orlikowski and Baroudi, 1991).

The exercising of power can, therefore, become 'normal' and accepted with violations appearing as inevitabilities of the situation (ibid). The fixing of meaning is never a neutral act, but always privileges certain interests with knowledge often used for domination and control by constructing a 'positional superiority' according to Said (1979). As Lye (1993) notes, "Ideology at any time is always masking, or 'naturalizing', the injustices and omissions it inevitably creates" (p. 8). Discursive forms of power are

less visible than legal and material ones, but are equally important in regulating people's thought and behaviour.

Often people who have experienced the same event will tell different stories about what has happened (Tullis, Owen et al., 2009). This is especially so where truth claims serve the interests of dominant and powerful parties. This may result in the misrepresentation of reality and create new and misleading beliefs that in turn get promulgated; further changing how truth and history remain understood and retold. As the dominant themes and discourses become more visible throughout the chapters of the thesis, the perspectives and intentions of all parties who have held positions of power (or have lacked power) should become apparent.

According to Tosh (1991) the present can only be judged in the light of its difference from previous historical epochs. Seeking out historical truth is always going to be fraught with problems and be time consuming, as over time truths can become embedded or elaborated upon to become a 'believable' historical narrative. As understandings are situational to the specific historical time frame in which they occurred and were witnessed, meaning is always going to be centred in a particular context or perspective. The discourses available at any historical moment will condition the way that people can think, talk about, or respond to phenomena, thus, the question of what discourses prevail and whose interests they serve are most important (Weedon, 1987).

In general, the writing of history, especially after times of war, has resulted in the lives and motivations of the masses often being ignored and unrecorded with many important aspects that have driven change and the context of social history conveniently omitted. By default this has brought about the creation of imaginative reconstructions of past epochs based on archival materials that has expanded considerably in the last seventy years. Films and books as popular cultural texts (Strinati, 2004) play a substantial part in the weaving of fiction with fact, and at times have led to the rewriting of history into a new order with new causal elements and lead characters with diversely different personalities and behaviour traits than their original character. The influential power of script writers, publishers and directors, and

those backing them, have been pivotal in dictating and/or altering how history becomes known.

Weber (1949) emphasises that there will be a great variety of factors that may precipitate the emergence of complex phenomena as being 'causes'. Therefore the causality of any event or action in a social science investigation must take into account the meanings that actors and participants attribute to their interactions (ibid). Causality is the relationship between a set of factors (causes) and a phenomenon (the effect) where the second event is understood as a consequence of the first. Although sociology may loosely be able to methodologically identify many causal relationships of human social action, it is rarely possible to show any single direct cause for an occurrence due to there being many factors operating at many different levels (ibid).

It can be even more difficult to capture hidden powers and ascertain how underlying organisational structures operate and influence at a deeper level (ibid). In situations of insecurity or oppression it is often not practical or possible to declare the exact truth; instead a reconstructed version may be provided that in later years has to be deconstructed in order to expose hidden truth in a more contextual way. Taking up this point, Lye (1993) concludes that:

> There is no foundational 'truth' or reality – no absolute, no eternals, no solid ground of truth beneath the shifting sands of history. There are only local and contingent 'truths' generated by human groups through their cultural systems in response to their needs for power, survival and esteem. (p. 3)

At various points throughout this thesis, causality is considered in these terms. The intention is to reveal how each different person or group would have viewed their own existence at a particular time and what the greater world around them was like, thus providing an insight into why certain people may have sought power or change, or acted as they did, and how this may relate to an overall strategy or objective. In respect of this study, a prime example of how the social history of Korea has been promulgated is the distortion of Korean War history portrayed in the American comedy/drama TV Series MASH, filmed in California, depicting an American military

medical unit in Korea and syndicated worldwide from 1972-1983.[1] Its creators were said to be unequivocal about using their voice to make a statement about war and provide a low-class servant caricature of the Korean people. From this perspective, discourse, language and visual imagery do not simply 'reflect' or describe reality, but have played an integral role in constructing reality and experience and what we assume to be natural or normal.

2.3.2 The Asian enigma

There has been no conscious management of the concept of 'Asian', yet it appears to be operating under a branding mechanism that presupposes certain images and values. Biggs (1994) perceived that much of the early research challenging the adjustment of international students in New Zealand had been written from the perspective of 'Western eyes'. His book, *Asian Learners through Western Eyes: an Astigmatic Paradox of New Zealand*, challenged the credibility of Western researchers to evaluate another race. The amalgamation of Asians in the media in New Zealand was discussed by MacPherson and Spoonley (2004) who claimed that placing various groups within a larger ethnic entity may have resulted from an honest ignorance of the extent of differences between groups, or simply come about as a result of a lack of interest in the nature of their differences, the uptake of popular terminology usage at that time, the realities of an informational economy, or combinations of all of these factors. Since the early 1990s, various New Zealand politicians; for example Maharey, 2001; McKinnon, 1993; Smith, 1993; have espoused the considerable economic benefits accruing to New Zealand from engaging with and/or accepting Asian investment – a point discussed later in this study.

Therefore in order to understand people's behaviour, we must attempt to understand the meanings and interpretations that people give to their behaviour (Liamputtong, 2010). In *Sources of Social Power*, Vol. 1, Michael Mann (1986) criticises the view that society is a unitary totality and claims that "we can never find (such) a

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[1] Retrieved from http://therealmash.com/notes.html and http://www.transparencynow.com/mash.htm

single bounded system in geographical or social space … *societies are constituted of multiple overlapping and intersecting sociospatial networks of power*" (p. 1, italics in the original).

Peck's (1998) view is that no cultural group will have identical societal ideologies, the same pace of change or be at the same developmental level at the same time, as people merge into their social settings and absorb the language and narratives of prevailing discourses around them. Similarly, Ovretveit (1998) views culture as being the combination of laws, customs, rules, language and ideas shared by a group of people and through which individuals express, understand and give meaning to their own and 'others' experiences.

2.3.3 Interpretive ethnography

Ethnography can best be described as the study of the 'other' and "a written representation of culture'' (Van Maanen, 1988, p. 1), with the ethnographer implicated in the creation and expression of who and what a culture is (Clair, 1998). No matter what style of representation is chosen, the focal point for an interpretive ethnographer is through understanding the meaning of certain phenomenon. Researchers must always adopt a 'cultural perspective' when considering the pattern of meanings that guide the thinking, feeling and behaviour of the members of all identifiable groups (Van Maanen, 1988). Van Maanen describes interpretive ethnography as a rhetorical practice that represents the "social reality of others through the analysis of one's experience in the world of these others" (p. ix), personal but at the same time a "portrait of diversity" (p. xiii).

Applying a one-size-fits-all approach to understanding cultures is never appropriate. Often our own culturally-based and biased assumptions are so ingrained that we experience them spontaneously and invisibly, and unconsciously stereotype 'others' by construing them as being fundamentally different (the other). Interactions will always be multiple, contradictory and changing; therefore, perceptions of others regarding culture may not necessarily be reflective of a permanent state of understanding.

In general 'Othering' is a way of defining one's own identity through the identification of those who one considers different. 'Othering' is a term predominantly associated with discourses of colonialism, and, in particular, with the work of Edward Said (1978) in his influential book *Orientalism* which provoked a major shift in academic thought on the way the West views the Orient. Said's more recent publication, *Culture and Imperialism* (1993), argues that "a huge and remarkable adjustment in perspective and understanding is required to take account of the contribution to modernism of decolonization, resistance culture, and the literature of opposition to imperialism" (p. 243).

Said's opinion is that during the 1990s the influence of Western culture was particularly strong on 'other' cultures. In his 1993 book, Said focuses on the three major cultures of Britain, France, and America and explains how he believes their current identities are the product of power. Said details how he believes power and ideology work, either consciously or unconsciously, to form and maintain a system of domination that he argues goes beyond military force (ibid). Said's works have considerable relevance for interpreting the positioning of Korea and Korean people in this study. For example, Chapter 3 details the colonial Japanese leadership in Korea from 1910 to 1945 and the control and influence of America from 1945 to 1948. Both are of particular relevance and align with much of Said's writings on power and domination.

Each of these long periods of subjugation of the Korean people by a foreign power has enabled a biased lens of the recording of historical 'truth' for how Korean societal history is evaluated and recorded. This situation has resulted in much of Korea's early societal and geopolitical 'history' being framed, recorded and interpreted by outsiders rather than by the Korean people themselves.

2.3.4 Communication

Different cultures will always produce their own 'truths' by constructing images based on personal experiences witnessed at events they become involved in at specific times, or how images and texts are viewed by them, or translated to them. Images

and texts, thus, become a construct of the known (truth) and the unknown, as Lye (1993) explains:

> As language is the base symbol system through which culture is created and maintained, it can be said that everything is discourse, that is, that we only register as being what we attach meaning to, we attach meaning through language, and meaning through language is controlled by the discursive structures of a culture. (p. 8)

No text can be isolated from the constant circulation of meaning it has in a particular culture. Lye (1993) explains that meaning in language is highly context-sensitive, and that:

> Words are not little referential packages, they are shapes of potential meaning which alter in different meaning environments, which implicate many areas of experience, which contain traces of those differences which define them, and which are highly dependent on context, on tone, on placement. (p. 12)

A number of different methodological approaches can be used when analysing the 'discourse' of language and text. For this thesis, two variants identified by Fairclough (2003) are used. The first – discourse as discursive practice – examines the socio-cognitive aspects and causal ideas involved in the production and distribution of texts. The second – discourse as social practice – focuses on the power, institutional and ideational relations that are external to the text or situation but are actually reflected in it.

Conflicts and misunderstanding can occur in any intercultural communication if we interpret what other people say or how they act based on our own styles or culture. When those in one culture compare themselves with those in another culture, potentially confounding cross-cultural comparisons may occur. The perceptual framework and the context provide meaning to what people perceive. When a person has a pre-existing knowledge structure in their memory involving a particular concept such as what the 'education industry' is, as portrayed by New Zealand politicians and media, this is referred to as being a schema – or a learned belief. Rumelhart (1980)

describes schema theory as how knowledge is mentally represented in the mind and used. In general, different forms of schema (schemata) structure impressions and influence how we may observe, perceive, and interpret information.

The possibility for misunderstanding and 'speaking past each other' is amplified as is the potential for unexpected outcomes mismatched with expectations. Beal (1992) believes "that in every language … there is a gap between what is literally being said and what is meant" (p. 51). Negotiation or interpretation across different languages without knowing the cultural context attached to the words will always be fraught with potential misunderstanding and errors of perception, especially if one speaker cannot see that the intentions of the other may be different from what his/ her own would be (Liebe-Harkort, 1989).

When people create their own pictures of the cultural values of other countries, the beliefs that are formed can be haphazard, stereotypical and inconsistent, resulting in a pragmatic failure. According to Thomas (1983), pragmatic failure occurs in two ways; *pragma-linguistic failure* and *socio-pragmatic* failure. The former has to do with the inappropriate use of linguistic forms whereas the latter refers to "the social conditions placed on language in use" (p. 99). *Socio-pragmatic competence* is having the ability to adjust speech strategies appropriately according to different social variables (Harlow, 1990). In discourse analysis a socio-pragmatic failure occurs when one misunderstands or is ignorant of the social or cultural differences of others. The term 'failure' is used instead of 'error' to indicate that this kind of problem is not a lexical or grammatical performance error but an inability to understand what is meant by what is said (Ziran, 1997). Socio-pragmatic failures will always occur, often without awareness, if the social rules of one culture are imposed in a situation where the social rules of another culture would be more appropriate. Communication arising from a fixed mind-set and cultural script or with a person of different historical schemata is always going to be susceptible to socio-pragmatic failure, due to the personal values, position, and perspective of the knowledge.

This failure of communication is directly relevant to the present study; for example, the situation I witnessed in Seoul regarding the use of the term 'industry'

(see page 2) is a prime example of how just one word can become inappropriate, often insultingly so, within a different cultural context. Despite this 'failure' happening at the meeting, very few fellow New Zealanders appeared to pick up on the intensity of the Korean delegate's angry rebuttal, or easily understood the disparity of what was being said.

In a similar situation, if the Korean delegate had spoken of Korea's private education market it is likely the New Zealand delegates would have perceived this as prestigious and related to the traditional establishment of private schools in New Zealand. This is an ironic mismatch given that 'private schooling' in Korea refers to the much maligned cram schools, supplementary tuition institutes, and the for-profit businesses operating alongside the state school system.

2.3.5 The position of the researcher

Credibility of voice is determined by the researcher's ability to implicate themself in the text, both in stating reasons for being interested in what is being written about and by being noticeably self-conscious about the problematic representational writing from their point of view. There is always a complex relationship between the research 'self' and the research process in that the relationship between the research field and the self is complex, with "self and other knottily entangled" (Fine, 1994, p.72). We cannot escape the encasement of our own culture, historical beliefs, experiences and biases, many of which we gain unknowingly as we are socialised within our culture or ethnic group (Cresswell, 1998). These biases, often invisible to us, may influence the research and, even with the best intent, shape our perspective. The relationship between the researcher and the researched becomes the 'self-other' joined by 'the hyphen' that separates and merges personal identities and inventions of 'others' and the researcher (ibid).

Cross-cultural studies will be rife with ethical and methodological challenges, according to Liamputtong (2010), and therefore researchers have a heightened responsibility to interpret their research data with additional care and responsibly. This approach is particularly appropriate and essential for researching those communities which have historically been described as oppressed (ibid).

The issue of the voice of the researcher in the research is complex. Fine (1994) argues that "It is not just important what we speak about, but why we speak" (p. 70). In this study, an awareness of my unique position, having lived, worked, taught and conducted business in Korea and New Zealand over the last forty years, has been a strong catalyst in undertaking this research. My multi-faceted involvement in public schools in New Zealand (1970-2000) and Korea (1999-2010) spans the entire period of this research. Born in New Zealand, I am the daughter of a working-class family of Scottish and English descent. No close relative or known ancestor has ever earned a university qualification.[2] My own post-graduate qualifications and business success have been largely self-funded and self-facilitated. My first involvement with Korea was in 1999 when, after twenty years of working as a teacher and school principal in New Zealand, I undertook sabbatical leave to work in an English language school (hagwon) in Seoul, the capital city of South Korea. In 2000 I resigned from teaching in New Zealand to establish a recruitment company providing mainly American graduate English-speakers to private Korean schools.

Although I travelled regularly to Korea, over the next decade I remained domiciled in New Zealand. For three years from 2007, my company (World English Service Ltd) was awarded contracts directly with the Korean Ministry of Education to provide native English-speaking teachers to work in Korea's public schools.[3] In 2009 I was selected by Deloitte to participate in a commissioned Asia New Zealand Foundation report on conducting successful business in Korea.[4] Over the decade to 2010, I have frequently provided employment guidance and/or mediation services to foreign teachers and Korean employers in situations that have required considerable cross-cultural sensitivity and knowledge of Korean law and education policy. My

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[2] Both my mother and father left school at the age of thirteen. Neither continued any education later in life.

[3] One contract was with Korea's Office of Education in Seoul and was to provide teachers for the *English Programme In Korea* (EPIK) which operated nationwide. The second contract was with the provincial Gyeongsangnam Office of Education and located in the city of Changwon. Our company office was in Changwon. I did not seek to renew these contracts in 2010.

[4] Deloitte. (2009, July). *South Korea: An Opportunity for New Zealand Business*. Action Asia Business: Asia New Zealand Foundation. www.asianz.org.nz

mediating role has sought to find solutions in a dual cultural environment and at many levels of Korean society.

In Korea, there is an old saying, 'a dragon from the swamp', meaning a person who has overcome obstacles and moved up in class status. In this respect I am positioned as this 'dragon', and have often been envied by Korean friends and colleagues who have told me that becoming a 'dragon' would be impossible for them to aspire to, such is the strength of hierarchical status in Korea.

2.4 Using the literature

A review of the literature requires not only a critical evaluation of previous research but also an analysis that validates the selection of the key research question. It should, therefore, be both a summary and synopsis of what is already known of a particular topic or research area. Eisenhart (1998) regards the undertaking of literature reviews as "a commitment to use research findings to improve communication and understanding across human groups" (p. 393). Accordingly, this thesis set out to provide a greater depth of understanding as to how education at the compulsory school level is increasingly being reconstructed into a global 'industry' and/or is seen as an economic solution to increasing international competition.

This thesis has required investigation and the comparison of literature in New Zealand and Korea, with selected reference to parallel developments in other countries such as America and Britain. Three literature review foci were undertaken; one for each country – Korea and New Zealand – and a third to review selected global issues and relevant international events and situations occurring during the timeframe the thesis covers.

During the writing of the thesis, selected literature and data from within each focus area were positioned within applicable chapters to best match the historical timeframe or topic under discussion or to support and strengthen the hypothesis, argument and aims of the thesis.

2.4.1 Korean literature overview

Gathering literature from Korea presented challenges and involved considerable time. Qualitative or quantitative accounts in English of societal history and education in Korea during the twentieth century were difficult to locate as very few Western academics have researched this area, the key exceptions being: Breen (1998), Crane (1999) and Seth (2002). However, the search for literature was made easier by the fact that Korean statistics and academic journals after 1995 are frequently available in English, as the government requires all government publications and websites to be translated into English and accessible online.

I have been alert to the fact that, when translated from Korean to English, there may be a loss of clarity as a result of the interpretational style and skill of the translator. A number of similar translated articles I reviewed tended to repeat information in an inconsistent manner and contain confusing grammar and descriptions when read with my 'Western eyes'. Both the authorship and the reasons for publication and translation have been important to note, as some articles are translated into English specifically for an OECD or World Bank report, or for a political presentation to an international audience. Also, the use of common Korean family names such as Kim and Lee has required an acute awareness of maintaining correct identities.[5]

It is, therefore, no coincidence that a significant number of the articles I read for this study contained very similar content and repetition of phrases without appropriate referencing which made it impossible to determine the original source. Most of the literature available was compiled by or for government departments, such as the Korean Education Development Institute (KEDI),[6] the Korean Education

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[5] Consequently text citations for Lee and Kim include initials as about 36 per cent of Korean surnames are either Kim or Lee. Retrieved from https://en.wikipedia.org/wiki/Korean_name

[6] KEDI was established in 1972. Its primary function is preparing and establishing future direction and vision for Korean education and conducting in-depth analysis of school education. It also analyses the strengths and weaknesses of the Korean education system and undertakes projects commissioned by the Government.

Research and Information Service (KERIS),[7] and the Korean Institute of Curriculum and Evaluation (KICE).[8]

Many of the articles available were written in a quantitative manner and relied on empirical data analysis – even for what would be considered social science study areas. In addition to academic articles, I made considerable use of the many newspaper articles and reports published in Korean newspapers. During my decade of involvement in Korean education, I have regularly read Korean news and saved articles relevant to education.[9]

The tumultuous domestic history of Korea has meant that Korean academic research has barely come-of-age within the last two decades. Korean academic J-K Lee (2002) viewed that a lack of academic freedom and the collectivist nature in how research was undertaken was a serious obstacle that interrupted the critical discussion of scholarly articles. Much of the research available in Korea was written between 1995 and 2000 with the intent of fulfilling new performance-based academic policies introduced as part of the Korean government's Segyehwa (globalisation) policy in 1994. This particular policy and its relevance to education policy is discussed in greater detail in Chapter 6.

2.4.2 New Zealand literature overview

When deciding on the relevance of literature that related to foreign students in New Zealand, I followed the advice of Ballinghall and Smith (2004) who urged caution when using information in New Zealand from older reports related to foreign students, noting that many of these reports are rarely revisited or updated. Ballingall and Smith

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[7] KERIS acts to improve the quality of public education and the development of human resources.

[8] The establishment of KICE was announced as a part of the Education Reform Bill prepared by the Presidential Education Reform Committee in 1995. Since its foundation, KICE has participated actively in educational policy making and international research projects.

[9] Since the late 1990s the majority of major national newspapers in Korea have published English editions in hard copy and online format. The *Korea Times* and the *Korean Herald* are two such prominent long-standing newspapers that have provided quality in-depth articles related to Korea's history and current affairs.

completed a New Zealand Government commissioned stocktake of all literature available in New Zealand that was related to export education and international students. Their 2004 report confirmed there had been a lack of academic research in the years prior to 2004 and, most importantly, alerted that there was little evidence that any critical academic debate had been occurring in relation to young foreign students in New Zealand.

My own examination of literature in New Zealand aligns with Ballingall and Smith's conclusions. In the years following Ballingall and Smith's 2004 stocktake, very little new academic writing has appeared. What was evident was that between the years 2003 – 2011 a high percentage of all research and reports relating to foreign students were commissioned and/or financed by either the New Zealand Government or other government funded agencies such as *Education NZ* and *Asia 2000*, who would have likely had a vested interest in any outcomes.[10] Examples of such commissioned works include; Berno and Ward, 2003; Everts, 2004; Ho, Holmes, and Cooper, 2004; McCallum, 2004; McGrath and Butcher, 2003, 2004; Paewai and Meyer 2004; and Ward and Masgoret, 2004**.**

Andrew Butcher (2004a) examined government policies between 1999 and 2002 in relation to the growth of the export education industry and noted that in his opinion much of the research available appeared to have been undertaken with a lack of critical self reflection. Butcher concluded that much of the literature he had seen revealed that not only had there been a significant shift towards quality control during the first three years but also that notions of quality were more about marketing a particular image of New Zealand and the auditing and protection of reputation than any genuine concern with providing pastoral care (ibid).

In 2004, Li argued that, considering the export education market had become a growth industry, there was "a paucity of systematic and empirical research that would

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[10] Under a formal agreement, the Ministry of Education and Education New Zealand have a partnership for the support of export education industry development activities. In addition it also has a range of other strategic relationships with key agencies including the Ministry of Foreign Affairs and Trade, Tourism New Zealand, New Zealand Immigration Service and the *Asia NZ Foundation.*

enable the voices of Asian students to be heard and heeded" (p.8). The wide range of market literature analysed for this thesis confirms Butcher's (2004a) observations on the priorities that were set by the government and furthermore reveals a dearth of research involving robust market insights. Everts (2004) and Ward and Masgoret (2004) also noted the absence of any rigorous research prior to 2003.

Despite the Asian market's increasing economic importance to New Zealand after 2004, very little of the research increased the knowledge base (Berno and Ward, 2003; Paewai and Meyer, 2004). Of particular relevance is that a high proportion of the funding for market research was being garnished via the 2002 export levy, that all providers were compulsorily required to pay. In this respect, education providers, both state and private, were paying a levy for research that, in hindsight, appears to have been of little use to them in understanding the very markets they were recruiting from.

This view was substantiated when an official review of the levy's operation in June 2006 was highly critical of a number of aspects and generally found that "levy-payers have not been universally well informed" (Deloitte, 2006, p. 53). Deloitte's survey stated that levy-payers had reported a belief that funding was often allocated for 'good ideas' rather than to situations that would improve their understanding of the different Asian markets and their students. Given the criticism of the levy during these years, it is not surprising that the government's response was very low-key.

In 2005, five Education New Zealand (ENZ) commissioned reports were compiled into a single volume by Ward, Masgoret, Holmes, Cooper, Newton and Crabbe (2005). The main thrust of their report was the simple recommendation that teachers and service providers needed to be better trained to take students' backgrounds and educational needs into account. My review of the surge of government commissioned research after 2004 is that it had the overall appearance of being more about the New Zealand government 'catching up' and picking 'good idea' projects that might 'soothe or fix' problems after they had already appeared rather than proactively monitoring and understanding changes in the market.

Duncan and Cox (2006) completed an updated stocktake of 350 articles of literature from 2004 to 2006 for ENZ. My analysis of their summary indicates that only nine studies looked specifically at the dynamics of the Asian market, while fourteen articles were specific to Chinese students and/or China. Significantly, none mentioned Korean students other than as part of a larger group, such as Asian. The bulk of the articles referred generically to international students, overseas students, fee-paying students, culturally diverse students, or ESL students or covered education issues, learning, teaching and cultural differences. Despite the fact that Korean students were a major niche market from 2000-2005 (accounting for 90 per cent of all primary school-aged FFPS), few articles mentioned this market and those that did adopted a deficit approach.

Very few of all the items I located offered insight into the lives and personal experiences of the Korean students in New Zealand or provided background detail relevant to the key questions of this thesis. Numerous studies explored New Zealand's economic crisis, economic reforms and the education reforms in the 1980s; for example Kelsey, (1993); Butterworth and Butterworth, (1998); Openshaw, Lee and Lee, (1993); Thrupp, (1999). Very few New Zealand-based researchers, with the exception of Small (2011, 2012), appear to mention a direct involvement (or otherwise) of international organisations, such as the World Bank, or of America during these or previous years.

2.4.3 Global issues and events overview

Limited literature was located outside of Korea, with the exception being the Korean-American and overseas Asian research groups and universities in America where there had been a strong settlement of Koreans in previous years. Prominent international sources of information used for this thesis include the IMF, the World Bank and the OECD, all of which have been strategically and highly influential in Korea's domestic affairs since the mid-1980s (Robertson and Verger, 2012).

From 2008 onwards, there has been a growing number of reports and related research in relation to public-private partnerships (PPPs) in education being commissioned and/or published by the World Bank and the OECD; for example

Patrinos, Barerra-Osorio and Guaqueta, (2009); Lewis and Patrinos, (2012). Balancing the growing promotion of PPPs, counter-arguments and warnings were published – particularly from academics in England and Europe; see, Leher, (2004); Robertson and Verger, (2012).

2.5 Methods

2.5.1 Research aims

This thesis aims to examine four key areas related to the domestic and global market complexities that occurred around and within the school-age education market over the last sixty years in Korea and New Zealand, as follows.

1. The nature of past and present policies and practices of the New Zealand government in relation to school-age education as a tradable commodity and the development of a market industry in New Zealand state schools and within New Zealand based Korean communities.

2. The extent to which Korea's economic development plans have been influenced by other nations and organisations and how these may have changed the way education is structured, delivered, and valued in Korea.

3. How, and for what purpose, economic and educational neoliberal policies originating in America subsequently became part of global education policy directions after the 1980s, and in what ways these have these contributed to the creation and growth of an education industry in both Korea and New Zealand.

4. The generational and societal issues Korean families have faced in relation to education, thereby identifying future issues to be taken into account in New Zealand if there is an increase of young students studying transnationally, an expansion of public-private partnerships (PPPs), or any significant development of commercial sponsorship and profit-driven programmes and services occurring within or involving New Zealand's state schooling system.

While political events in both countries have provided considerable influence across all levels of education from pre-school to tertiary, it is not the intention of this thesis to try and encapsulate all of the many and varied changes that have occurred across such a wide spectrum of education in either country. Instead, the analysis will focus on the provision of compulsory state schooling education and any parallel or ''shadow'' private education services that are sold for the use of children less than 18 years of age.

It will follow the pathways of those with a vested interest in education, examine values and motivations, and seek to understand and explain any positions of power (or lack of power) respective parties have held, either by birth, choice, appointment or destiny. Just as this thesis is seeking to find the origins, construction and context of education industries in both Korea and New Zealand, it is also seeking indications as to how and why World Bank policies (which include the endorsement of PPPs and global educational achievement standards) have already gained dominance in school-age education, how this is being manifested in New Zealand and the extent to which it may be connected to any specific growth of commercial activity and/or political privatisation ideology.

This thesis argues that currently there is not only untapped commercial potential apparent for parties outside of New Zealand to financially benefit as a result of New Zealand's liberalised education, immigration, and commercial legislation, but also a government with an 'open door' to all free trade and highly supportive of global trade in education through the WTO GATS agreement.[11]

2.5.2 Sources of data

Collecting good data takes time, according to Locke, Silverman, & Spirduso (2010). If you are doing qualitative research, you must plan to be in the environment for enough time to collect good data and understand the nuance of what is occurring

[11] The General Agreement on Trade in Services (GATS) is the first set of multilateral rules covering international trade in services. The concept came into effect in 1995 and is still being negotiated under the auspices of World Trade Organization (WTO).

(ibid). The data-collection phase for this study took place between January 2007 and January 2013. This data was then compared alongside data previously collected for my Masters of Education dissertation; *Speaking with their Feet* (Innes, 2006) which examined reasons behind an apparent exodus of young Korean students from Korea after 1999.

Coincidently, 1999 was the year I first arrived to live and work in Korea and was therefore able to witness the media hype and business growth that significantly grew around the student market – including my own teacher recruitment business which I established in 2000 when under significant pressure from private schools in Korea to provide them with English speaking teachers. During the ten years I operated this business, I collected an array of newspaper cuttings, market notes, Korean publications and articles, and had conversations with many Koreans directly involved in the provision of public and private education.

My close connection to the heart of a rapidly growing market provided me with, what can be described in hindsight, an eclectic mix of period data and market understanding. These varied experiences and my direct involvement in the Korean market have provided both the inspiration and knowledge curiosity for my late-life foray into academic research in 2005, designed to gain deeper understanding and clarity of the education dichotomies I was witnessing in Korea. Since completing my Masters degree in 2006, I have continued to seek out and store publications and newspaper articles for future reference. This wide array of previously collected data, consisting of diary notes, newspaper cuttings, emails, informal interview notes, observations of student and business interactions, and books I have purchased, has been vital in helping create an informal longitudinal history of Korean culture and education.

As a New Zealand-based citizen with English as my first language, collecting data from within New Zealand has been considerably easier. My personal involvement as the owner of a small business (1981-1984) and as a classroom teacher and school leader (1984-2000) has provided me with a first-hand knowledge and historical perspective of education reform in New Zealand. Personal diaries notes and letters

written in the 1980s and 1990s and related to situations I witnessed, although confusing at the time, have gained relevance to me when connected to my later reading of academic research and publications related to these same years.

2.5.3 Strengths and weaknesses of data sources

Despite growing agreement that "Value-free interpretive research is impossible" (Denzin, 1989, p.23), the assertion that a qualitative researcher may have unknowingly imposed their values, beliefs, or biases onto the participants and may have thus unduly influenced the data is perhaps the most common criticism of any qualitative inquiry (Patton, 1990). Holliday (2007) suggests that there are four voices within research data; the researcher's personal narrative; the data; the researcher's commentary on the data as it is collected; and the researcher's voice as they present and analyse the data.

In an interpretive approach the researcher's motivations for and commitment to research are central and crucial to the investigation (Schratz and Walker, 1995). Schwandt (1994) suggests that multiple realities will be evident in the research; the researcher's own realities; the realities of the participants; and the different ways these realities are constructed. Mercer (2007) additionally notes that boundaries are permeable and that there will always be movements as circumstances change or different situations arise. Padgett (1998) argues there is an ethical responsibility to uncover voices that have been hindered or to bring awareness to perspectives that have been oppressed.

2.5.4 Reflexivity

The term reflexivity is used to indicate an awareness of the identity, or self, of the researcher within the research process. Denscombe (2010) suggests there is no simple way of assuring reflexivity but researchers need to question their assumptions about what things mean, and how they work by a) engaging with the views and experiences held by others; b) talking about issues raised; and c) clarifying the interpretations of what may be many interwoven ideas. Subjective meanings and perceptions of the subject are critical in qualitative research and it is the researcher's

responsibility to access these. Reflexivity involves deconstructing who we are and the ways in which our beliefs, experiences and identity intersect with that of the participant (MacBeth, 2001). How this reflexivity is acknowledged, and how our own biography can implicitly or explicitly influence how we conduct and write our research, is important.

Guba and Lincoln (1994) argue that in social science research "[the researcher] must rely on persuasiveness and utility rather than proof in arguing [their] position" (p.108). Similarly, Plummer (2001) views that "what matters is the way in which the story enables the reader to enter the subjective world of the teller — to see the world from her or his point of view, even if this world does not match reality" (p. 401). In this respect, the narrative is essential to the writing-up of post-positivist research as the researcher must be able to balance theoretical interpretation with an evocative presentation, thus allowing concrete detail to mix with analytic categories to connect the familiar with the unfamiliar (O'Donnell, 2004).

My intention has always been to insert myself consciously into my thesis writing through the addition of memoirs, anecdotal experiences and historical diary notes. By inserting my own memoirs and observations, I have consciously assumed the position of an auto-ethnographer through the use of reflexivity and the exploration of my personal experiences and interactions with others as a way of achieving an understanding of the wider cultural, political or social issues being raised. Auto-ethnographic writing commonly takes the form of an evocative narrative written in the first-person style, as described by Bartleet (2009) and Ellis (2004), and provides a valuable contribution through the enabling of what Anderson (2006) describes as 'ethnographic sensibilities' in humanities and social sciences research.

In this thesis, personal memoirs, diary notes and anecdotal stories have been interspersed within the chapters to provide my own first-hand experience and reporting of relevant situations, especially when these situations may be less publically known or understood. According to Elliot (1997), diaries (in whatever form) are argued to capture an "ever changing present" (p.3) that allows researchers a timely and/or historical insight into the participants' lives and an understanding about how

they perceive or understand the events that surround them at any particular time (Plummer, 2001). Anderson (2006) endorses the use of 'analytic auto-ethnography' that follows an analytic agenda and notes its difference from the more evocative or emotional auto-ethnography promoted by Ellis and Bochner (2000). Anderson's argument is that analytic auto-ethnography not only documents an insider's perspective, evoking emotional resonance with the reader, but also contains some empirical data to provide insight into broader sets of social phenomena than those provided by the data itself. Within this thesis, my auto-ethnographic writing alternates between being first-hand and/or interpretive memoirs and diary entries that describe my personal feelings and beliefs at specific points in time, thus providing an alternative or deeper insight into specific situations.

2.5.5 Trustworthiness of research

The interpretive approach towards the relationship between theory and practice is that the researcher can never assume a value-neutral stance and is always implicated in the phenomena being studied (Orlikowski and Baroudi, 1991). Neutrality refers to the degree to which the findings are a function solely of the informants and conditions of the research and not of other biases, motivations, and perspectives (Guba, 1981). Researchers must always put strategies in place that will manage threats to trustworthiness including the ways in which who we are and what we have experienced may keep us from hearing what our participants are saying. The aim of trustworthiness, in a qualitative inquiry is to support the argument that the inquiry's findings are "worth paying attention to" (Lincoln & Guba, 1985, p.290). While all research must have truth-value, applicability, consistency, and neutrality in order to be considered worthwhile, the knowledge in naturalistic (qualitative) paradigm is very different from the nature of knowledge within the rationalistic (or quantitative) paradigm, according to Guba and Lincoln (1981).

Yin (1994) views trustworthiness as a criterion to test the quality of the research design. The difficulty lies in the fact that the researcher is: "faced with a bank of qualitative data [and] has very few guidelines for protection against self delusion, let alone the presentation of unreliable or invalid conclusions to scientific or policy making

audiences. How can we be sure that an "earthy", "undeniable", "serendipitous" finding is not, in fact wrong" (Miles and Huberman, 1994, p.2). Lincoln and Guba (1985) argue that four issues of trustworthiness demand attention: *credibility, transferability, dependability,* and *confirmability*.

- *Credibility* is an evaluation of whether or not the research findings represent a credible conceptual interpretation of the data.
- *Transferability* is the degree to which the findings of the inquiry can apply or transfer beyond the bounds of the project.
- *Dependability* is showing that the findings are consistent and could be repeated.
- *Confirmability* is a measure of how well the inquiry's findings are supported by the data collected and the degree of neutrality or the extent to which the findings of a study are shaped by the respondents and not researcher bias, motivation, or interest.

Completed research may indeed reach valuable conclusions, but these must always be regarded as partial and revisable. The researcher must ultimately understand that there are no universal solutions to research questions. Ultimately researchers, including myself, have to embrace any contradictions and tensions that occur, as many situations will not automatically lend themselves to having ready answers and, over time, conclusions may change.

2.5.6 Analytical approach and methods

According to Van Maanen (1983), qualitative methods include "an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world" (p.9).

Lincoln and Guba (1985) recommend that specific strategies are used to attain trustworthiness of research. These strategies are: prolonged engagement in the field, persistent observations, triangulation, referential adequacy and debriefing. My years of involvement with Korea, observations and ongoing triangulation of data in regards to Korea and the export education market in new Zealand between 1999 and 2012,

align with Lincoln and Guba's strategies as being vital to the trustworthiness of this research study. In regards to my involvement within New Zealand and assessing the trustworthiness of this part of the study, I have delved back into diaries and notes and photos I made during the pivotal reform years of the 1970s and 1980s. As an insider, as a teacher and a principal, I was closely involved in and affected by the major education reform period known as *Tomorrow's Schools.*

Walsham (2006) maintained that a researcher's best tool for analysis is his mind, supplemented by the minds of others. In this regard, I have consistently pursued interpretations in different ways in conjunction with a process of constant and tentative analysis over what has turned out to be more than a decade. I have always looked for multiple influences in order to ascertain what might count as reliable data and what would not count – even though it may have been interesting to read. To address the triangulation of data within the context of a study, I collected information about different events and relationships from many varied and different points of view and from numerous sources.

In regards to Lincoln and Guba's (1985) notion of there being a need for peer debriefing; between 1999 and 2005, prior to my acceptance into formal academic study, peer debriefing consisted of debate and discussion with close friends, colleagues in both Korea and New Zealand, my employees and recruited foreign teachers. A common part of my work was to brief teachers, and, at times New Zealand diplomats, heading to Korea on matters related to education in Korea. I frequently faced interesting challenges to my own ideas. Once in formal academic study after 2007, discussions became more formal and frequent as academic peers questioned and challenged my information, provided new challenges for me to unpack and provided me with a multitude of provoking questions that required consideration.

2.6 Structure of thesis

The thesis is set out in two parts with the separation point being the year 1999. It is structured to allow the reader to travel backwards or forwards in time and therefore be better able to understand perspectives, power positioning, actions and reactions. The strategic positioning of my own experiences of having been involved

directly in education in both Korea and New Zealand during many of the years under review provides a human imagery and the selected use of anecdotal experiences that can assist connection between the policies and the practices.

The juxtaposition of Korea and New Zealand throughout the chapters provides a timeline of developmental time differences for each country and highlights the connection of international events; some historically well known and others previously unknown or unconnected.

2.6.1 Part one

Part one provides an historical overview of education reform in New Zealand and Korea. It contrasts New Zealand's 'settled' education environment with the extreme volatility of education in Korea over one hundred years of occupation, war, adversity, political insecurity, and frequent crises. The unsettled environment in Korea positions education as a dominant and highly valued 'tool of survival' and 'societal security blanket' for the Korean people. Situations viewed as having influenced the provision of state education and/or triggered paradigm shifts in education's interrelationship to economics, trade and national security are detailed. New Zealand's journey is interwoven into its historical economic and security allegiance to Britain and, more recently, America. It portrays a global era of new civil rights, heightened threats, power struggles, trade wars and economic crisis conditions that required urgency and new ideological and economic solutions to secure and advance Western dominance.

Chapter 3 details the positioning of education in Korea's economy from 1900 to 1970. It portrays a time when education was stripped of social good and academic empowerment and instead used as an imperialistic control vehicle, a weapon of indoctrination, and an instructional tool for nationalistic ideologies and economic agendas. It additionally provides background information about how, in the 1970s, Korea created problems for American traders with its supposedly 'errant' trading practices – therefore forcing America to take retaliatory action.

Chapter 4 contrasts the slide of economic fortune experienced by America and New Zealand in the 1970s and 1980s against the highly successful economic development of Korea. It details the creation of private think-tanks, lobbyists, and entrepreneurial individuals wanting to reform education in the West. In contrast, the Korean military government in the 1980s is seen to be forging ahead with a highly competitive trade agenda, ignoring America's concerns, and using its own state education system to dictatorially centralise and control the provision, amount and type of education that students could access.

Chapter 5 follows the implementation of neoliberal policy into New Zealand's state education system in the 1980s, clarifies the links between the involved parties and government legalisation, and exposes possible motives behind the genesis of New Zealand's export education industry. An examination of research literature, interconnecting to my anecdotal experiences, provides a wider lens of understanding as to how and why a number of causal factors, actions and reactions could be interrelated.

Chapter 6 covers pivotal events of the 1990s. It portrays how America attempts to control Korea's competitive trading practices and widens the spread of neoliberal policy. New Zealand and Korea are seen as forging trade-linked partnerships for the first time through the establishment of the Asia Pacific Economic Community (APEC) in 1993 and Korea's OECD membership in 1996, prompting New Zealand to open its immigration doors to Asia. New democratic empowerment and personal freedoms for the Korean people facilitate the deregulation of Korea's tight domestic policy. New global trading conditions, after the establishment of the World Trade organisation (WTO), push Korea to accept foreign investment and foreign imports. In Korea these 'free-trade' mantra years create an education and English industry, a devastating economic crisis in 1997, an education crisis in 1999 and the impetus for Korean families to emigrate or send their children to overseas schools.

Chapter 7 summarises the dominant issues discussed in part one of the thesis. It examines dominant discourses, interprets global events, and trails the ideologies, actions, and travels of globally influential citizens. Using interpretive methodology, it

generally deconstructs the political manoeuvring that occurred and puts forward reasons about how and why specific actions or political policies may have facilitated the infusion of neoliberal policy into New Zealand's and Korea's education system.

Overall this first half allows readers to 'see' and interpret historical patterns and events. The culturally mismatched combination of egalitarian policy in Korea clashing with neoliberal policy of the West culminates in a schooling crisis in 1999 and the beginning of an exodus overseas of Korean school children and entrepreneurial Koreans seeking self employment opportunities selling education services and products.

2.6.2 Part two

Chapters 8-14 describe the period from 2000-2013. Part two investigates the global merging of Western and Asian education systems, new practices and political ideologies. Selective juxapositioning of Korea and New Zealand exposes the uneven nature of state education systems and private education markets. By connecting the present day actions of the Korean people to causal events of previous years, the occurrence of Korean students arriving into New Zealand is seen as a direct consequence of the education crisis in Korea and reactionary behaviour to situations portrayed in the first part of the thesis. Time-frames, power relationships, internal dynamics, ideologies, movements of pivotal people, and issues publically known or hidden from view, are detailed and examined. A focus is placed on understanding how participants interpret and operate within their own cultural and market conditions, and how each has sought out personal benefit, often in ignorance to the circumstances of others. There is a common theme of adversity for some creating opportunity for others. New Zealand is shown as interpreting the new market of 'Asian students' in 1999 as one of economic opportunity whereas the Koreans are shown as being under a multitude of financial and emotional pressures in regards to access to education and societal security.

Chapter 8 follows what happens as Korea moves into unstable and recessionary times. The chapter discusses the crisis conditions and outlines how the problematic education system is now even more vital for family 'survival' during difficult times. As

the Korean government attempts to free itself of IMF intervention, it brings out an economic stimulus policy that promotes credit cards be given to Korean citizens to spend 'their' money in order to boost the economy. These years create an education and English industry, an education crisis in 1999, and a serious credit crisis soon after, thereby providing the impetus for Korean families to emigrate or send their children to overseas schools. This creates the trigger point for Korean families to be more proactive in controlling their futures and to expand their children's education choices overseas.

Chapter 9 outlines the many education business opportunities that arose in Korea after 1999, the growth of international travel, and the arrival and enrolment of Korean school children into New Zealand state schools. Recorded as foreign fee-paying students, these children became the young Asian 'face' of a new education industry that soon provided millions of export income dollars to the New Zealand economy.

Chapter 10 provides a poignant insight into the present day schooling crisis in Korea. It attempts to capture the feelings of the many Korean children and their families who are caught within a never-ending cycle of competitive study and stress. The chapter focuses on the many factors that control the behaviours of Korean parents and students as they strive for choice and success.

Chapter 11 examines the many contributing factors that have incrementally created an education crisis and rampant academic inflation in Korea. The chapter focuses on the growing necessity for personal security, status acquisition, and educational credentialism, and how these factors are exacerbating a much wider societal crisis. It analyses the issues inherent in the convergence of Asian and Western education discourses in what has become a highly competitive environment. Korean families are shown as being powerless, with minimal genuine educational choice, and children having to study day and night or seek overseas education opportunities in order to succeed within Korea.

Chapter 12 investigates the growth of Korea's private education industry and analyses the way in which it operates independently as well as alongside and

supporting the Korean state education system. The chapter provides background details relevant to the use of supplementary education, (also known as the shadow or parallel education market) and other commercially-based education. It deconstructs the historical and present day understanding of what an 'industry' is and how a new discourse of education is being defined as an industry is cross-culturally understood.

Chapter 13 investigates the transnational Korean shadow education industry that operates between Korea and New Zealand. It assesses the aspirations and motivations of those within this market, questions why various parties have acted as they did; analyses how and why situations have occurred and how they have been interpreted and/or misunderstood by the New Zealand government and citizens.

Chapter 14 traces the origins of an overarching mantra of competition, privatisation and global standardisation that has steadily been emanating from America, and incrementally morphing into the strategic direction of education policy at the World Bank and OECD. It evaluates all the information provided in previous chapters in relation to the dominant neoliberal influences on education reform and positions present day reform policy into four distinct development stages. This chapter provides a reality check as to how political policies, no matter what the intent or the circumstances, will always have down-track outcomes with some gaining advantage while others become negatively impacted or become 'policy victims'. This final substantive chapter concludes the thesis by positing the present day mantra of public-private partnerships, choice, charter schools and private investment and illustrates how this is growing globally with considerable support from large organisations and powerful people.

Chapter 15 forms the conclusion to the thesis. It brings together all elements discussed throughout the chapters, clarifies how this study will contribute to the wider research body, and puts forward suggestions for future research.

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Chapter 3 examines the period of Korean history from 1900 to 1975. It explains the historical positioning of education in Korea and how events during these years may have exerted influence on the mindsets and beliefs of the Korean people. As will be shown throughout this chapter, these seventy-five years are pivotal to understanding later events and societal thinking in Korea. These years were a time when education was stripped of social good and academic empowerment and instead used by various leaders as an imperialistic control vehicle, a weapon of indoctrination, and an instructional tool for nationalistic ideologies and economic agendas.

These were also the years when the world's currency and trading markets became unsettled as a newly liberated Korea successfully, but without restriction, accelerated its manufacturing and export expansion, thus becoming a major threat to American traders and many of its Western allies, such as New Zealand, who subsequently began to slide into recessionary times.

Chapter 3

The Korean economy and education: 1900-1975

Just as history can be viewed as a means to connect the past, present and future, education connects and reflects the status quo of a nation and its people at any particular point of time. This chapter will evaluate the period from 1900 to 1975 when the peninsula homeland of the native Korean people was invaded, plundered of natural resources, colonised, and its peoples subjugated through the imperialistic actions and power agendas of neighbouring countries. For the Korean people, these years reside within the memory of many Koreans alive today and remain the basis of ancestral stories and warnings bestowed upon each new generation. The events and stories surrounding them are not simply fables or pertinent tales of years gone by; instead they constitute a new lens of historical reality that requires a radical rethink concerning the power that education has held, and still holds, in the world today (both good and bad). This chapter demonstrates that it is misleading to discuss or make judgment on contemporary Korea without first understanding the recent influence and impact that the 'twin imperialists', Japan and America, and communist Russia (later the Soviet Union) have exerted on the minds, behaviours, and beliefs of the Korean people today.

Although the Korean people can boast over 5000 years of occupation of the Northern Asian region known as the Korean Peninsula, this land has been predominantly isolated from sea-faring early explorers with the native Korean people very much confined within, and indoctrinated by, Chinese and Japanese cultural practices. Strategic rivalry between Russia and Japan over the ownership and/or use of resources on the peninsula resulted in the Russo-Japanese War of 1904-1905, won by Japan. Previously China and Japan had engaged in the First Sino-Japanese War (1894-1895) with the victorious Japanese establishing their hegemony over Korea via the *Treaty of Shimonoseki* (1895). Russia acknowledged Japan's paramount political, military and economic interest after the 1904-1905 war and Korea was annexed as a

colony of Japan on 22 August 1910 (Savada and Shaw, 1990).[1] A separate agreement signed in secret between America and Japan effectively gave Japan free reign to do what it wished in Korea (ibid).[2]

In theory the Koreans, as subjects of the Japanese emperor, enjoyed the same status as the Japanese. In reality they were treated as a conquered people. When the Japanese conducted a comprehensive land survey between 1910 and 1920, farmers whose families who had been on the same land for generations, but could not prove ownership in a way satisfactory to the colonial authorities, had their land confiscated and sold to Japanese land companies or to Japanese immigrants (Savada and Shaw, 1990). A small number of entrepreneurial Koreans established close ties with the Japanese government and built family businesses that would later became the genesis of the chaebols, or business conglomerates (ibid).[3] The importance of family business connections to education will be expanded on later. The Japanese policy of colonial domination was soon evident in education as the Japanese strove to destroy Korean culture by inculcating Japanese spirit and culture into the Korean people: –

> All text books were rewritten to fit the Japanese aggression policies and the use of Hangul and the Korean language were prohibited. Furthermore, they closed the Sodangs (village schools) which instituted patriotic education while allowing some industrial and vocational education in order to create mild and obedient colonial subjects out of the Korean people. (KBS, 2012, part 5)

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[1] The Japanese had previously required the last ruling monarch of Korea to abdicate the throne in 1907 in favor of his son, who was soon married off to a Japanese woman. Japan then governed Korea.

[2] The *Taft-Katsura Agreement* was cynical by modern standards, exchanging what amounted to a lack of interest and military capability in Korea on the part of America for a lack of interest or capability in the Philippines on the part of Japan (Japanese imperialism was diverted from the Philippines).

[3] The word *chaebol* means a business family or monopoly in Korean. The chaebol structure can encompass a single large company or several groups of companies. Each chaebol is owned, controlled or managed by the same family dynasty, generally that of the group's founder. Retrieved from http://www.investopedia.com/terms/c/chaebol-structure.asp#ixzz22KZlDM9h

Korean children were allowed four years of elementary education at a common school, but restricted to a maximum of four-years at a higher common school or an industrial school. Limited access was given to any higher education and there was no provision made for the training of any Korean teachers. Instead, Japanese teachers were trained to assert their authority by wearing swords in class (Seth, 2002). Work emigration was enforced systematically with many hundreds of thousands of Korean men sent to Manchuria, Sakhalin, and Japan as labourers. Large numbers of Korean women and girls, some as young as twelve years old, were conscripted by the Japanese as sex slaves (comfort women) and sent wherever Japanese soldiers were stationed throughout China and Southeast Asia (Hicks, 1997).[4] A number managed to escape and flee to America where they contributed to an anti-Japanese resistance movement.

In the 1930s Japan concentrated industrial development in the northern half of the peninsula adjacent to Manchuria and built large-scale industries for Japanese economic self-sufficiency and in preparation for war. Koreans were forced to work in these industries in low level 'blue collar jobs' where they were treated little better than slaves (Savada and Shaw, 1990). The Japanese built an essential infrastructure of railroads, highways, and hospitals that linked the colonial economy more effectively and closely to that of Japan. All technical and management positions were held by Japanese with Koreans given only minor or menial roles (ibid). When Japan launched a second Sino Japanese War against China in 1937, they forcibly enlisted Korean youths into the Japanese army as 'volunteers' and conscripts in 1943, expecting them to fight for Japan when called upon. In 1937 the Japanese governor further tightened education policy by ordering that, without exception, all instruction in Korean schools was to be in Japanese, with Korean students forbidden to speak Korean language at any time. A further decree forced Koreans to adopt Japanese names and disown their Korean culture and identity (Seth, 2002).

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[4] George Hicks estimated that over 100 000 Korean women were sent to battlefields in Southeast Asia and forced to serve as sex slaves for soldiers of the Imperial Japanese Army. Thousands of them are still alive today. Although the trafficking of women and girls was banned by four different international treaties, Korean women and girls were regarded as colonial property and rounded up to aid Japan's war efforts.

On 8 August 1945 the Soviet Union, now encompassing Russia, declared war against Japan and launched an invasion in both Manchuria and Korea. Japan, as the colonial rulers of Korea surrendered to America and the Western alliance a few weeks later on 2 September 1945, thus ending World War 2. Consequently the Japanese were forced to leave Korea (Savada and Shaw, 1990). Japan was stripped of all the territories it had acquired since 1894 at a meeting in Moscow on 7 December 1945, and a five year trusteeship period was declared with America taking over the official leadership of southern Korea.[5] To the Koreans, who had anticipated immediate independence with the departure of the Japanese, the implementation of a five-year trusteeship led by America was seen as humiliating. The arbitrary line dividing Korea into two zones (north and south) aggravated the situation by separating many families (Savada and Shaw, 1990).

The United States Army Military Government in Korea (USAMGIK) relied on interpreters, and became seen as a 'government by interpreter' by the Korean people.[6] As America needed the Koreans in the south to align themselves with American policy and ideology, the utilisation of English-speaking and American indoctrination was actively pursued. The same week that Japan was stripped of its territories, General MacArthur, Commander-in-Chief of the United States Army Forces, proclaimed that Japanese language was no longer permitted to be taught in schools and that English was to be the official language of Korea.

The American occupational forces, ignorant of Korea's history and its people, frequently liaised with the remaining pro-Japanese Korean collaborators as they were more educated and experienced, even though they were overwhelmingly disliked and

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[5] At the Moscow Conference in December 1945, the United States, Soviet Union and Great Britain proposed trusteeship of Korea and created the Joint Soviet-American Commission. The Republic of Korea (ROK) was formally established on 14 August 1948. Syungman Rhee, an outspoken anti-communist, became the first president. Retrieved from http://avalon.law.yale.edu/20th_century/decade19.asp

[6] The United States Army Military Government in Korea was the official ruling body of the southern half of the Korean Peninsula from 8 September 1945 to 15 August 1948.

mistrusted by other Koreans (J-K. Lee, 2000). The American authorities set about confiscating and redistributing all Japanese held land and businesses. The Korean's situation was described by Cho (2007) as Korea having the experience of being both a victim and later survivor of the imperialist adventures and warfare of Japanese rule and that this had "profoundly impacted Korean education and society leaving an everlasting scar on the personality of the Korean people" (p. 142). Daily life deteriorated after liberation. The division between the north and the south soon led to an economic crisis, as under Japanese management, the two regions had been interdependent and complementary in Japan's economic development plan, with heavy industry located in the north and light industry and agriculture in the south. In the two years after liberation, over two million refugees in the north crossed into the south or returned from their forced employment in China or Japan (Savada and Shaw, 1990).

In previous years rice had not only functioned as a currency, it was also a chief source of income and an all-important factor in the Korean economy (ibid). Subsistence rice farmers in the south were accustomed to having all rice surpluses compulsorily taken off them by landlords and the Japanese. The Japanese practice of distributing rice into northern industrial areas of Korea broke down when Korea was forcibly divided. This left the Soviet troops and innocent Korean citizens trapped in the north without a rice supply. To halt black market supply, USAMGIK implemented a free trade policy for rice which gave freedom to a controlled market and led to a steep price rise, hoarding, speculation, and ultimately food shortages and hunger (J. Kim, 2006).

A highly centralised system of decision-making gave the American government power to sign off on all significant decisions, with almost no local Korean input. After 35 years of Japanese rule and no power to control their own destiny, the Korean people now found themselves starving, frightened, and confused under American rule. According to a government report on 29 August 1946, food prices were a hundred times higher than prior to the American occupation.

It became evident that tighter control was needed if further starvation was to be prevented (J. Kim, 2006). Under pressure, the USAMGIK declared martial law on 4 October 1946 and began to rigidly monitor rice production and distribution. Any

farmers who refused to give up their meagre rice crops were kept in jail. This harsh policy resulted in 1342 Korean civilians arrested and 16 sentenced to death (E-G Kim, 2009).[7]

3.1 Education in austere times

The legacy of 35 years of Japanese occupation left many Korean citizens overwhelmed and unable to cope with the enormity of their personal situations. Many had no legitimate identity, no education, no Korean language, no land ownership, no employment, and no money. Three out of every four adult Koreans were illiterate and just 65 per cent of primary school-age Korean children were enrolled in a school. Fewer than five per cent continued on to high school when the Japanese occupation ended (Kim-Renaud, 2005).[8] The lack of essential services, infrastructure, schools and housing was compounded by the urgent welfare and medical needs of many starving and displaced people (Kim and Lee, 2004a). Against enormous odds, the Korean people focused on education, something that had been denied to them for so long.

The USAMGIK had the task of eradicating the embedded Japanese education system and both designing and implementing a first-time Korean education system. The Bureau of Education began operations on 11 September 1945 and became the Department of Education on 29 March 1946 (E-G. Kim, 2008). A plan for compulsory education was approved for implementation in September 1946. Its overall aim was to create a schooling system that promoted democracy and denounced communism and to raise the literacy of Korean people (Seth, 2002). Social studies was introduced as an integrated subject to familiarise the Koreans with American democracy and the American way of life (ibid). The training of Korean teachers was an urgent priority as

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[7] USAMGIK was comparable to the Japanese colonial government, and perhaps an even worse oppressor. General Hodge was determined to avoid another uprising that would threaten to foil American efforts to build an anti-communist base against the Soviet Union. He actively pursued American aid for the Korean economy of US$528 million dollars.

[8] This information was quoted from Korea Ministry of Education (1998), Fifty Years of History of Korean Education in *Statistical Yearbook of Education:* Retrieved from https://pantherfile.uwm.edu/kim/www/papers/Equalization5.doc

most of the Japanese teachers, who comprised 40 per cent of primary teachers and 70 per cent of secondary teachers, returned to Japan.

A plan, *One School for One Country* was implemented in September 1947 to increase the number of secondary schools from 97 to over 400. Over the period 1945-1948 the number of illiterates officially decreased from 7.9 million to 5.4 million and from 78 per cent to 42 per cent of the general population (E-G. Kim, 2008). Between 1945 and 1947 the number of children in elementary schools increased by almost 50 per cent – from 1.37 million in 1945 to 2.27 million in 1947 (Kim and Lee, 2004a).

By 1947 the American policies had caused work stoppages, labour unrest and recurrent demonstrations. Frequent stoppages of the electricity supply from North Korea plunged the south into darkness, deepening the despair of the people. It was only after the establishment of the South Korean Interim Government (SKIG) in 1947 that Korean language was finally accorded recognition as Korea's official language. Meanwhile, under the command of the Soviet Union, the separated north of Korea built a formidable political and military structure with large numbers of Korean youths taken to the Soviet Union for compulsory military training (Savada and Shaw, 1990).

When the first Korean government, under the leadership of President Rhee, came into office in 1948 it immediately reversed many of the USAMGIK's planned reforms. This led to the Japanese education structure remaining in place until 1949. The control of education was taken out of the hands of local school boards and concentrated in a centralised Ministry of Education. To achieve rapid economic growth, President Rhee pushed to establish primary schooling nationwide as soon as possible.[9]

In order to achieve so much in such a short time, the government had to sacrifice the quality of schooling as the supply of teachers could not keep pace with the demand with teachers' certificates granted to high school graduates who had completed just six months of training (Kim and Lee, 2001). Moreover, the average

[9] The First President of Korea, Rhee Syngman (1948-1960) was an ardent advocate for education. He was a highly educated man with MA from Harvard and a PhD from Princeton Universities.

student-teacher ratio for an elementary classroom was over sixty-to-one with class sizes often exceeding eighty students. For their part, parents were expected to contribute to the cost of textbooks, supplies and cleaning (Kim and Lee, 2003).

Meanwhile, America continued to gather educational assistance, teacher trainers, and teaching resources from American universities and teachers colleges to 'give' to Korea (E-G. Kim, 2009a).[10] Documents held at *Vanderbilt University* in Nashville Tennessee detail how American educated university professors were heavily involved in formalising a Korean educational system.[11] The *Peabody College for Teachers* appears to have provided numerous pedagogical ideas and methods to the Korean national system via a formal relationship with Seoul National University (SNU) from 1948-1961.[12]

The passage of the *Education Law* in 1949 to control all schools made six years of elementary education compulsory and accentuated the development of a national Korean spirit and an obligation and duty to the leadership's aims for education. School instruction began to be regimented through a standardised curriculum and approved textbooks. All students were required to wear formal uniforms and perform duties, such as cleaning the classrooms and lavatories.

3.2 Invasion, war and education

On 25 June, 1950, barely five years after the Japanese exited Korea, and two years after the American government had handed over rule to a Korean leadership, North Korean troops, aided by the Soviet Union communist forces, invaded southern Korea, thus beginning a war that was to last three years. Once again America took control with a United Nations Command (UNC) soon formed to run the country for the

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[10] This was the 21st article in a series about the history of English education in Korea published in the *Korea Times*.

[11] Documents related to American education aid in Korea were retrieved from http://www.library.vanderbilt.edu/speccol/digcoll/peabody/1960-961%20Korean%20Project%20Report.pdf

[12] *Peabody College* (now the Faculty of Education of Vanderbilt University), was part of a foreign aid contract to assist education development in Korea after the war.

duration of the war. With Koreans fighting Koreans, a wave of survivalist thinking began that led to moral disorder becoming a problem. Koreans began to exhibit a deep sense of distrust of those around them which manifested in egoism, nepotism, materialism, and regionalism as frequent justifications for the breaking of moral rules and the gaining of personal wealth (Chu, Park and Hoge, 1996). These uncertain years shaped new values as the war destroyed an already fragile economic infrastructure and once more led to nationwide famine, separated families and created many orphans. Civilian casualties for the war years were estimated to exceed one million (Y-S. Kim, 2005).

Educational enthusiasm became the focus of a rekindled pride and determination to overcome the adversity being suffered. In 1951 *Guidelines of Special Wartime Measures for Education* were published endorsing a commitment to retain societal cohesion. In the midst of war, Korean parents diligently tried to send their children to school but with many schools destroyed, including many of the newly built American classrooms, makeshift barracks and outdoor areas became common places for lessons (ibid).

In 1953 an armistice was signed that formally separated the Korean citizens of the north from those of the south on the 38th parallel line. With the armistice bringing a halt to active warfare, the focus once more turned to rebuilding the country and helping the millions of homeless and starving Korean citizens. America responded by immediately stationing more than 40 000 troops in Korea to maintain a high security profile as they knew that the problems faced by the Korean people were now far greater than when the Japanese had exited in 1945. Few buildings remained standing in the capital city of Seoul. Attention now shifted to the rebuilding of the country, healing the many shattered lives, and re-establishing a state schooling system. American advisors were called upon once more to help with educational policy, resulting in the American model being consolidated as the dominant model (H-J. Kim, 2004). Out of 34 294 classrooms available in 1950, 23 700 had either been destroyed or severely damaged (Adams and Gottlieb, 1993). With sheer determination on the part of the Koreans, along with American support, a compulsory education system was successfully implemented in 1959, with 96 per cent of school-age children attending

school (ibid). A literacy campaign was introduced to educate the large numbers of workers urgently needed in the construction industry to replace destroyed buildings and work in the newly establishing industries.

3.3 Unsettled new beginnings

Under the Stalinist policies of leader Kim Il Sung, North Korea quickly recovered and rebuilt a strong industrial economy while South Korea's economy, under the autocratic rule of President Rhee, stagnated (Shorrock, 2007). To save money and to give work to the many unemployed South Koreans, severe restrictions were placed on the importing of foreign goods into Korea. Access to an American military base, having an American product, or eating American food bestowed social capital and was keenly sought after. The ongoing presence of American troops resulted in many relationships and marriages between Korean women and American servicemen. The war orphans and mixed race babies born from these liaisons, regarded as the 'dust of the streets', were shunned, abandoned by Korean society, or sent to American families for adoption (Cho, 2007).[13]

President Rhee wanted to become the leader of a re-united Korea and continually called for a 'march north' to unify Korea. He refused to follow advice from America or formalise the division of Korea (ibid). The American government warned Rhee that it would halt the much needed aid South Korea was receiving if it did not move forward with development. In a twist of fate, America also advised Korea to accept the foreign investment being offered to it from the Japanese (ibid). In 1959 America was put under pressure on two fronts in Asia when the communist leadership in Vietnam declared a 'peoples' war' on America because of its alleged interference in Vietnam. A bloodless coup d'état in Korea in 1961 saw General Park Chung Hee and

[13] Between 1958 and 2002, a total of 150 499 Korean children were adopted by citizens of America and other European countries (Cho, 2007).

the military take control.[14] As America's involvement in the war in Vietnam escalated, America exerted pressure on President Park to liberalise Korea's economy so that Korea could gain economic independence and self sufficiency (Savada and Shaw, 1990).

In 1962, President Park launched a five-year economic development plan that included a strong focus on education to help industrialise Korea (Savada and Shaw, 1990).[15] At that time, as a war-torn country, Korea was able to access considerable amounts of economic aid and development loans from America and other foreign countries.[16] The media was required to publicise an '*Education for Industry'* policy, the agenda of which was to create a harmonious, disciplined Korean society that would be both technically advanced and economically efficient (Savada and Shaw, 1990). The few universities still operating were closed as the focus of education shifted to economic needs rather than a social or academic orientation. Once more, Korean workers suffered in harsh working conditions with the police or army frequently sent in to suppress any uprising or dissent.

In 1965, under immense pressure from America to move Korea's development and self-sufficiency forward, Park's government was strongly urged to sign a *Normalization Treaty* with Japan. This treaty later came to be regarded as the cornerstone for Korea's entry into the world market (Savada and Shaw, 1990). To get

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[14] General Park Chung Hee had been trained by the Japanese Imperial Army. His daughter, Geun-hye is the current (2013) President of Korea. After her mother was assassinated in 1974 she took the role of "First Lady' alongside her father, who was himself assassinated in 1979.

[15] Economic and social development plans were implemented by Korea. The first: (1962-1966) – to benefit the textile industry and make Korea more self-sufficient. The second: (1967-1971) – to shift into heavy industry and make Korea more competitive in the world market. The third: (1972-1976) was referred to as the *Heavy Chemical Industrialization Plan.* To do this the government borrowed heavily from foreign countries. The fourth: (1977-1981) – to promote industries to compete internationally. The fifth: (1982-1986) – to move from heavy and chemical industries, to technology industries.

[16] Through these aid provisions, Korea was required to join the GATT in 1967 when it began the building of light industries (Savada and Shaw, 1990).

the *Normalization Treaty* passed, Park was forced to declare martial law in Korea.[17] Ironically America saw the treaty as a way for Japan to support Korea's development. The Treaty allowed Japanese corporations to invest heavily in Korean electronics, textiles and steel, and, for the first time since colonialism, to transfer many of their labour-intensive industries back to their original locations in Korea with a view to expansion (Shorrock, 2007). The Korean companies who joined with the Japanese industries grew rapidly into chaebols (conglomerates), and, like their Japanese counterparts, profited from the large military orders that kept coming from America (Savada and Shaw, 1990). In 1965 the American government enacted immigration and trade laws that provided strong incentive for Korea to build trade links with America.

Mutually beneficial public-private partnerships (PPPs) between the Korean Government and the chaebols increased with the government taking an active role to ensure developments succeeded by giving the chaebols preferential treatment, encouraging exporting and establishing performance quotas (ibid). The chaebols returned the favour by providing the bulk of funding to the political leadership (Lee and Han, 2006). Because the government either owned outright or controlled the ownership of the majority of banks, it was able to engage in a targeted industrial policy that favoured select companies.

> With the chaebols' thirst for business expansion and the government's ability to grant licenses for new industries such as telecommunications, a different type of partnership emerged (ibid, p. 10).

Lee and Han (2006) claim that the construction of these symbiotic partnerships was akin to developing a '*Korea Inc*'.

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[17] As part of the deal, Japan pledged over US$800 million in reparation payments to Seoul. Most of that money came in the form of direct Japanese investments and loans, which financed the first phase of the South Korean export-led economy (Shorrock, 2007).

3.4 Equalising education

As the post-war born children continued to enter school and students moved from elementary to secondary school, the demand for more and better schools became insatiable. Overcrowded classrooms, oversized schools, and a shortage of fully qualified teachers compounded the problems of insufficient schools and inadequate educational facilities. With the quality of schools varying enormously, parents became obsessed with getting their children into what they believed were the best schools to maximise their success in the final Grade 6 examination to enter middle school. This created an unbalanced and unpredictable demand with intense competition for entry into the public schools deemed to be of the highest quality. The teaching of a 'normal' curriculum was difficult because teachers focused on preparation for the Grade 6 examination. Students who failed to get into a desired school repeated the sixth grade, thereby further exacerbating the problem of overcrowding. Although many families were still living in poverty, parents staunchly prioritised whatever household money they had to pay for private tutoring to help their children pass the examination.

In 1968, education once again was declared to be the driving policy that would ensure Korea's future prosperity. *The Charter for National Education* was published portraying the ideal image of a Korean citizen. Emphasising a strong national and world identity, it encompassed overt totalitarianism with its goal of education providing the means of economic regeneration of the nation and the goal all Korean students should follow (Savada and Shaw, 1990). Koreans quickly took advantage of America's flexible immigration and education regulations, which rapidly increased the number of Koreans moving to America with more than half coming from *Seoul* and other large cities where Christian missionaries had been placed after the war (Choi, 2007).[18] Many stayed and became permanent immigrants. The government encouraged Koreans to undertake training overseas with a strong preference for students to study in America. Generous education aid from America allowed many

[18] An added bonus for many Koreans wanting to go to America was that the 1965 *Immigration and Nationality Act Amendments* (also referred to as the *Hart-Cellar Act*) provided a generous family reunification category which benefited Korean wives of American servicemen, Korean students who stayed in America to find work after the completion of their education, and professional skilled workers.

Korean citizens to become the beneficiaries of numerous interlinking aid and study programmes with America which, in turn, boosted America's economy and cemented its economic and trade ties with Korea.

With pressure building on the school system, the government finally abolished the Grade 6 examination in 1968 and implemented an equalisation policy soon after. This new policy shifted the examination from Grade 6 to the final year at high school, temporarily alleviating the problem of popular and unpopular schools and delaying the pressure for a few more years (Kim and Lee, 2001). With the Grade 6 examination eliminated, more students advanced to middle schools and on to high schools. A high school *Equalisation Policy* officially began in 1974 in the largest cities of Seoul and Busan and then expanded to other major cities (Kim and Lee, 2003). The high school policy was designed to make it financially beneficial for businesses and chaebols to partner with the state to construct the many extra schools that needed to be built. The policy also took away parental choice of high school for their children.

The government signed numerous PPPs with private companies for them to build and manage schools on its behalf. No adverse outcomes were predicted as at the time the authoritarian government tightly controlled the economy. The privately built schools effectively became 'quasi-public' schools as they were treated as equal to the public schools and administratively guided and financially supported by the government. The random allocation of students through a ballot system provided no parental choice, – students were required to attend the school to which they were balloted and schools were required to accept all students allocated to them. The Ministry of Education prohibited any public disclosure that detailed any quality differences between schools (Kim and Lee, 2003). A strict subject standardisation and uniformity policy made all teachers' salaries equal and required the same curriculum to be taught at the same time with the same text books used.

It is noteworthy that the E*qualisation Policy* excluded all vocational schools so they could continue to recruit more students to meet the government's priority for industrialisation (Kim and Lee, 2001). Overall the *Equalisation Policy* in education met with little opposition. The parents of children whose chances of entering a popular

high school were low supported the elimination of competition while others simply viewed the heavy-handed regulation as normal practice from a military government prone to ignore dissenting opinions (Kim and Lee, 2001).

Very soon all equalised classrooms became places of rote-learning and state-imposed basics. A lack of diversity and competition between schools created very little incentive for schools to respond to the needs of students and their parents (Kim and Lee, 2003). The policy was highly controversial (T. Kim, M. Lee, Y. Lee, and J.lee, 2004).

Predictably, the demand for private tutoring increased. It was estimated that more than 30 per cent of high school students were taking private tutoring a decade later (ibid). Ironically, at the start of the policy the high schools regarded as being the most prestigious to attend were the public ones, with privately built schools being less prestigious (Kim and Lee, 2001). With all schooling equalised, no parental choice, and curriculum content and resources heavily controlled, the stage was set for private enterprise to enter the market to provide the choice parents desperately wanted to have.

3.5 International currency turmoil

In 1944, *The Bretton Woods Agreement* had created an international currency exchange basis that facilitated the creation of the IMF and the International Bank for Reconstruction and Development (IBRD), now known as the World Bank.[19] At that time America had more than half of the world's manufacturing capacity and held most of the world's gold. *The Bretton Woods Agreement* tied world currency to the American dollar, which, in turn, was convertible into gold (Lowenstein, 2011). America was committed to backing every dollar overseas with gold, and foreign countries could exchange their American dollars for gold at the rate of US$35 per ounce of gold. As governments rebuilt their war-torn countries in the 1950s, the dollar held a powerful position in international trade and the system appeared secure (ibid).

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[19] The IMF and the World Bank mandates were to help prevent future conflicts by having the capacity to lend money to nations needing reconstruction and development or to ease temporary balance of payments problems.

As America's spending on Vietnam increased in the 1960s and consumer products flooded the world with dollars, America's allies began to ask for their gold back causing America to experience an external trade deficit and a domestic recession (Hughes and Waelbroeck, 1981). A dominant factor in the economic problems affecting America by the early 1970s was the highly competitive growth of the manufacturers in Korea, and Japan, who were exporting large amounts of cheaper products to America and competing directly against American manufacturers. In response, America re-introduced protectionist measures, called voluntary export restraints (VERs), aimed specifically at East Asian exporters.[20] "Frequently negotiated under the threat of more restrictive measures, most were kept secret and the regulations and restrictions not publicised" (Hughes and Waelbroeck, 1981, p. 136). There was a dramatic escalation in the use of VERs in America's trade policy during the years after 1968 (ibid).

To keep foreign countries from converting their surplus American dollars to gold, in 1971, American President Nixon unilaterally decreed that, from then on, America would not exchange dollars for gold for anyone, – thus ending all formal links between world currencies and commodities. By 1973, the world's currencies were freely floating leaving many countries vulnerable and unable to stabilise their trading markets.[21] The scope and comprehensiveness of the VERs were expanded in 1972, as the American steel industry grew dissatisfied with the lack of the effectiveness of the VERs. When the agreements were renegotiated for a subsequent three year period, they included British steel producers for the first time (McClenahan, 1991). In partial response to the protectionist measures taken against them, Korea diversified away from low value-added and labour-intensive exports (Hughes and Waelbroeck, 1981). It then heavily cut its own domestic importing and tightly controlled the education system, employment and wages. Hughes and Waelbroeck (1981) point out that, in

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[20] VERs are actions that are undertaken to limit exports to certain international markets. During the Eisenhower administration (1953-1961) VERs became a major element of American trade policy.

[21] In 1978, Congress passed a law making it official. Other countries had passed similar laws, and by the end of the 1970s, no major currency was redeemable in gold. Reference: Harley Hahn *Understanding Money* website. Retrieved from http://www.harley.com/money/the-end-of-the-gold-standard.html

spite of all the protectionist measures taken against them, “The strongest growth in [global] market penetration, almost 9 per cent a year between 1970 and 1979, came from the four principal East Asian exporters” (Hughes & Waelbroeck, 1981, p. 136).

3.6 Summary

Just as the Japanese government sought to transform Korea according to its own imperialistic goals, the American government is seen throughout this chapter to have similarly imposed its own imperialistic mandate onto the Korean people by heavily ‘guiding’ Korea’s trajectory as a new nation. The three years of American military rule (1945-1948) and the United Nations controlled management of Korea (1950-1953) provided America with the opportunity to control much of the development of Korea’s first education system.

To the Korean people, isolated, subjugated, and without freedom for nearly forty years under Japanese rule, the dream of living and being educated in America was a ‘dream’ pathway to freedom and prosperity. When America withdrew its aid and active support from Korea in the late 1960s and urged Korea to become more self-sufficient by accepting Japanese investment, its capacity to influence the leadership and ideological direction of Korea diminished. As Korea’s new leaders avidly focussed on economic independence, education became paramount to government policy and was carefully moulded to fit in with the state development model.

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The next chapter moves into the 1980s and details how America formulates a solution to its own economic decline and that of its Western allies. The extreme differences between Korea and New Zealand, especially in education policy, provide an interesting juxtaposition of the diverse pathways each country was undertaking less than forty years ago. Both New Zealand and Korea enter a period where America becomes a dominant 'advisor' and actively seeks to influence and infiltrate the domestic policies of 'other' countries with newly developed economic ideology whilst systematically seeking ways to toughen the rules of global trading. Although rich with information, the following chapter provides the essential contextual framework for what I perceive to have been a less noticeable aspect of economic reform – its capacity to be applied directly to education.

Chapter 4

Implementing economic reform

This chapter portrays how powerful American politicians, influential businesses, and academic institutions worked in tandem to seek out and then reconstruct existing neo-classical economic theory into a new neoliberal formula then dispense it as the 'cure' for America's economic malaise. As a 'cure', it needed to target and fix not just America's problems but somehow halt the unrelenting competitive trade practices of Asian countries, such as Korea, that were allegedly causing a general malfunction in the smooth operation of global trade and currency transactions.

4.1 Unrest grows in the West

During the 1960s and 1970s, media innovations, television, music and epic American-made movies provided an exciting new 'normality' in the West after years of war and insecurity. Newly available television sets beamed images of new programmes and products, with America portrayed as a country of prosperity with an excellent education system and social security. As post-war euphoric calls for global peace abounded worldwide, new ideological and societal thinking grew, triggering protests and a general groundswell of social rebellion and unrest. Within this new environment, there was a strong advocacy movement for state-funded education systems to be reformed along with an increase in controversial publications such as John Holt's, How Children Fail (1964) and How Children Learn (1967).[1] As the works of Holt and the social protest movement spread across the Western world, classroom teachers in New Zealand were caught in an atmosphere of reform.

> *As a teacher trainee in 1970, John Holt's message was inspirational yet radical. However in 1973, with my own large class to manage, I*

[1] John Holt's books are still in print and together have sold over a million and a half copies and have been translated into over 14 languages. After writing the books, Holt went on to become a visiting lecturer at Harvard and Berkeley Universities, but his tenure at both places was short-lived. He died in 1985.

was upset at having to 'strap' children who misbehaved. I believed I was viewing archaic procedures and out-of-date teaching methods and felt annoyed at the system I worked in. (M Innes, memoirs)

The well known American movie *Dead Poets Society* (Weir, 1989) depicted the social reality in the classrooms of teachers and students in America during these years of social rebellion. Although a fictionalised story, it is said to contain the stories of real people, real places and real events and highlight a need for change from rigid conformity, towards understanding, motivating and empowering students.

Unbeknown to those in the West, far more serious situations were occurring in lesser known countries such as Korea – Korean students may have been aware that 'pop' music, American blockbuster movies, and school choice existed but they had negligible access to them. Knowing that people in America owned their own land, drove new cars, attended prestigious universities, and could travel freely compounded the many frustrations Korean citizens felt.

4.2 Fixing global problems

When American President Nixon resigned in August 1974, inflation was 11 per cent; five years later it was nearly 15 per cent. Soon the world became a place characterised by risk and instability (Lowenstein, 2011). Economic problems spread widely, both domestically and internationally. In 1975, New York City entered a financial crisis and it was only when on the brink of bankruptcy that it received bailout funds from the government.[2] Unsettled trading, currency changes, nuclear armament and growing civil unrest in many countries became indicative of the apparent failure of the post-war Bretton Woods agreement and America's prowess no longer able to keep the world on an even keel. Many countries around the world faced similar problems with Britain having to go "cap-in-hand to the IMF in 1976 for funds" (Rachman 2010,

[2] In 1975 President Ford signed the New York City *Seasonal Financing Act*, which released US$2.3 billion in loans to the city. Information taken from *The history of bailouts in America*. Retrieved from http://www.propublica.org/special/government-bailouts

p.30). Other countries in Latin America and sub-Saharan Africa were similarly affected by the economic crisis and required 'bail-out' money from the IMF in 1974.[3]

With the price of oil spiralling upwards and interest rates rising to unsustainable levels, politicians in the West worked frantically to find a solution that would help not just America, but also the many other countries experiencing various levels of economic uncertainty. In these unstable times, Gerald Ford came into the White House as President with the slogan, 'Whip Inflation Now' (WIN).[4] The American government's search for a solution soon became centred on the Chicago School of Economics and the writings of economic theorist Milton Friedman. During these years, leading prominent American statesmen Arthur Burns and George Shultz, collegial friends of Freidman, were well networked within the Chicago School of Economics.[5] In the years prior to President Ford's election, Friedman travelled extensively around the world advocating for a new approach to economic reform that involved privatisation in the marketplace and less direct involvement of governments in administration. Friedman's provocative 1972 book, *Capitalism and Freedom*, advocated for privatisation, free-floating exchange rates, and for parents to have a greater choice in education.[6]

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[3] In September 1974 the IMF set up an Extended Fund Facility (EFF) to give medium-term assistance to member countries with balance of payments problems resulting from structural economic changes. Retrieved from: http://www.imf.org/external/np/exr/chron/chron.asp

[4] Whip Inflation Now (WIN). Retrieved from http://en.wikipedia.org/wiki/Whip_inflation_now

[5] Arthur Burns was a personal friend from Freidman's time at Columbia University. Freidman declared Burns as a life-long friend and spoke at his funeral. This Information is taken from a recorded interview with Milton Freidman in 1991 for the Academy of Living History. Retrieved from http://www. achievement.org/autodoc/page/fri0int-1
George Shultz was President Nixon's secretary of labor from 1969 to 1970 and Secretary of the Treasury from 1972 to 1974. In 1982, he was appointed by President Reagan as the Secretary of State. Shultz was at The Chicago School of Economics from 1962 to 1969. Retrieved from http://en.wikipedia. org/wiki/George_P._Shultz -

[6] *Capitalism and Freedom* went on to sell some 500 000 copies. It was smuggled into the Soviet Union and served as the basis for an underground edition. After the fall of the Berlin Wall in 1989, the book was translated into many other languages. Retrieved from http://thedailyhatch.org/2012/07/24/ milton-friedman-believed-in-liberty-interview-by-charlie-rose-of-milton-friedman-part-1/

In *Capitalism and Freedom*, Friedman (1962) clarified how privatisation could work in education.

> Educational services could be rendered by private enterprises operated for profit, or by non-profit institutions. The role of the government would be limited to insuring that the schools met certain minimum standards, such as the inclusion of a minimum common content in their programs ... Although many administrative problems would arise in changing over from the present to the proposed system and in its administration, these seem neither insoluble nor unique. As in the denationalization of other activities, existing premises and equipment could be sold to private enterprises that wanted to enter the field. Thus, there would be no waste of capital in the transition. (Friedman, 1962, General Education for Citizenship, para. 23)

4.3 Support from the private sector

With the economic stability of the world spiralling into decline, the American government needed to solidify neoliberal policy as the dominant economic 'tool kit' to repair the economic crisis and control the imbalance of trade practices occurring primarily in the North East Asian countries. Corporate concern about the economic dilemma facing many countries saw the establishment of lobbying groups and 'think tanks' (Beder, 2006). It was through these organisations and other various networks that Friedman's neoliberal ideology would cross the ocean into Australia and New Zealand. Lobbying and advisory organisations worldwide took on many forms and names, but overall their main purpose was to strategically lobby and feed economic advice to governments through conference circuits, journal publications, and academic connections, commissioned reports and consultancies (ibid). With powerful promotion and both private and political support, neoliberal thinking quickly became embedded into policy and as the preferred reform model for economic change in America. American interests were soon ably assisted by the IMF, who embraced

neoliberalism as an economic restructuring policy for any country in need of economic assistance and reform advice.

As the 1970s drew to a close, Milton Friedman became a close and trusted friend on the advisory committee of America Presidential candidate Ronald Reagan. In Britain, Margaret Thatcher was elected Prime Minister in May 1979 in what was commonly referred to a being a 'winter of discontent.' As Rachman (2010) indicates, "a series of crippling strikes fed Britain's feeling of national malaise" (p. 30). Immediately following Thatcher's election, the British government pledged to end the inflationary 'stagnation' allegedly responsible for Britain's major economic problems. Thatcher is said to have declared that there were no alternatives other than for Britain to undertake tough measures in order to solve the serious economic problems.[7] Whether there were other options or not, appears to not have been challenged before exchange controls were lifted allowing for the free movement of currency. According to Rachman (2010),

> Thatcher and some of her closest colleagues, in particular her intellectual soul mate and future education secretary, Sir Keith Joseph, were intrigued by the economic ideas of Milton Friedman, who was awarded the Nobel Prize for economics in 1976. (p. 31)

Very soon side effects appeared as unemployment began to surge, rioting took place, and the biggest collapse in industrial production since 1921 occurred (Rachman, 2010). Considering America had expanded voluntary export restraints (VERs) in 1972 to include British steel producers, this is not surprising. Friedman openly praised Margaret Thatcher's forthright actions in America's *Newsweek* magazine in 1979 saying;

> I salute Margaret Thatcher and her government for their courage and wisdom in moving firmly and promptly to cut Britain's bureaucratic

[7] Thatcher became well known for justifying her government's reform program with the use of the phrase *There Is No Alternative* – commonly referred to as TINA.

> straitjacket ... If Britain's change of direction succeeds, it will surely reinforce the pressures in the United States to cut our own government down to size. (Friedman, 1979, p. 2)

With two years of tough restructuring completed, Thatcher claimed that other countries were now queuing up to obtain the new British 'cure' and that Britain was now teaching the nations of the world how to live (Rachman, 2010). While a consumer spending boom saw house prices double in Britain between 1985 and 1989, due to the government encouraging people to purchase their own homes and a sell-off of state owned houses, de-industrialisation led to big job losses in the mining, steel, shipping and manufacturing industries (Rachman, 2010).

Edward Nelson's (2009) analysis, in *Milton Friedman and U.K. Economic Policy from 1938 to 1979*, pinpoints the election of Thatcher in 1979 as the pivotal change point for Britain to adopt neoliberalism. By the end of the 1980s the apparent success of Thatcher's policies had attracted widespread international interest and imitation, according to Rachman (2010), with think tanks and advocates for reform continuing to promulgate the neoliberal policy worldwide. The close personal connection that had grown between Friedman and Thatcher during Britain's neoliberal reform period was shown in late 2006 when Friedman died at age 94 – Margaret Thatcher, an elderly lady herself, stated she would "greatly miss her old friend's lucid wisdom and mordant humour" (Cornwell, 2006).

4.4 New Zealand in crisis

In light of the global uncertainty, 1975 was an ominous time for National Party leader Robert Muldoon to become New Zealand's Prime Minister – considering New Zealand was extremely vulnerable to any international instability due its tightly regulated economy and historical reliance on its agriculture exports going to Britain. Once Britain joined the European Economic Community (EEC) in 1973 this vulnerability

only increased.[8] Muldoon immediately provided positive post-election rhetoric of 'full steam ahead' and ushered in 'think big' policies to enhance New Zealand's self-sufficiency. With the removal in 1973 of the capital flow regulations, the New Zealand government was able to borrow vast amounts of money from overseas to fund the costly 'think big' projects. Muldoon's timing would prove to be extremely unfortunate as before long interest rates began to rise to unforeseen levels, pushing government debt to unsustainable levels.

While positive economic results from restructuring were appearing in Britain by 1982, New Zealand was quickly sliding into economic decline. Instead of adopting Britain's 'neoliberal cure', Muldoon extensively intervened in the economy by implementing freezes on wages, prices, rents and interest rates. Unfortunately, the measures undertaken did not suffice and New Zealand languished in debt – swamped by regulations and protectionist measures. Inflation surged upwards, job losses continued, the deficit increased and economic growth ground to a virtual halt. With New Zealand's economic survival teetering on the edge, a change of government was inevitable. When Muldoon's National government was resoundingly defeated at the polls in July 1984, New Zealand's reserves of foreign exchange were nearly exhausted and the defaulting of overseas loans became a distinct possibility due to speculation of currency devaluation.

The incoming Labour government manifesto had outlined traditional social policies, yet on discovering the extent of New Zealand's economic problems, it became necessary to adopt 'tougher' measures. Foreign currency trading was immediately suspended as New Zealand quickly sought to implement the same 'neoliberal cure' with which Britain had supposedly succeeded. The rhetoric of incoming Prime Minister David Lange's government mimicked that of Thatcher – that the economic circumstances were so severe there was no alternative other than major restructuring.

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[8] Overseas currency was difficult to obtain, and imports were controlled by a system of import licences. What the country could not import was manufactured in New Zealand. For many years, unemployment in New Zealand was at less than 1 per cent and most New Zealanders had the essentials for a good life. The New Zealand economy and welfare system was in these regards much envied by other countries.

A large sell-off of state assets commenced. Farming subsidies were quickly removed, leaving farmers to 'face the market'. The public service was separated into commercial and non-commercial activities, and State-Owned Enterprises (SOEs) were set adrift to carry on commercially oriented activities such as postal services and railways and run along private sector lines. With an emphasis on efficiency and profitability, new laws were implemented to match the new economic policies with all the necessary legislation enacted in 1986. With drastic cuts in public service staff numbers undertaken, the first of the SOEs began on 1 April 1987.[9] Few people had time to adjust to, let alone evaluate, what was happening. For the average citizen, there was a distinct disconnect between what was being said in political press releases and the visible deconstruction of state services and the privatisation policies.

> *A few months prior to the 1984 election I sold a profitable rural general store that I had owned since 1981. I witnessed the new owners struggle financially and then close, seriously affected by the debt and hardship being felt in the local farming community as subsidies were withdrawn and exports decreased. The Post Office commercialised the contract for mail distribution and the Europa petrol company removed the 'uneconomic' fuel tanks onsite that were used mainly by farmers. (M Innes, memoirs)*

4.5 Juxtaposition – Korea in the 1980s

As manufacturing in America and Britain fell into decline with many textile and steel mills closing, the newly industrialised countries (NICs) in Asia – namely Korea, Taiwan, Hong Kong, and Singapore – continued to enjoy substantial growth of their export products leading to Hughes and Waelbroeck (1981) warning that the Northern Asia countries were 'abusing' market rules, and needed to change their trading

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[9] *The State-Owned Enterprises Act* (1986) – the key provisions of which took effect on 1 April 1987, heralded a major overhaul of New Zealand's state sector. A number of government departments became commercially oriented organisations with an emphasis on efficiency and profitability. Retrieved from http://www.nzhistory.net.nz/state-owned-enterprises-act-takes-effect

practices.[10] No longer could America simply ignore trade practices perceived as blatantly unfair.

Not surprisingly, the Asian trading nations came under increasing pressure from America and the IMF with America rallying for international pressure to be applied through the General Agreement on Tariffs and Trade (GATT) and an end to 'blatant' protectionism.[11] Undeterred by the criticism, Korea increased its manufacturing targets and began a five-year economic plan to increase its export profits. Part of the plan included a realignment of education and training policies.

4.6 Societal unrest in Korea

The protests for social change in the West were a far cry from the serious unrest occurring in other countries as military, communist, and dictatorship regimes were subjected to increasingly violent protests for freedom. In Korea, the assassination of President Park in 1979, and interim President Choi's quick removal in a coup d'etat led by General Chun, caused serious concern to America that Korea was once more on the brink of chaos.[12] However the thousands of American troops stationed in Korea cautiously distanced themselves from the internal unrest. When a large protest occurred in Gwangju city in May 1980, President Chun sent in Special Forces troops to quell the protesters resulting in the massacre of about 200 civilians (Shorrock, 2007). Not surprisingly, the rebellion for democracy inside Korea made international media headlines with images of the protests shown around the world.

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[10] By 1986, nearly 25 per cent of the American trade deficit was with these four economies. To force them to open their doors to American imports, the government threatened protectionist measures, such as a 25 per cent surcharge on imports (Shorrock, 2007).

[11] GATT was negotiated during the United Nations Conference on Trade and Employment and was the outcome of the failure of negotiating governments to create the International Trade Organization (ITO). GATT was signed in 1947 and lasted until 1993.

[12] In October 1979, believing that Park's death would head off violent revolution, the head of the Korean intelligence service assassinated the Korean president. The Carter administration, fearful that South Korea was in danger of becoming 'another Iran', tried to broker a compromise between the dissident movement and the Korean military. The attempt failed, and in May 1980 General Chun Doo Hwan seized power in a violent military coup (Shorrock, 2007).

Within a month of the Gwangju massacre, President Carter's administration provided US$600 million in export credits to the Chun government, as it feared that the unrest could upset the flow of American exports into Korea (ibid).

Internationally embarrassed, the Korean government applied even tougher rules to control any civil unrest. Any resistance to government policies was banned, as were assemblies and rallies, with violators severely punished or sent to prison. Korean workers were made to work very long work hours yet receive low-wages under state-imposed martial law. Police were routinely posted on college campuses to monitor the activities of students and faculty members, and to look for any signs of uprising or protest. Under President Chun's rule, Korea's industries were reorganised to improve their competitiveness and forced to concentrate on only one or two products. Hyundai, for example, focused on automobiles and ships while Samsung put its energies into electronics. All labour unions that had established themselves illegally in the previous decades were placed under very tight control with industrial unions banned altogether (Shorrock, 2007).

Under pressure from newly elected American President Ronald Reagan, President Chun reluctantly opened the Korean domestic economy in 1981, albeit minimally, to allow more American imports and to facilitate the entry of foreign funds. As Korea sent more of its cut-priced exports overseas, it maintained a tight protection of its own domestic market from any foreign competition. With the government owning or controlling all banks, a monopolistic control of credit enabled it to engage in targeted policies and favour select companies. It also retained a close participatory role in all foreign borrowing and ensured that all large industrial developments succeeded. In the face of political pressure, the banks would often haphazardly extend credit and were often willing to give as much funding as the companies sought, no matter how risky or questionable the project. According to Lee and Han (2006), "the lenders did so-under the conviction that the chaebols had the implicit backing of the Korean government." (p. 311)

4.7 Controlling education in Korea

Under President Chun's policy to link education to the country's development agenda, the control of education was removed from local school boards and put into a centralised Ministry of Education responsible for administration, resource allocation, enrolment quotas, certification of schools and teachers, curriculum development, and the issuance of textbook guidelines. All out-of-school private tutoring was strictly prohibited. Formerly, private tutors had been able to charge unregulated and often exorbitant rates. State school teachers and college professors were prohibited from providing any form of private tutoring, either inside or outside of their school, and all private instruction outside of a registered premise was banned. Instruction by mail or phone was also banned, the only exception being that full-time college students could tutor other students in private residences. These draconian measures caused considerable stress for many Korean families.

To alleviate a skilled workforce shortage the government opted to nearly double the number of students it allowed to enter colleges and universities. There was a massive increase in the number of students applying for admission to university, with entry determined on the basis of a standardised examination. A graduation quota system was established to curb the burgeoning numbers of qualified students exiting tertiary study. Increased first year enrolments were then counterbalanced by the requirement that each college or university had to fail the lowest 30 per cent of its students with junior colleges required to fail the lowest 15 per cent.[13] These quotas were mandatory, regardless of the ability and scores of the lowest group. The ensuing cut-throat competition resulted in more students competing to enter the few top-rated universities in order to secure a stronger employment network advantage (Rhie, 2002).

As a demand for highly educated workers increased and entry to university became more difficult, many people were forced to seek out 'regulation loopholes'

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[13] The mandatory pass-fail quota system in education was abolished in 1984 after four years of operation.

and clandestinely offer or accept prohibited tuition. This was extremely risky as any students found to be receiving tuition could be suspended and their tutors dismissed. The new laws quickly drove all tutoring underground, thus making the costs more expensive to cover the added risks, all of which gave the wealthier or more connected families a greater advantage. Not surprisingly, the private tuition market dramatically increased, rather than decrease, and simply became more hidden.

4.8 America seeks to change Korea's trajectory

The Cold War agreement following the Korean War allowed America to retain troops in Korea in return for Korean exporters to have unimpeded access to the American market. This agreement also meant that American exporters enjoyed a virtual monopolistic access to the Korean market. Shorrock (2007) claimed that America was conveniently using its military leverage over Korea during the 1980s to benefit itself while ignoring the widespread oppression of the Korean people and the many human rights violations that had occurred.

By the mid 1980s, Korea's chaebols had become domestic powerhouses through their use of foreign funds, government privileges and protectionist subsidies. Many had transformed into multinational corporations with billions of dollars in annual revenue. Their simple formula involved aggressively expanding their businesses to gain superiority, often with little or no regard for profitability (Lee and Han, 2006). Few, if any, foreign conglomerates had been able to establish any major presence in Korea during these years because of the strength and power of the chaebols. To maintain their success, the chaebols paid low wages and employed many poor Asian immigrants to do dirty, dangerous and demeaning work (commonly known as DDD work).

A shortage of enough cheap labour and the constant pressure from Korean workers for higher wages and better working conditions, alongside the rise of the American-Korean exchange rate, resulted in many labour-intensive chaebols relocating their companies overseas. The Korean economy was soon monopolised by just seven

chaebols controlling nearly 80 per cent of the value of the country's exports (Shorrock, 2007).[14] As 'ground-breaking' new inventions in the electronics and Internet technology sectors began to transform Korea's economy in the mid 1980s, a dark cloud loomed on the horizon – as successful expansion had also incurred substantial debt. Despite this imbalance, Korea was finally on the cusp of achieving the long hoped for 'developed nation' status. The only thing standing in the way of Korea's economic self -sufficiency was the lack of democracy and personal freedom.

A decade after America had hailed Korea as a successful development model, President Reagan's government began an aggressive campaign in 1986 against Korea and the other Asian newly industrialised nations (Shorrock, 2007).[15] Reagan declared that, "I will not stand by and watch American businesses fail because of unfair trading practices abroad." (ibid, Second Intervention: the NICs section, para. 2). Soon after America imposed quotas on Korean steel exports and cancelled tariff-free entry for many of Korea's other products. By early 1987, America was negotiating for Korea to lift its import restrictions on American telecommunications, pharmaceuticals, agricultural goods, tobacco, and services (Shorrock, 2007). The government attempted to regulate the now common anti-competitive practices of the chaebols; however, this control came too late as the Korean government had effectively lost control over the chaebols as many were off-shore and major multi-national businesses (Lee and Han, 2006). In response to America's demands, the now globally powerful chaebols simply began to seek out new markets and to divert many of their exports toward Europe and other Asian countries (ibid).

The government was also coming under considerable pressure as a result of the dramatic expansion of university enrolments and the limited job opportunities for

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[14] The Korean economy was a very profitable market for American multinationals. American electronics, clothing, and plywood companies established plants in Korean export-processing zones. Companies such as Bechtel, Westinghouse, General Motors, and Gulf Oil created lucrative joint ventures with Hyundai, Samsung, and other chaebols (Shorrock, 2007).

[15] The NICs were viewed as 'wild tigers', upsetting the peace and stability of the global economy. Reagan stated "Tigers live in the jungle and by the law of the jungle" (Shorrock, 2007, Second Intervention: the NICs section, para. 3).

graduates, as their skills were no longer marketable due to the change of economic policy. Societal and credential pressure now meant that the possession of a college degree was a necessity, as without it people were commonly treated as second-class citizens by their college-educated managers (Rhie, 2002). Competition for entry into any of the few prestigious universities was now seen as the sole gateway into elite circles and became intense, further increasing the need for extra tuition needed to pass the college examinations (ibid).

4.9 The road to Korean democracy

The apparent trade 'favours' President Chun was seen to be offering America to appease their manufacturers were an ongoing source of aggravation to the Korean people. They saw America as conveniently ignoring the plight of the Korean people in order to prioritise their own exports. While some protection had been removed from the agricultural market to secure Korean export products into America, rice farmers struggled to survive, bringing back memories of the 1940s and the harsh policies the Americans had imposed on Korean rice farmers (Lee and Han, 2006). In this respect, in his quest for economic supremacy, Chun alienated the very citizens who were the workforce behind Korea's economic success.

As a growing groundswell of civil discontent increased, the Korean people's demand for democracy began to gain international support. The Korean government began to lose its capacity to protect specific industries and was unable to reverse the many PPP policies that supported them. Full-scale protests and scenes of violence beamed around the world via satellite in 1987. Students' protests widened the power base of the farmers' struggle. In July and August of 1987, vast numbers of workers, including white-collar and unofficial union members, unleashed a series of mass protests and riots against the authoritarian regime.[16] Their fortuitous timing gained worldwide coverage as the Olympic Games were to be hosted by Korea in 1988. As

[16] The struggle against neoliberalism in South Korea: history and lessons. Korean Alliance against the Korea-US FTA July 2007. The year 1989 saw the most animated period of labour union activity (7883 unions, 1 932 000 union members). Retrieved from http://www.bilaterals.org/article.php3?id_article=15246

images of violence and riots in downtown Seoul were promulgated by international media, they portrayed a picture of a country once more on the brink of chaos and civil war to a watching world – including Korea's trading partners and new export markets (Shorrock, 2007). As ongoing demonstrations brought millions of people onto the streets, President Chun agreed to step down in 1987 to allow democratic elections to be held. A year later a proud and newly democratic Korea successfully hosted the Olympic Games.

The timing of the 1987 'bloodless' democratic revolution was fortuitous as four factors facilitated its success. First, it happened just months out from Korea's hosting of the Olympic Games, which had been 'gifted' to Korea a few years earlier as an endorsement of its economic progress. Second, recent satellite, TV and new communication technologies were able to instantly show and report on the protests and violence to an international audience. Third, Korean citizens had been oppressed for so long that any international exposure of their cause had the potential for success. Fourth, the political pressure America had exerted on President Chun had created a general angst inside Korea that had resulted in a country 'on edge' for change and a growing anti-America atmosphere.

4.10 Analysis and review

The 1970s will long be remembered in the West as a decade of poor economic performance with "high inflation around the world, sagging productivity growth, rising unemployment, and wide domestic and international imbalances" (Broughton, 2000, At the Precipice of the 1980s, para. 1). The shift toward the neoliberal privatisation policy in the 1970s can now be seen as a reactionary response to what were then desperate economic circumstances. As a debt crisis erupted in 1982, one developing country after another was forced to retrench and look for a solution (Broughton, 2000). Debtor countries were faced with defaulting on their debts or adjusting their economic policies to reduce external deficits. As international partnerships realigned, each country's positioning was always going to be fraught with numerous political 'power-play' confrontations and conciliatory gestures. Korea escaped the economic crisis conditions that impacted heavily on the West by undertaking rapid growth

strategies, pursuing intense industrialisation and by aligning education policy to manage human resources and employment.

As economic change-agents in America prepared for the 1980 presidential election, subsequently won by Ronald Reagan, the newly prepared neoliberal policy was manoeuvred into Britain where it became the transformative policy of new Prime Minister Margaret Thatcher. Once in Britain, and soon after New Zealand, it was just a matter of time before more governments under economic pressure would either voluntarily adopt or be compelled to use the neoliberal policy. In either situation, the IMF and World Bank were on board with neoliberalism as a supported policy by the 1980s and able to fund and assist reform.

The period from 1972 to 1987 was an insecure time for many nations. The trading practices of Korea and other Asian NICs will have certainly played a contributory role in America's trading demise and ultimately the creation of neoliberal policy. Although highly provocative to the West, the single-minded actions of the Korean chaebols may not have happened had it not been for America encouraging Korea to borrow foreign funds from Japan. The recessionary conditions in the West, and manufacturers under pressure from the unregulated and highly competitive trade behaviours of countries such as Korea, 'forced' America to find ways to 'fight back'. In every situation that buffeted the world during the 1970s and the 1980s, New Zealand was 'at the mercy' of powers far greater than itself and forced to make very big decisions when unsure of the outcomes, as it had neither the self-sufficiency nor the trade security to do otherwise.

At the time Korean democracy was decreed in 1987, the restrictive 1974 *Equalisation Policy* remained well embedded in Korea's education system, inhibiting all parental and student choice and allowing private businesses to receive guaranteed funds to run 'quasi-state' schools. Similarly, the draconian ban on tuition outside of school remained firmly in place. With neoliberalism policy not yet in Korea's domestic economy, the Korean people remained caught within regulatory control unbefitting of a democratic society or the free market environment that America and New Zealand experienced. The public protests and civil disorder may have temporarily abated

under the euphoria of democracy, but the underbelly of past practices and laws was not going to be quickly dispersed or deregulated.

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Whereas Korea had pragmatically controlled and centralised its education system in 1987 and maintained oppressive control over school management, New Zealand is seen as doing the exact opposite – decentralising its education system. The focus in the next chapter shifts back to New Zealand and follows the transnational journey of the neoliberal policy from America and its dynamic infusion (some would say – intrusion) into a 'readied' New Zealand education system.

Chapter 5

Neoliberal policy infiltrates New Zealand education

5.1 Milton Friedman and education reform

In the late 1970s and early 1980s, Milton Friedman worked closely with American President Ronald Reagan as a policy advisor. This led to him quickly becoming the international 'face' of neoliberal reform, privatisation and, most importantly for this thesis, school choice. In 1977 Friedman was approached to create a television program presenting his economic and social philosophy. Milton and his wife Rose Friedman worked on this project for the next three years, and in 1980, the ten-part series, entitled *Free to Choose*, aired on TV in America. A book of the same name, *Free to Choose*, (1980) co-authored with Rose, was published the same year.[1] Many high profile debates occurred during the screening of the TV series and subsequent media interviews and networking provided a valuable public platform for Friedman to 'sell' his beliefs on education reform as well as economic reform.

During his travels, Friedman spent ten days in New Zealand in 1981 where a review of *Free to Choose* was published in the *Listener* by economist Brian Easton (1981) – who ironically commented that the danger lay not in the book itself but in the uncritical acceptance of it as having any direct relevance for New Zealand. Lesser known during these times was that Friedman maintained very close ties to British Prime Minister Margaret Thatcher, who, in the previous chapter, was noted as having undertaken very tough economic reforms in Britain after 1979 that closely aligned with Friedman's privatisation model. When Thatcher was re-elected in 1983, she continued with her neoliberal privatisation agenda – this time with Oliver Letwin taking responsibility for education in Thatcher's policy unit ("Let win intellectual," 2001). Letwin was the son of Professor William Letwin and Shirley Letwin who were personal

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[1] *Free to Choose* (1980) became a top selling non-fiction book in the 1980s. It was translated into 17 languages. Retrieved from http://www.nationmaster.com/encyclopedia/Milton-Friedman

and collegial friends of Milton Freidman from their time together at the Chicago School of Economics. Shirley Letwin was extremely well connected in the inner circles of both British and American economists and later published The Anatomy of Thatcherism.[2] In 1988, Oliver Letwin similarly published a book which expanded on what he had learnt during the Thatcher years – *Privatizing the World: A Study of International Privatisation in Theory and Practice* (Letwin, 1988).[3]

5.2 New Zealand's education system faces reform

While New Zealand diligently abided by the restructuring plan the IMF had required it to do in 1984 in order to access bailout funds, others countries like Mexico and Argentina were sliding further into difficulty. Criticism was growing that neoliberal policies were having serious societal side effects, especially in those countries without strong social and welfare support systems. These same side effects were noticeable in New Zealand, even with its strong welfare system. As the neoliberal reform engine 'steam-rolled' its way through New Zealand, farming and rural communities were being particularly hard hit. Numerous employees of large state-owned enterprises, such as the Post Office and the railways, were also finding that the expectation of a 'job for life' and getting a 'good wage' were no longer the norm. Just as the British workforce had experienced serious unemployment and depopulation as factories closed or downsized during the Thatcher years, New Zealanders were similarly feeling these same effects:

> *After selling the general store, I commenced teaching at a small rural school in 1986. In one year student numbers went from 47 to 22 as farm workers were laid off as owners retrenched. Farm-worker cottages soon became empty. A large local farm went bankrupt just*

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[2] Shirley Letwin taught political philosophy at the London School Economics, Cambridge, Harvard, Brandeis, Cornell and the University of Chicago. Oliver Letwin completed work for the British Conservative Party and for Margaret Thatcher, and for the 'think-tank', the *Centre of Policy Studies*.

[3] As a young man Oliver Letwin had attended many events his parents held at their home in Regent's Park London in the 1970s when economists Isaiah Berlin, Milton Friedman and Friedrich von Hayek were regular attendees.

two years after winning the 'farm of the year' award for innovation and expansion. (M. Innes, memoirs)

New Zealand schools had still not received reform of any kind at this time – despite the many calls for change in the 1960s and 1970s. Education Boards controlled and administered education on a regional basis, exercising power over resources, property and staffing. School committees were the 'work horses' for onsite jobs and listened to only when the Education Boards deemed it necessary. According to Perris (1998), it was apparent that the better educated parent communities were becoming far less tolerant of being controlled by Education Board clerks and that parents wanted to have more say in their children's education. Parents had no say in what happened at a school and could only ever watch on as troublesome and/or incompetent teachers were not accountable to their communities and were simply moved from a difficult situation to a different school. Commonly:

> *Discipline, performance management and the hiring or firing of teachers and principals got bogged down in 'red tape'. Teachers with 'special circumstances' were simply shifted to other schools thus often transferring a problem elsewhere. In one school I was teaching in I watched as two parents physically carried the principal out of the school after she had arrived to her classroom drunk and acting erratically. She never appeared in the school again and was last known to be teaching in a school 'up north'. (M. Innes, memoirs)*

Inside the classrooms things were a lot more promising following a substantial review of New Zealand's curriculum from 1982 to 1984.[4] The first draft in 1984 looked set to put in place many of the reforms and ideological changes demanded throughout the 1960s and 1970s. The draft curriculum report (1986), published by the new Labour government, was socially inspirational in its focus. In light of the draft curriculum and

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[4] A Review of the Core Curriculum for Schools began in 1982 with separate primary and secondary working parties established by Director General of Education, Bill Renwick. The report published in March 1984 noted that, even though individual syllabuses had been revised, the primary curriculum structure dated back to 1928 and secondary to the 1944 *Thomas Committee Report*. The Report endorsed the views of the Thomas committee on (secondary) education for democracy and to produce good 'all-rounders'.

the pedagogical changes it envisaged, many new and innovative programmes were already under development to support the new era of education. As teachers we were excited that:

> *Developmental activities were to be set up in junior classrooms to 'develop' creativity, text books were to be replaced and plastic cars and coloured toys were to change how mathematics was to be taught. 'Hands-on' and 'individual learning' were fast becoming 'buzzwords'. Millions of dollars of government money was being invested in the establishment of non-competitive programmes such as 'KiwiSports'. Participation and confidence were to replace the long-standing mantra of competition and the ranking of winners and identification of losers. (M. Innes, memoirs)*

5.3 Mismatching reform agendas

With Treasury driving the neoliberal restructuring agenda in line with IMF bailout conditions, Roger Kerr left his Treasury position in 1986 to assume leadership of the *New Zealand Business Round Table* (NZBRT), an influential new think tank promoting privatisation.[5] Just as the new curriculum was due to be implemented, the government took a surprising turn of direction as education was suddenly thrust to the forefront of political attention. The dominant discourse was that there was a schooling crisis that required urgent attention.

Reform arrived via the New Zealand Treasury's 1987 *Briefing to the Incoming Government* with one volume of the Treasury briefing devoted entirely to education. The dominant message was that educational policies had failed and the present system was leading to mediocrity rather than excellence (New Zealand Treasury, 1987a). Perhaps not surprisingly, it was highly critical of teachers. It identified the following weaknesses in the education system:

- Over-centralised and fragmented decision making

[5] Until 1976 Roger Kerr was also a senior figure in the Ministry of Foreign Affairs prior to working in Treasury.

- A lack of information and choice
- A lack of effective management practices and blurred responsibilities
- Feelings of powerlessness and consumer dissatisfaction. (p. 22)

No doubt concerned that should Labour's new curriculum draft be adopted and the opportunity for the education reform be lost, it is not surprising Treasury's 1987 briefing made no mention of the proposed new curriculum and focussed entirely on the structure, management and servicing of the education system and was in keeping with the neoliberal privatisation policies of the previous few years. Not surprisingly, work on Labour's socially orientated curriculum did not proceed beyond a draft document published in 1988 as the *National Curriculum Statement: A Discussion Document for Primary and Secondary Schools (Draft)*.[6]

Prior to the sudden election of the Labour Party in 1984 the then incumbent National Party had been scathing of the socially minded liberal ideas of the Labour Party and the new draft curriculum. The National Party's (1987) own election manifesto had been aptly named *A Nation at Risk*, and promoted the same excellence, accountability, rigour, and parent choice dogma promoted by American President Reagan's 1983 education reform document, also called *A Nation at Risk*. With the two main New Zealand political parties having an ideological mismatch of education policy and reform pressure encroaching from overseas, it was inevitable that education would become 'a strategic power game' of competing reform agendas. While Labour could push ahead on its liberal social policies in education and push its *'KiwiSports'* equality and non-competitive approach, the mandatory restructuring of government departments as advocated by the IMF and supported within Treasury was able to move forwards. This resulted in the education reform focus turning away from innovative social reform involving teachers and learners to become an economic model of decentralisation.

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[6] This document can be retrieved from http://nzcurriculum.tki.org.nz/Archives/Curriculum-project-archives/Developing-the-draft/History-of-curriculum-development

5.4 Fixing the 'risks'

Assuming responsibility to fix the apparent mediocrity and failures in the education system, the Labour government commissioned different investigative taskforces to analyse all the education sectors from pre-school to tertiary. The resulting paper on the compulsory school sector, *Administering for Excellence,* better known as the Picot Report, was released in May 1988 (Picot, 1988). The release of the Picot Report was accompanied by an information campaign and considerable media attention. The strong level of community support appeared to endorse the government's decision to finally be listening to the many disgruntled voices who had wanted change over the previous twenty years. The subsequent document, *Tomorrow's Schools* (Lange, 1988), was the government's response to the public consultation following the release of the Picot Report.

A starting date for reform was set for 1 October 1989. Extensive media coverage promoted the view that the new administration was not only to increase the effectiveness of schools but also for parents to be able to influence and shape the focus and quality of their local school. Other education sector reports followed in quick succession.[7] As the father of school-age children, the Prime Minister, David Lange, provided the much needed catalyst to drive the reforms and was often so strong in his rhetoric that opposing voices were soon rendered silent.

As the start date of October 1989 got closer, Perris (1998) noted that "remaining unresolved questions tended to be 'rolled-over' into the new system with temporary arrangements put in place ... These became colloquially known as 'black holes' as they tended to suddenly appear and need dealt with" (p. 20). The government was quick to mitigate concerns and criticism in unexpected ways such as reminding people that they had themselves asked for education to be reformed (ibid). The reforms sought to break up the Department of Education and the regional and

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[7] The Meade report on early childhood; *Education to be More* came out and was rapidly followed with a white paper *Before Five* released in January 1989. A tertiary review in 1988, chaired by Professor Gary Hawke, resulted in *Learning for Life 1,* and *Learning for Life 2,* released in 1989.

local boards, and to create a policy-driven, smaller and more streamlined Ministry of Education. As the reforms began to be implemented, a directional rift and leadership issues inside government created considerable stress and resulted in Lange stepping down as Prime Minister, although he retained the Education portfolio.

Stockpiles of existing school resources needed to be disposed of and staff redeployed, as leases on Department buildings were cancelled. Functions previously carried out by the local education boards, such as school accountancy services, were all privatised. All resources now had to be purchased from school-controlled budgets. Many items were simply given away, 'filtered' out for personal use, or sold to the many former board staff who became self-employed or started their own businesses to provide contracted services to the new Ministry of Education or directly to the schools. This change-over period put principals 'in limbo' without guidance on asset or financial management:

> *Although the school I was principal of in 1988 dropped from 58 to 26 students in two years due to local industry closures, we retained our three-teacher-status school and were entitled to resources up to a Form 2 level. As the board storerooms closed, my school was sent three of every item available. This was wasteful to be just giving things away, especially when we were already overstocked. (M. Innes, memoirs)*

Working within the Tomorrow's Schools self-management parental empowerment model, thousands of teachers were 'playing maths' with the BSM plastic cars, playing cricket with 'safe' plastic yellow bats and balls, and allowing children to feel good in a non-competitive learning environment.[8] The reform programme separated the classroom from the management and administration, as the

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[8] Beginning School Mathematics (BSM) originated in New Zealand, and its materials were developed by Learning Media Ltd., the new publishing arm of the New Zealand Ministry of Education in 1989. It provided a curriculum framework and resource materials that build on developmentally appropriate practice in the early years. Plastic bags and see-through boxes contained collections of natural and created materials: seashells, toy cars, buttons etc. To the uninitiated visitor in a classroom, the children appeared to be playing. Retrieved from http://www.ascd.org/publications/curriculum-update/summer1999/Beginning-School-Mathematics.aspx

external features of the privatisation model were not imposed inside the classroom, thus leaving a creative and individualised learning environment that was devoid of competition.

Each school was expected to develop its own charter by a certain date. This charter would become a contract between the school and its community, the school and the government. The principal now became a manager and the teachers became employees. Schools were then expected to purchase everything using the funding allocated to them by the government. Cleaning materials, toilet paper, repairs and maintenance were no longer provided free and electricity and phone utilities had to be paid monthly out of school budgets. Many smaller schools struggled with this responsibility:

> *From being a principal employed by the Department of Education in 1988, I became the contracted principal of an elected board of parent trustees (BOTs) in 1989. Within months the school phone was disconnected as invoices went unpaid. An avalanche of new paperwork streamed across my desk constantly distracting me from my unchanged full-time teaching duties. The small community struggled to cope as many parents had recently lost their jobs due to the main factory in the village having to close in 1987. (M. Innes, memoirs)*

Governance and management issues constantly caused confusion. The salaries for teaching staff continued to be paid directly to the teachers, now from the government as previously the role had been undertaken by the Education Boards. This process was planned to be changed to a bulk-funding model. For principals, multi-tasking became the norm:

> *Shoe-box economics took on a new meaning as I became the business manager, budget adviser, staff employer, swimming pool manager, transport organiser, full-time teacher, as well as the principal. Paperwork, property issues, compliances, purchasing and training seminars for principals and BOTs all had to happen. With official board meetings held just once a month, ancillary staff frequently did not get paid as time-sheets were not filled in, posted or went missing. The school playing fields became an uncut hay paddock with the new*

> *treasurer's flock of sheep grazed in the grounds to save lawn mowing money! Problems arose when three of the five elected board members acknowledged they were struggling with the reading and writing required and would not be able to do their jobs. This added to my own workload as I had to become the proxy treasurer and secretary for BOT meetings. (M. Innes, memoirs)*

5.5 Export education policy

The concept of export education was foreshadowed in the same 1987 *Treasury Briefing to the Incoming Government* as the *Tomorrow's Schools* reforms. A twenty page chapter, *Private Overseas Student Policy,* outlined the directions and ideology that the Treasury believed New Zealand should follow;

> This chapter considers government policy towards the 'export' of education services – principally by the admission to New Zealand state and private educational and training institutions of full-cost paying non-quota foreign students. (New Zealand Treasury, 1987a, p. 255)

The chapter gave examples of where export market opportunities could come, but generally saw global growth and the opening up of countries within Asia as worthy of particular attention, as well as developing communication technologies as being advantageous in the market. It claimed that Australia was already moving forward to engage with and capture the growth and expansion of markets in the Asian region.

> Given the large population, rising economic aspirations and the technological needs of developing countries, and particularly Asian developing countries, the potential market for the more competitive suppliers would seem to be very large ... it is understood that Australian territory institutions are particularly optimistic about the potential for the Korean and Chinese 'markets'. (New Zealand Treasury, 1987a, p. 255)

The optimistic Australian institutions referred to by Treasury originate from a paper by Helen Hughes, *Education as an export industry,* presented at the 'Withering Heights' conference at Monash University in Australia in 1984.[9] Considerable interest in making foreign fees a profitable new source of revenue had been happening in Australia since the early 1980s, particularly following the findings of the *Report of the Committee to Review the Australian Overseas Aid Program*, known as the Jackson Report (1985), which stated that education should be regarded as an export industry where institutions are encouraged to compete for students and for funds. The Jackson Report certainly appears to have been the catalyst that pushed the policy of education being an export industry.

The majority of the New Zealand Treasury's briefing was underpinned by the assumption that tertiary and private institutions would be the main users of fee-based overseas student placements while secondary schools were also targeted for involvement, no mention was made anywhere of primary schools ever being involved in the market. Treasury wrote that:

> More liberal provision for entry to private schools and full-fee places in state secondary schools should be made. Provision for entry to state schools would be particularly desirable where there are falling rolls of New Zealand students. (New Zealand Treasury, 1987a, p. 267)

Soon after the Labour Government settled into office in late 1987, the *Market Development Board* commissioned Sir Frank Holmes to examine the potential of earning foreign exchange from exporting education services. In December 1988, the *New Zealand Herald* published an alert that the government could soon be seeking to earn export income from selling education to foreign buyers. The 1987 Treasury

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[9] The Treasury quoted page 15 of Helen Hughes (1984) *Education as an Export Industry*, a version of a paper presented to the *'Withering Heights'* conference on the post secondary education system, Monash University, November 1984. Helen Hughes was a founding member of the International Advisory Board of the *Journal of the Asia Pacific Economy* and was a leading thinker in development economics, especially in Asia Pacific economies, and Director of Economic Analysis and Projections Department at the World Bank in Washington from 1968 to 1983.

briefing papers, the report by Frank Holmes, and the close monitoring of Australia's experiences all formed the basis of the private market focus later written into the *Education Act (1990).*

This legislation enabled schools to become self-managing, innovative, and responsive to market forces and facilitated the enrolment of foreign fee-paying students (FFPS) into schools; – but gave the responsibility for the lawful management of the FFPS to the newly established school Boards of Trustees (BOTs) that comprised a majority of trustees elected by parents of a school's existing domestic students.

5.6 Strengthening privatisation

When the National Party, led by Jim Bolger, defeated the Labour government in 1990, Stuart Sexton, a British advocate for privatisation, visited New Zealand to write a report on the education reforms for the New Zealand Business Round table (NZBRT), led for just four years by ex-Treasury official Roger Kerr (Sexton (1991). These years formed the genesis of there being a 'NZ Inc' in New Zealand where the state and private business could work in partnership on items of interest without a regulatory conflict of interest (ibid). [10]

Sexton's report for the NZBRT in 1990, *An Evaluation of Recent Reforms and Future Directions*, blamed teachers for subverting the reform process and suggested that the staff representative on boards of trustees should be removed. Sexton (1990) also suggested replacing parents with business people, basically so that the free market concept and all that it entailed could occur. Unbeknown to many, Sexton had previously played a pivotal role in the direction of the British reforms when in 1977 he had written part of the *Black Paper Report* that advocated the deregulation of the

[10] The dollar was floated and reforms had started before Kerr arrived at the Roundtable at the beginning of 1986, but he soon made his presence felt. Newspapers and other channels of political discussion began to receive mail-outs of well-written, finely reasoned speeches and carefully researched reports on industries and public services. According to Roughan (2011), Kerr's thinking was clear and grounded in neoliberal principles.

educational market and a new system for secondary education based on freedom of choice.[11]

In 1990, the National government set up The Lough Committee to evaluate the progress of the reforms. The Cabinet State Sector Committee additionally appointed a main steering group in June 1991 to review and oversee all reforms. Its terms of reference were to assess the effectiveness of the state sector reforms that had grown out of the *State Sector Act (1988)* and the *Public Finance Act (1989).* The Lough Report, *Today's Schools,* was followed by a new document in 1991, *Education Policy: Investing in People Our Greatest Asset* (Smith, 1991). As economic policy became transferred into education law, schools were legitimised as being market places, able to competitively promote themselves and to enrol both domestic and fee-paying international students. School zoning rules caused some friction as historical boundaries around catchment areas were removed. Delayed curriculum and qualification reforms, on hold since 1988, were put back 'on the discussion table'. The proposed Parent Advocacy Council and Community Education Forums, however, were now abandoned.

Changes made under the National government immediately affected the previously untouched teachers. The NZBRT, under Roger Kerr, stepped into the debate putting forward a submission in 1991 to the government urging the bulk funding of teachers' salaries. Kerr criticised the Picot Report for having been 'watered down' in the face of resistance from established education interests (NZBRT, 1991). In the submission Kerr noted:

> Most of the objections raised against bulk funding are considered spurious [They] reflect the self-interest of teachers' unions and central bureaucracies (p.3) … Schools are no different from many other

[11] Stuart Sexton's contribution to the Black Paper of 1977 set out a new system for secondary education based on absolute freedom of choice by application. The educational market would not be entirely unregulated. There would be an effective and independent inspectorate, a government-defined minimum curriculum and specified minimum standards. Sexton's theme was taken up by many right-wing think-tanks. Retrieved from http://www.educationengland.org.uk/history/chapter08.html

> autonomous organisations, including commercial firms, whose performance is dependent on cooperative team effort." (p. 4)

In urging schools to better meet the new market conditions, Kerr called for "a more customer–driven system [that] would rightly focus on gaining greatest value from the education dollar" (ibid, p. 4).

The teachers' unions were soon excluded from much of the debate as the government staunchly moved forward. Immediately the mood of those involved in education changed from being trusting and accepting of good educational reform to serious 'mistrusting' and at times being confrontational towards new policies put forward, especially those that involved bulk funding and performance measurement. Bulk-funding debates seriously divided staff rooms, principals, trustees and staff and their communities and caused angst for the teachers unions (Fancy, 2004). Many BOTs struggled with their role as an employer:

> *In January 1990 with my first school of 1988 in disarray and discussing closure, I resigned. Arriving at my next school in 1990 as their first 'hired' Principal I was once more confronted by a farming community and BOT struggling to cope with all the changes. My new employment contract contained an extra clause the BOT insisted on having in. "That as principal you realise that the* ***buck*** *stops here." This clause was explained to me as their 'firing' clause if things went wrong as they: a) did not want to hire a woman principal, but had to, as no one else applied for the job and b) they wanted no part in monitoring my performance. (M. Innes, memoirs)*

The government's intention was clear; it simply "would not allow any of the pressure groups to subvert the policy or its implantation" according to Perris (1998, p. 14). By the early 1990s all school property began to be reviewed as overdue maintenance of school buildings became increasingly apparent.

> *My school house rent went up 600%, but no funds were available to fix the rotten classroom floorboards or replace the unsafe 'pot-belly' fireplaces which were our means of heating. The local Member of Parliament fronted up at a meeting with the local community. He*

bluntly stated that we were a low priority and that there was a larger school nearby that could easily absorb all our students. Sensing defeat a volunteer workforce of parents and teachers spent weeks repairing the buildings and painting the classrooms and furniture. The 'pot bellies' were 'conveniently' condemned by the local fire brigade of which two of the BOT were members. Once condemned, we went to the media telling of a school without heating and children wearing coats in class. Two new solid fuel burners were soon installed from funds now mysteriously 'found' in Wellington. (M. Innes, memoirs)

By the end of 1991, all major elements of the original Picot reforms were in place. However, much of the early euphoria was wearing off as the longer-term affects emerged such as parents experiencing difficulties getting their children into popular schools.

Just four years after export education was first mooted in the 1987 Treasury briefing, all the necessary legislation was in place for all state education providers to accept foreign fee-paying students, providing they recovered all costs and did not displace domestic students. In 1994, the State Services Commission issued a report, *New Zealand's Reformed State Sector,* which offered a positive view of all the reforms. However, despite progress by both Labour and National governments to legislate for and embed neoliberal policy across all aspects of the economy, including in education, the wider global situation remained politically unsettled in the early 1990s; thus, delaying the activation of the export education legislation until almost a decade later.

5.7 A window on the world – the Internet

After 1989, a pivotal change took place that was to dramatically change how some countries were able to communicate and access information. Innovative new information communication technology (ICT) and Internet developments enabled citizens in developed countries to window-shop and engage with the world at the touch of a button. As the technology spread from America, a commercial construction

– the Worldwide Web (WWW) – became available for public use after 1991.[12] The WWW allowed any person with Internet access around the world to send electronic mail and use search engine 'spiders' to view what soon came to be many millions of uncensored websites. Anyone could now build their own global cyberspace presence by constructing their own portal site to sell and receive knowledge or equally to engage in deception or protest. With its start-up, the focus and intrusion of the media also changed. Businesses, politicians, advertising industries, and the media now had the capacity to shape and drive personal agendas, consolidate a cause or ideology, and act in disguise to damage the credibility of others. Customers were no longer restricted to local neighbourhoods; – even brides could be 'purchased' from overseas instead of courted locally.

The WWW became the ideal tool to drive the selling of education across borders and hook into the quickly rising English-language market that surrounded its platform. An enormous diversity of education services and products would soon be on offer, changing forever how markets for both the exporting and importing and direct selling and buying of goods and services would work on a global scale. Entrepreneurial agents and 'experts' actively touted for business online.

With Korea's technology manufacturing export market at the forefront of ICT and Internet construction, Korean citizens were amongst the first in the world to use the powers of the WWW. Ironically, this new open world of seemingly infinite opportunities was unfolding at the same time as democracy in Korea, creating a fever for opportunities and a yearning for educational choice that still remained out-of-reach for so many Koreans. Many governments worldwide also rushed to dominate the market and gain access to new trade markets. As the WWW grew in strength, services diversified and soon changed the patterns of domestic shoppers, none more so than for Koreans who avidly embraced the new technologies.

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[12] In 1989 Tim Berners-Lee and others at the European Laboratory for Particle Physics, more popularly known as CERN, proposed a new protocol for information distribution. This protocol became the World Wide Web in 1991. Berners-Lee and others joined to form the World Wide Web Consortium in 1994 to promote and develop standards for the Web. Retrieved from http://www.walthowe.com/navnet /history.html

5.8 Summary

In retrospect, the 1980s decade, described in both Chapters 4 and 5, contained four prominent *'-isations'* – neoliberal*isation,* market*isation*, decentral*isation* and privat*isation. A* paradigm shift is seen as moving worldwide with neoliberal policy filtering out from America into both Britain and New Zealand and changing all aspects of government management – both social areas, such as education, as well as in economics. Lipscy (2003) viewed this as being to a great extent, a silent revolution resulting from "a shift in economic philosophy toward a new classical synthesis in which government has an indirect role in, but not a direct responsibility for" (p. 3).

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The next chapter moves back to Korea and covers the decade of the 1990s. It follows Korea's journey as a free and democratic nation until a sudden and devastating economic crisis in Korea in 1997 shatters the hopes and dreams of many Korean citizens. It details Korea's adoption of new globalisation policy, its entry into the Asia Pacific Economic Community (APEC), and its quest for international acceptance and OECD membership. It covers how American Presidents, Bush (pre-1993) and Clinton (post-1993) handled serious ongoing global issues and sought new pathways to enable a new world order and a cohesive worldwide acceptance of new global trade agreement. For the American government, the 1990s were a time to ameliorate the negative aspects of neoliberal policy, gather together the support of allied nations, and use the power of international organisations to a far greater extent. For the Korean people these years are a time to enjoy their new democratic status and follow their long-held dreams of freedom, choice, education and travel.

Chapter 6

The 'American dream' – globalisation in Korea

By the end of 1991 the world was once again undergoing a dynamic reorganisation similar to the 1970s. Communism as a powerful political ideology appeared to be waning with liberation and democracy becoming the new mantra. Conflict occurring in the Middle East had seen America enter the *Gulf War.*[1] A special summit of the United Nations Security Council, held on 31 January 1992, concluded with a declaration that was to pave the way for a new era of peace and the creation of a new world order.[2]

Previously, when the gold system had failed in the early 1970s, a number of countries in Europe had worked together to establish the unification of a European community with their own currency border rules and trade engagement rules.[3] This culminated in a treaty signed in 1991 to bring Europe together as one union in 1993, thus removing a large block of trading partners from America's immediate control. A number of Western countries, including New Zealand, began to struggle as trade connections and existing trade agreements faltered.

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[1] Ongoing recriminations in the Middle East became a worldwide concern in 1991 when Iraq invaded Kuwait which led to the *Desert Storm War*, an uncertainty of oil supply reminiscent of the 1970s, and the involvement of American troops.

[2] Provisional verbatim record of the 3046th meeting, held at Headquarters, New York, on Friday, 31 January 1992. (1st Security Council Summit Meeting) Retrieved from http://daccess-dds-ny.un.org/doc/UNDOC/PRO/N92/601/98/PDF/N9260198.pdf?OpenElement

[3] The *Single European Act* was signed in Luxembourg and The Hague. It came into force on 1 July 1987. This contributed to the fall of the Berlin Wall in November 1989 and an end to communism in East Germany. In 1991 The Maastricht European Council adopted a *Treaty on European Union*, laying the foundation for a common foreign and security policy, closer cooperation on justice and home affairs and the creation of an economic and monetary union, including a single currency. The *Treaty on European Union* came into force on 1 November 1993. Retrieved from http://europa.eu/abc/12lessons/key_dates/index_en.htm

The worldwide economic slowdown in 1991 also caused new investment in a newly democratic Korea to slump.[4] With unions legalised, labour disputes had increased, and wages, land and prices had spiralled. In the *Los Angeles Times* on 28 December 1992, Wantanabe (1992) outlined the dilemma that Korea faced: – "Along with dwindling exports and a trade deficit, the relatively lacklustre performance has made South Koreans fear that they are sinking fast in the turbulent seas of international competition".

6.1 The American solution

With George Bush's presidency due to end and Bill Clinton elected president, America, as a now 'disadvantaged' country, sought to facilitate a paradigm shift of trading practices to ensure a more stable longevity of border and trade agreements and stop the spasmodic, singular, or group arrangements already expanding. At his inauguration on 20 January 1993, President Clinton declared his intention to face all new challenges and single-mindedly make globalisation a success.[5] Clinton believed that for a new world order, new trade rules, and a globalisation mantra to work, diplomacy and collaboration were needed. The assumption was that a democratic system would offer a leadership goal with common standards and laws crucial for its success. International organisations such as the United Nations would be an essential part so that international law, human rights, and international cooperation were adhered to. Clinton's plan would not have the face of neoliberalism; instead it would involve friendship, aid, unity, engagement, and cohesiveness, all of which would be infiltrated into wider areas of cultural, societal, philanthropic, language, education, travel, and immigration. While at one level the rhetoric of persuasion for a globalised world might have been 'caring', the intention behind the policy was always going to be

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[4] Foreign investment dipped from US$1.28 billion in 1988 to US$688 million by the end of October, 1992, according to the Ministry of Finance. The most conspicuous drop came in Japanese investment, which had plunged from US$696 million in 1988 to US$138 million as of October. Korea's second-largest foreign investor, America, also marked its lowest level of new investment in at least five years.

[5] Globalization-American-led globalization: 1990–2001. *Encyclopedia of the New American Nation*. Retrieved from http://www.americanforeignrelations.com/E-N/Globalization-American-led-globalization-1900-2001.html

set to favour and advance America. The IMF and the World Bank, as international organisations, would become increasingly responsible for monitoring, advising, and imposing sanctions once global consensus and global order was achieved.

The globalisation policy was set to enforce what might be called a '*wide-brush'* approach, designed specifically to filter across all societal activity on a worldwide basis, not just involve economics. Saturation would take multiple forms; through telecommunications, information technologies, and network and satellite TV. The proliferation of suitable stories, news, and advertising would have the capacity to globalise thinking and standardise aspiration, position consumer products, and promote ideology, either overtly or covertly.[6] Robert Wade (2003) has argued that the concept of a wider approach allowed the neoliberal change paradigm of a "globalisation plus" situation to emerge so that developing countries would open and integrate their economies into the international economy by removing barriers for any foreign investors.

English needed to become the language of the globalised world. In countries where English was not the first or second language, encouragement and assistance was given to allow citizens to learn the English language. With the Worldwide Web expanding, online shopping channels, Internet forums, web logs (blogs), social sharing sites, movies, product promotions and advertisements all became easily accessible and were targeted to promote the advantages of globalisation and embed the English language. Trading and business used English as the dominant communication, in person or on the Internet. English language translation services and English teachers quickly came to be in high demand around the world.

International economic institutions representing the administration of globalisation, such as the IMF and the OECD, would be seen as omnipotent and neutral. Each member country could be helped and supported with statistical data

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[6] I have specifically referred to this in the thesis as being a 'wide-brush' globalisation approach as the new policy was to spread widely, both domestically and internationally and be cross-culturally delegated. By allowing other nations to lead the new global policy through second tier organisations, the policy would gain more 'buy-in' worldwide.

reporting. Reports written by the OECD would encourage a country to reach certain economic and social provision targets. Countries could be ranked and ordered according to an agreed upon standard with those failing, or in strife, offered additional IMF funding and structural adjustment programme (SAPs), which at this time contained considerable neoliberal policy.

6.2 America globalises Asia

In 1992 America tightened its own borders and changed its immigration law.[7] The changes prohibited Koreans from immigrating to America except to fill a job, invest, or to be reunited with family members (Choi, 2007). While America's immigration borders were all but closed to Korean immigrants, other countries were encouraged to open their borders, invest in and engage with Asia.

To gain cooperation from the Asian and the Pacific Rim countries, President Clinton frequently travelled around the region spreading the globalisation mantra and announcing its benefits. The previously informal grouping of the *Asia Pacific Economic Community* (APEC), begun in 1989, was formalised in 1993. A major coup for America was having Japan, Korea, China, and Taiwan join as APEC members by 1994. America also signed a North Atlantic Free Trade Agreement (NAFTA) with Mexico and Canada in 1993, and heightened its campaign to get the newly industrialised Asian countries (NICs) to open their capital and financial markets and allow full participation to American and European banks.

6.3 The Segyehwa Policy

The year 1994 was a tense one on the Korean peninsula with America and North Korea in ongoing conflict and negotiations over North Korea's alleged manufacture and use of nuclear materials, and North Korean President, Kim Il Sung's

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[7] Comprehensive immigration legislation created separate admission categories for family-sponsored, employment-based and diversity immigrants. Retrieved from http://www.fairus.org/facts/us_laws

death on 9 July 1994.[8] On 17 November 1994, the newly elected President of South Korea, Kim Young-Sam, unexpectedly announced a new vision for Korean globalisation at an APEC summit meeting in Australia, *The Sydney Declaration* (Saxer, 2009). This announcement followed soon after a number of top-level meetings between President Kim and President Clinton.[9] The globalisation plan required a major reorganisation of Korean government (S.S. Kim, 2007). Most ministry offices were renamed and new goals were set.[10] When outlining the vision for globalisation, Kim Young-Sam noted that Korea was in the midst of becoming a 'borderless global economy' and that it would soon have to prepare for 'boundless global competition'. He added that globalisation was necessary for Korea to flourish but that it would mean a sweeping transformation of society[11] (Saxer, 2009). President Kim's televised address to the nation was reported in the *Korea Times* on 7 January 1995 indicating –

> Globalization is the shortcut which will lead us to building a first-class country in the 21st century … It is aimed at realizing globalization in all sectors – politics, foreign affairs, economy, society, education, culture and sports. To this end, it is necessary to enhance our viewpoints, way of thinking, system and practices to the world class level … we have no choice other than this. (Cited in Saxer, 2009, n.p.)

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[8] On 15 June 1994, Former American President Jimmy Carter negotiated a deal with North Korea in which Pyongyang confirmed its willingness to 'freeze' its nuclear weapons program and resume high-level talks with America. On 21 October 1994 America and North Korea signed an agreement – the *Agreed Framework* – calling upon Pyongyang to freeze operation and construction of nuclear reactors suspected of being part of a covert nuclear weapons program in exchange for two proliferation-resistant nuclear power reactors. Retrieved from http://www.armscontrol.org/factsheets/agreedframework

[9] One of these meetings was the Summit: *Meeting New Challenges* held on 10-11 July 1993.

[10] In early December 1994 the government announced there would be a new policy planning position with a focus on globalisation issues and a globalisation committee. This committee consisted of a number of sub-committees including an educational reform committee.

[11] See Explanatory Notes on President Kim Young-Sam's *Blueprint for the Segyehwa Policy* in The Segyehwa Policy of Korea under President Kim. Korean Overseas Information Service (1995).

Just two months later, in March 1995, the government announced that the word *Segyehwa* (meaning international harmony) would from then on be the only word used to promote the plan. Use of the word 'globalisation' was prohibited, even in English publications (Saxer, 2009). The rebranding of globalisation was designed to distract Korean citizens from seeing any connection to America or neoliberal policy and "to underscore that what was meant was globalisation with Korean characteristics, and not the full-scale economic liberalization and opening of the domestic market that many foreign businessmen and commentators saw globalisation as entailing" (ibid, p.8). Just prior to the announcement of the *Segyehwa* policy, widespread protests had occurred in Korea against both the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations, and the neoliberal policy blamed for destroying employment conditions in Korea and upsetting farmers and unions.

The word *Segyehwa* had different meanings to different groups. For some, particularly its supporters, it embodied a strategic principle, a mobilising slogan, or a hegemonic ideology. For its critics it was simply political sloganeering, aimed at finding an escape route from the increasing domestic political and economic difficulties that Korea had been confronted with. Still others regarded S*egyehwa* as creating a new Korean national identity for a newly industrialised and democratised country; one that deserved membership of both the OECD and the United Nations Security Council (S.S. Kim, 2007).

With the imminent launch of a new international organisation for trade in January 1995, the World Trade Organisation (WTO), many in Korea were 'on edge' due to more than a decade of America putting trade restraints on Korea's exported goods and 'allegedly' forcing open Korea's agricultural market. The situation in North Korea was also of concern with ongoing American allegations of nuclear armament resulting in America declaring that retaliatory action and sanctions against North Korea might be needed.

The government proclaimed that *Segyehwa* was to unify the country through a state enhanced, top-down strategic plan designed to meet the challenges of a globalised world. Koreans were asked to join the 'cultural revolution', become more

'worldly', work with nationalistic pride to increase Korea's presence and strength in world markets, be competitive, and facilitate the growth of international commerce. Any lesser standards of business behaviours currently accepted in Korea were to be raised higher to the level of other advanced countries (S.S. Kim, 2007).

Commercial Internet services were initiated in 1994, with electronic-commerce available for online purchase two years later.[12] In 1996 an international Expo was held in Seoul with the specific purpose of encouraging Internet use in Korea.[13] Both public and government organisations were expected to prioritise English learning for their staff and to establish bilingual web sites (English and Korean) to match the global status Korea was aspiring to reach. The fast growth and global spread of the Internet, along with its 'mother' language English, created many new businesses. Media and newspapers with vested financial interests quickly became prominent marketers of English language products and courses.

6.3.1 Korea thinks big

An aura of global power and prestige soon surrounded the market. *'Korea for the world, the world for Korea'* quickly became the catchphrase of *Arirang* – the government broadcasting station – as it embarked on showcasing Korea with 24 hour international broadcasts. As the voice of the Korean government, *Arirang's* core business was specifically to improve the image of Korea and to enhance relationships with the global community through TV and radio. A popular advertisement authorised by the government, "*Who is your competitor?",* appeared on television to encourage Korean competitiveness by improving individual competitiveness. While asking the audience *"Who is your competitor?"* it asserted that individual competitiveness was the most crucial human capital element for Korea's national empowerment, and it

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[12] In March 1995, the *JoongAng Ilbo* began its first Internet news service and in October the *Chosun Daily News* launched its digital *Chosun Daily News*.

[13] This was an opportunity for the venture businesses to introduce their technologies domestically as well as internationally and further develop them, as well as an occasion for encouraging the news media to be involved in online operations.

urged citizens to improve their own ability to compete individually, such was the faith placed in the merits of competition.

Sensing wealth and free choice for the first time in eighty years, and naively believing that the 'American Dream' was possible, Koreans began to buy or create new businesses, often with minimal consideration of any negative outcomes or levels of personal indebtedness. As companies competed for the most prestigious image, a belief in *'thinking big'* swept the country, as did a corresponding growth in national and personal debt. Powerful slogans such as Samsung's *'world humankind'* and Daewoo's *'world management'* became commonplace.

6.3.2 Deregulating the economy

With the enticing promise of entry to the OECD and the pride and prestige associated with that, the Korean government accelerated the opening of its domestic market and the deregulation of financial markets. Interest rates were almost completely liberalised, entry barriers to the banking and nonbanking sectors relaxed, most restrictions on foreign capital flows removed, and all restrictions on foreign investment in the domestic stock market and on short-term trade-related credit relaxed (Cho, 1999). The government allowed Korean businesses to obtain money from foreign markets to finance their domestic and global expansion. This allowed a rapid expansion of foreign debt to be channelled through the domestic banking system and, to a lesser extent, through direct borrowing from overseas. Large car companies, such as *Daewoo*, *Kia* and *Hyundai,* originally established with overseas funds, expanded rapidly. *Daewoo's* growth in global sales was equally matched by high debt levels from undercutting its global competitors.

A home-and-abroad consumerist spending binge spread. Department stores such as *Lotte* and *Shinsedae*[14] expanded and became more luxurious with attached

[14] *Shinsegae* was originally part of the *Samsung Group* from which it separated in the 1990s. It is in direct competition with *Lotte* shopping and *Hyundai Department Store Group*. Currently *Shinsegae* is the largest retailer in South Korea. *Lotte* is also one of the largest food and shopping groups in Korea.

luxury hotels – one even 'show-cased' a live tiger living behind a glass wall in the hotel's restaurant.[15]

> *In 2000 I went to the Lotte Hotel in Busan and was appalled to see a large tiger wandering around behind a glass wall in the restaurant. Many Korean guests were coming in and paying for an expensive 'foreign-food' meal in order to view the tiger and gain global awareness and (of course) social capital. (M. Innes, Memoirs of Korea)*

Prestigious shopping malls sold exclusive goods such as *Gucci* and *Burberry* at alarmingly high prices. American educational credentials and Ivy League colleges became labels on clothes. Western whiteware and golf clubs became markers of class and status. The bigger the appliance, the better it was to buy; even if it did not easily fit inside the many small apartments Koreans lived in.

6.3.3 A construction boom

Skylines became littered with the silhouettes of high rise cranes as rice fields morphed into shopping malls and new motorways. Subway and train tracks were built across vast areas around Seoul and into neighbouring Gyeonggi Province. Many residents were forced to move, powerless to stop the construction of the numerous high-rise apartment complexes being built by property speculators. Due to the growing number of protests, compromises were made with the city divided into areas for the middle-class to live, and lower-cost, lower-rise common housing for the poorer and displaced people. Buildings went up quickly, often with less than appropriate safety standards. Despite new mandates to stop corrupt practices, many building companies failed to follow safe and legal processes. The catastrophic collapse of the

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[15] The *Lotte Hotel* opened in Central Busan City in 1995. Until recently they kept a Siberian tiger named Cesar confined to a small display window in the hotel's breakfast room. Cesar lived among artificial plants and rocks in a small barren enclosure that was approximately 20-30 square metres in size.

newly built *Sampoong Department Store* in 1995 made international headlines when 502 citizens died and government corruption was exposed.[16]

Each district was given a specific designation for use; such as 50 per cent education use or 80 per cent domestic. Education zones were predominantly designated to be in the middle and upper-class areas. Developers sought to give their own speculative developments in the satellite cities an elite education identity. Families seeking social status were forced to borrow heavily to buy new apartments in the better areas so their children could attend the 'better' private tuition centres and be balloted into more 'suitable' schools. The spiralling costs of buying or renting property began to destroy the dreams of many Koreans. All the while the investors, entrepreneurs and businesses, especially if borrowing foreign money, gained enormous wealth.

6.4 Education market opportunities

In 1994, President Kim commissioned the *Fourth Education Reform Committee.* Considerable effort was made to liaise with OECD advisors in order to assess those areas of education deemed most problematic.[17] On 31 May 1995 the committee released a policy document; *Education Reform for a New Education System Leading Toward Globalisation and the Information Era.* It outlined a comprehensive package of more than 100 education reforms that needed to be undertaken. One of the requirements of the OECD review was that the Korean government must allow official recognition of teacher and educational workers unions. An existing *Korean Teachers and Educational Workers Union,* formed illegally in May 1989, already had

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[16] The *Sampoong Department Store* collapsed on 29 June 1995. It was built on the site of a former rubbish dump. It was designed to have five floors but, in the middle of construction, an extra floor with a swimming pool was added. Several engineers warned that this was dangerous. Seoul's official planning department was not advised and safety inspectors monitoring the construction were bribed, not only to cover up the design changes, but also to overlook the fact that contractors were not using correct materials. Twelve inspectors were later convicted of accepting bribes. Retrieved from: http://www.history.com/this-day-in-history/seoul-department-store-collapses

[17] Before Korea joined the OECD in 1996, it requested help from the OECD to get a full assessment of the Korean education system as was required for membership status.

approximately 15 000 members and hundreds of thousands of supporters from universities, students, and unionists, along with millions of sympathisers.[18]

The owners of the many 'quasi-state' school buildings realised that their 'business operations' that guaranteed a supply of students, government funding, and favourable government-supported bank loans, could only be sustained if the existing equalisation policy was retained. Fearing what the proposed education reforms may bring, and with loan money available, a vicious cycle of expansion for the sake of expansion began. With increased numbers of students being admitted into higher study, increased tuition fees paid by the government, and increasing land and building values, many school owners built linked campuses which effectively became new schools, and obtained licences for new programmes.

As state-supported businesses, school owners could expand with the same favourable bank loans that the chaebols were still receiving from the government. New school licences were handed out liberally and frequently given to owners without suitable educational backgrounds or without any rigorous assessment of feasibility (Kim and Lee, 2003). Many high schools expanded into large educational complexes comprising numerous schools at different levels and accommodating tens of thousands of students.

The existing student quotas placed on high schools, albeit under strict government control, soon became unmanageable and the government was faced with raising student quotas for some schools while others were capped. The number of new universities and colleges being built quickly grew as did the gap between what were perceived as prestigious or not prestigious institutions. Many were built simply 'for profit' and/or prestige, creating a credentialist phenomenon where the university you graduated from became more important that simply attending a university (Kim

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[18] In the Korean school system there are now three teacher bodies with equal legal rights and status. There is an association for teachers in the large private-school sector in Korea and this organisation has strong associations with the Korean Federation of Trade Unions (KTU). There is also the Korean Federation of Teachers' Associations (KFTA) and a school principals' organisation, which is often allied to government positions and is a conservative competitor and rival to the KTU.

and Lee, 2003). As demand for admittance into a 'top university' intensified, so did the competition to score highly in the annual college entrance examination.

6.5 The necessity of English

The government declared that English was necessary for Korea's international competitiveness and to facilitate commerce. A television program, *Today's Living English Expression*, was aired across Korea with English portrayed as the key to success and/or survival and a social class-marker. By default, it also became a class-divider. The sudden demand for English language and English products brought about a plethora of niche businesses, both large and small, on land, overseas, and online. Domestic and foreign companies, the media, businesses, schools, and universities all became involved in the booming new and lucrative English industry. Speaking English showed global sophistication with interviews in English held for jobs as a means to gauge both a person's academic achievement and their ability to add a globalised image to the company. For the Korean people, the only choice now available was at what level, and at what price, they could acquire English.

Looking to the West and doing Western things meant many business owners rushed to get things written in English, often without checking the appropriateness of translation. This resulted in some highly publicised blunders, and personal miscommunications:

> *The government frequently advertised competitions for Korean citizens to find spelling and grammatical mistakes in new publications. Foreigners could win a monetary prize as a reward when they reported inappropriate words and sentences being used in public advertising. It became a surreal experience to read the numerous new shop frontages with 'literal' translations. A large education company I was conducting business with sent me a card to wish me a 'Happy Lactation' for the upcoming Korean summer vacation period. (M. Innes, memoirs of Korea)*

English training and tests, such as TOEFL,[19] became big business, providing a ready source of revenue to the creators and marketers providing these tests. The Ministry of Education announced in 1995 that English was to be part of curriculum for Grades 4, 5 and 6 and would become mandatory for Grade 3 students in 1997.[20]

6.5.1 The English Program in Korea (EPIK)

At the same time the Ministry launched the KORETTA programme, (Korea English Teacher Training Assistants) to reinforce foreign language and globalisation education in schools. In 1996 KORETTA changed to EPIK (English Programme In Korea).[21] Unfortunately very little information exists of the early history of the EPIK and no academic research or Korean government evaluation was located during this study. However, considerable anecdotal information exists from my own personal involvement with EPIK over ten years, some of which is referred to in this thesis.[22] EPIK was specifically designed to personify English into a live representational English speaking 'native' model. However, pedagogical rigor has always been missing due to the rushed implementation of English into the school curriculum. Native English speaking teachers (NESTs) were hired and placed into classrooms to introduce 'real' English and associated 'real' American-English accents, mannerisms and idioms to the

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[19] The *Test of English as a Foreign Language* (TOEFL) evaluates the ability of an individual to use and understand English in an academic setting. It was first developed to ensure English language proficiency for non-native speakers wishing to study at American universities. It has become an admission requirement for non-native English speakers at many English-speaking colleges and universities. Additionally, institutions such as government agencies, licensing bodies, businesses, or scholarship programs may require this test.

[20] Students in elementary school study English for forty minutes just once a week in grades three and four. In grades five and six, students receive two classes each week. Each chapter in the textbook generally focuses on a specific lesson with a total of four lessons for a unit. The focus in Grade 3 and 4 is primarily on listening and speaking, with reading and writing being introduced from Grade 5 and focused on heavily from Grade 7.

[21] EPIK website retrieved from http://www.epik.go.kr/EPIK/html/about_epik/greetings.jsp

[22] I have been monitoring and researching EPIK each year since 2000 and have an extensive dossier of personal stories from foreigners who have worked in the programme, or Westerners in Korea who have been involved in various aspects of EPIK. Anecdotally, much information of the personal experiences of native English speaking foreigners in Korea before 2000 does exist in written form, in forums and blogs.

Korean students. The recruitment target for EPIK in 1996 was set at 1000 foreigners, but fewer than 500 were employed.[23]

EPIK was continually plagued with problems including a lack of support from the Korean teachers, problematic visa and immigration conditions and unsuitable housing for the hired foreigners. The American Fulbright Organisation in Korea was approached by government representatives for programme advice, but was unable to convince upper-level Korean officials of the urgent need for more resources ("How schools fail," 2004).[24]

Many of Korea's media companies got involved in the English market. Sensational and frequently biased journalism became rife, with articles frequently promoting the social capital requirement of English, or containing the direct or disguised promotion of their own or a sponsor's product or service. Koreans were easily influenced and manipulated by advertisements and stories promoting futuristic dreams, all of which would happen if they spoke English. Entrepreneurial Koreans sought out deals and family and business connections to make money from English. Unfortunately many became victims of failed or inappropriate ventures or purchased plagiarised, over-priced, or poor quality goods and services.

6.6 The Internet

The widespread availability of the Internet proved a bonus to businesses with computer engineers, software developers, technicians, search engine managers, website designers, and English translators providing employment to many. Despite a few attempts by the government to restrict search engine access to Korea's own networks, the openness of 'cyber space' provided the freedom for Koreans to research, network, and shop offshore. The first domestic Internet café (PC Bong)

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[23] Those who withdrew or quit cited reasons such as inadequate housing, late salary payments and refusal of severance pay.

[24] The Fulbright English Teaching Assistant program is run by the Korean-American Educational Commission, a branch of the American Embassy that administers it. Fulbright began in 1992 and employs around 60 teachers each year who are placed in Korea's public school classrooms to co-teach English with Korean teachers.

opened in Seoul on the 15 September 1995.[25] Numerous Internet businesses quickly established in every city and town, many of these having online gaming rooms where Koreans of all ages could play simulated war games, like *Battle Net* and *Star Craft*, and make contact with gaming participants all over the world. By using the English-language American-based online electronic mail provider *Hotmail,* activity could be private and uncensored, allowing Koreans to negotiate and communicate on a global scale never before imagined.

6.7 Overseas travel

With previously imposed restrictions on travel and money transactions now eased, new opportunities arose as the *Segyehwa* policy pushed the desire to study abroad.[26] Books and pamphlets published by the government promoted the dream of successful and prosperous global living. Kim Woo-joong, founder of the *Daewoo Group* documented his journeys in a diary with the theme – *The World is wide and there is much to do* – as he travelled the world. The song: – *I know myself* – by *Seotae-ji and Children* became a theme song model for individuality and freedom for all elementary school children. The promotion of the exciting outside world to the many Koreans who had never been able to experience this prior to 1989 resulted in a growing exodus and increased emigration. Initial overseas departures mostly involved parents sending their children abroad as a sign of affluence and social status.

However, this soon changed as education destinations and opportunities began to be sold online as agents and connections were made with overseas residential Korean communities. High schools in Seoul began sending their students overseas in the summer vacation period for a 'country abroad' experience to sister schools. High schools in Seoul, deemed to be more 'elite', invited native English speakers to visit and

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[25] PC Bong is derived from PC for personal computer and 'Bong' being the Korean word for room.

[26] The *Open Doors Report* by the *Institute for International Education* (IIE) in 2004 concluded that the number of Korean students studying in America in 2004 was 52 484, representing a 1.9 per cent increase over 2003. Approximately 43 per cent of Korean students in America were studying at the undergraduate level, 47 per cent were enrolled in graduate programs, and 10 per cent were listed as non-degree or ESL students.

teach classes. Schools began competing against each other and hiring foreign 'English teachers' to reinforce their 'higher' status.

6.7.1 Overseas ties

In December 1995 the Korean government issued a *New Policy for Overseas Koreans,* in line with *Segyehwa*. It was designed not only to strengthen ties between Koreans and ethnic Korean communities overseas but also to promote the participation of resident overseas Koreans in developing Korea's globalisation strategies. This resulted in the passage of the *Overseas Korean Foundation Bill* on 3 May 1996 and the subsequent formal establishment of the *Overseas Koreans Foundation* (OKF) in 1997. As a non-profit public corporation, the OKF initially was to act as the cornerstone for all overseas Koreans, to promote ethnic commonness among overseas Koreans, and to expand a cyber global ethnic Korean community through the government developed *Korean.net*.[27]

6.7.2 Overseas business opportunities

Trade incentives and immigration advantages were quickly offered by trade-keen countries such as New Zealand, resulting in money flowing freely out of Korea while foreign investment money flowed in. With Korea's domestic financial transactions deregulated, a desire for real estate investment spread that previously had not existed, as government regulation specifically forbade it. With the American government changing its immigration regulations in 1992, *Segyehwa* gave many wealthier Koreans a chance to obtain American residency through new investment immigration options. Many commercial buildings were constructed in Los Angeles with Korean money and, with trade barriers dismantled, greater currency freedom,

[27] Korean.net website: http://www.korean.net/portal/PortalView.do Overseas Korean Foundation. Retrieved from http://www.okf.or.kr/portal/OkfMainView.do

and Korea's doors wide open for business, many new countries, such as New Zealand, began to seek out trade engagement with Korea.[28]

6.8 New Zealand engages with Asia

In 1993, America's globalisation mantra encouraged countries to 'embrace', 'strengthen bonds', and develop 'closer relations' with each other. New Zealand and Australia keenly assisted America to formalise the Asia Pacific Economic Community agreement (APEC) in 1993. As Australia and New Zealand led the way in promoting Asian engagement and trade, other APEC nations also began to open their borders, which by default prepared all countries for the new rules of the soon to be established WTO in 1995 that superseded the previously unsettled GATT agreement.

In 1993, New Zealand Prime Minister Jim Bolger announced a four-pronged strategy for regional economic engagement at an *Asia 2000* seminar. *Asia 2000* was the apparent 'brainchild' of Foreign Affairs and Trade Minister Don McKinnon who outlined its four objectives as being: – establishing trade links with Asia, active participation and linking with Asian countries, encouraging tourism, and promoting Asian immigration (McKinnon, 1993). At an *Educating for Asia National Symposium* in 1993 the Education Minister, Lockwood Smith, (1993) stressed that a system-wide response in education was to be a driver for improving New Zealand's competitiveness and increasing Asian investment in New Zealand. Don McKinnon, Deputy Prime Minister and Minister of Foreign Affairs at the time, confirmed the new focus.

> We need a foreign policy initiative which would fundamentally realign New Zealanders' views about, (a) what our neighbourhood is all about, beyond Australia and our South Pacific home region; and (b) where our economic future largely lies. (McKinnon, 1993, p. 1)

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[28] The newest and most stylish commercial buildings are *Koreatown Plaza* and *Galleria Mall*. *Koreatown Plaza* is a real, full-sized shopping mall with 490 000 square feet of building space on one underground floor and two floors above ground, as well as offering four floors of parking. It has ninety stores inside, including a market, a bank, additional stores, and restaurants. The *Galleria Mall* is also one of the beautiful and fancy shopping malls with good stores and food court.

The New Zealand government had previously shifted its trade and immigration focus in 1991 to target human-capital in Asia.[29] However, the arrival of many Asian immigrants settling in Auckland led to media reports of there being an 'Asian invasion' and claims that Asian immigrants were taking advantage of New Zealand's free schooling and health services while not being fully committed to staying in New Zealand (APMRN, 1996).

6.8.1 An 'Asian invasion'

With the government increasing its focus on Asia, Auckland journalist Pat Booth wrote a controversial series of articles in 1993 warning of an 'Asian invasion' and Winston Peters' *New Zealand First Party* tried, without much success, to make political capital out of the inflow of 'non-traditional' immigrants (Du Fresne, 2012). In just four years (1991 to 1995), between 6.5 to 10.8 per cent of all the new immigrants into New Zealand were Korean, with approx 13 000 Koreans arriving in just five years and settling predominantly in Auckland.[30] This apparent 'Asian invasion' was barely noticed in other cities (Collins, 2004). The Asian immigrants all appeared to be well educated and able to purchase expensive houses and cars, and not in immediate need of employment. Taiwanese citizens obtaining New Zealand residence arrived in even larger numbers, making up 25 per cent of all immigrants in both 1994 and 1995 – in 1995 alone, 14 483 Taiwanese arrived in New Zealand. Auckland's North Shore became a popular destination for the Koreans, whereas the Hong Kong Chinese and Taiwanese typically settled in Howick. It would be noted later in 2001 that almost 70

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[29] The Immigration Amendment Act (1991). The overall intake New Zealand would accept had a cap of 25 000 immigrants per annum, however extra demand saw this cap exceeded by more than 100 per cent as large numbers of academically well qualified Asians automatically qualified for residence. Many of those qualifying and seeking to enter New Zealand were Koreans, finally able to leave what was shown in Chapter 3 to have been highly a restrictive educational environment in Korea.

[30] The nine Asian countries listed together comprised 53.4 per cent of approvals in 1992-1993, 45.4 per cent in 1993-1994 and 58.1 per cent in 1995-96. In 1995-96, 57 520 persons were approved for residence, substantially higher than the target of a net migration gain of 20 000 migrants.

per cent of all the Koreans in New Zealand lived on Auckland's North Shore (Collins, 2004).[31]

6.8.2 Asian students in New Zealand schools

Asian students were highly visible in certain schools and in a relatively short time the number of Auckland's domestic Asian students climbed from being one or two per cent of a school's population to, at times, in excess of 25 per cent. On the North Shore, a medium sized secondary school with approximately 1000 pupils had Koreans as its second largest ethnic group (Collins, 2004). [32] With residency status in New Zealand, the Asian students did not have to pay international school fees and the cost of providing English second language (ESL) tuition in schools was borne by the New Zealand government (APMRN, 1996). Many children were said to be 'parachute kids', left in New Zealand by parents who made housing and educational arrangements and then returned to their home country. Unaccompanied children were seen to be hosted by relatives or agents within their own ethnic communities. With many Asians not speaking English, a parallel private market soon began for the teaching of English.

6.8.3 The Asian strategy ends

After operating for just four years, the somewhat open-entry criteria of the 1991 *Immigration Act* had allowed large numbers of Taiwanese and Koreans to reside in New Zealand. A review was undertaken in 1995, resulting in a background paper, A Review of New Zealand's Residence Policies: The 'Targeted' Immigration Streams, that argued that, while the residence policy should continue to contribute to the Government's wider strategic goals, new assessment criteria were needed that ensured that new residents had a better command of English. In late 1996 an adjusted policy started with selection criteria tightened and additional fees incurred for those

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[31] A further 16 per cent of Koreans lived in Christchurch. By 2001 in North Shore City, Korean was the second most commonly spoken language after English. The majority of Korean immigrants held tertiary qualifications and were in their thirties and forties.

[32] The New Zealand Ministry of Education was forced to urgently publish support booklets for teachers to both culturally understand and cope with having foreign students in their classrooms.

applicants with poor English. There was a sharp decline in the general and business investment categories. The policy adjustments effectively stopped many Koreans who briefly had regarded New Zealand as easy to enter, provided they had investment money and/or university qualifications (New Zealand Immigration Service, 1995). What became known as the 'New Zealand experiment' in immigration policy came to an abrupt end in late 1996, fortuitously at the same time major problems within Korea were beginning to undermine the viability of the government and the country's economic stability.

6.9 A crisis looms in Korea

While the rhetoric for *Segyehwa* remained strong at the end of 1996, numerous reports of problems in Korea were being reported internationally, as were allegations of corruption against some of President Kim Young-Sam's secretaries and his own son (Saxer, 2009). Although the adoption of the *Segyehwa* policy and Korea's desire to be a member of the OECD provided access for the IMF, World Bank and OECD to 'help' Korea with its legislation, the numerous new regulations and reforms needed to embed democracy and completely deregulate Korea's financial sector were consistently thwarted or delayed. The allowance of union membership, insisted upon by the OECD for Korea to obtain OECD membership, proved to be a major impediment. Although the number of legally recognised unions almost tripled and union membership doubled in the two years after democracy, a major stumbling block was that the Korean workers, without rights for so long, maintained a solidarity stance on any 'neoliberal-looking' reform that was proposed.

The teacher unions were still not legally recognised six years after democracy as a result of political in-fighting and delaying tactics by those with a vested financial interest in maintaining the status quo. The constant delays created an almost impossible situation in that the government was expected to implement all of *Segyehwa's* education reforms while at the same time it was somehow expected to legalise teachers' union membership. The swell of protests and delaying tactics, overtly or covertly sidelined all reform, yet empowered the 'unofficial' teachers unions to grow in strength. For the government, providing employment and collective union

rights to workers, at the same time as workplace deregulation and reforms that would benefit employers and the financial sector, ultimately became the breakdown point.

6.9.1 The crisis arrives

The credibility of President Kim Young-Sam and the 'dream run' of the *Segyehwa* policy unravelled as a series of corporate bankruptcies, and ongoing union protests created an economic instability that pushed Korea into a mild economic recession in early 1997 (Saxer, 2009). As Korea slid into this period of unsettled economic times and with four-yearly presidential elections due, the IMF identified the Korean economy as being in a state of "profound structural dysfunction" (Crotty and Lee, 2005, p. 4). The Korean Won began a free fall and depreciated 25 per cent in late November 1997 from its pre-crisis level measured against the American dollar (Koo and Kiser, 2001).

With little warning, the bulk of foreign capital invested in Korea in mostly short-term investments was suddenly withdrawn in December 1997. The government's inability to roll over short-term loans triggered a run in the Korean currency markets. As the crisis unfolded, Kim Dae-Jung won a narrow Presidential election victory. By the end of 1997, just one year after the pride of finally gaining OECD membership, the Segyehwa dream was dramatically shattered and Korea was on the brink of bankruptcy. In dire economic circumstances, the Korean government accepted an IMF agreement on a financial aid package totaling US$58.35 billion in December 1997. At 13 per cent of Korea's Gross Domestic Product (GDP), the size of the IMF standby loan was unprecedented at that time in the IMF's history (Koo and Kiser, 2001). The IMF quickly took full control of the Korean economy and immediately imposed extreme restructuring conditions that required the Korean government to implement an austerity policy that encompassed wide-ranging economic reform measures (Coe & Kim 2002).[33]

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[33] The Structural Adjustment Program (SAPs) comprised a set of conditions that involved further opening the country to foreign investment, privatising public sectors, devaluation of currency, reduced subsidies and credits, and cuts in social sector spending.

Ironically, Korea's crisis may have been averted had Japanese financial authorities succeeded in establishing a rival Asian Monetary Fund (AMF) to support Asian countries if they got into financial difficulty (Rowley, 1997). The AMF plan, just months prior to the IMF intervention in Korea, had stirred considerable controversy when announced and elicited a stringent rebuke from the American Treasury and the IMF, igniting an unusually visible conflict between the Japanese and American financial authorities (Lipscy, 2003).[34] Rowley (1997) viewed that "among officials within the US Treasury, the plan was seen as half-baked and devoid of meaningful details" (quoted in Lipscy, 2003, pp. 93-94). Lipscy noted that the somewhat intrepid proposal for a regional alternative to the IMF seemed to arise without warning and at the worst possible moment, although it "raised temporary hopes among the crisis-ridden economies of Asia ... but ultimately fell to the wayside in favor of a more IMF-centered approach" (p. 93).

The economic collapse was a tremendous shock to Korean society (Choi and Chung, 2002) as overnight Koreans found their currency plummet to half its value and their livelihoods were now in serious jeopardy (Steinberg, 2006). Despite the shock of the situation, Korean people from all walks of life rallied around in a spirit of self-sacrifice. Within weeks of the crisis happening, a campaign called *Collect Gold for the Love of Korea* was launched with the support of three major corporations (*Samsung, Daewoo*, and *Hyundai*). Within the first two days, over 100 000 Koreans had donated more than 20 tons of gold worth in excess of US$100 million.[35] Many Koreans donated their best-loved treasures in a gesture of support for their beleaguered country. Housewives gave up their wedding rings; athletes donated medals and trophies; many gave gold 'luck' keys, a traditional present for a business or a 60th birthday (BBC News, 1998).

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[34] Japanese financial authorities proposed the creation of an AMF at the G7-IMF meetings in Hong Kong during 20-25 September 1997. Most observers were taken by surprise, according to Rowley.

[35] Korea exported the first shipment of 300 kilograms of gold that was collected in a public campaign to help the country out of its economic crisis. Further details on the gold donations are available on http://nowiknow.com/south-koreas-reverse-gold-rush/

Despite the good intent and the gold donations, the circumstances of the people became steadily worse. Unemployment, poverty and inequality quickly rose, investment stagnated, foreign ownership skyrocketed, and interest rates rose along with a dramatic rise in the exchange rate and a sudden fall in the price of real estate. Workers were forced to take wage cuts to save their jobs and layoffs and factory closures persisted as jobs evaporated. Nearly one million jobs were lost in just six months with the majority of these considered to be 'white collar' (Shin, 2004).[36]

As Crotty and Lee (2004) observed, "A large reserve army of unemployed debilitated the labour movement, and frightened much of the middle class, making it politically not feasible to proceed with much of the restructuring" (p. 4). For Ha (2004) "It appeared as if 'Pandora's Box' was opening, revealing all past ills … Social trust between people broke down ... broken families became widespread" (p. 117). The number of homeless people increased and the income gap between the rich and poor grew wider with the middle class bearing the brunt of the economic collapse. With the state soon withdrawing financial and industry support and subsidies, the Korean people were once more expected to be responsible for their own economic and social survival.

Many citizens with the financial capability to do so sought to move out of Korea. The new Kim Dae-Jung government moved to protect the rights and interests of Korean emigrants overseas by clarifying the status of overseas Koreans through *The Overseas Koreans Act*. The Act aimed to provide greater assistance to Koreans residing overseas by helping them to adapt and settle in their chosen foreign countries without ever losing their Korean identity, passport status or attachment to Korea.[37]

Unfortunately going to America had already become more difficult following the American government changing the overseas student visa regulations in 1996 with

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[36] This was the result of an unprecedented number of large companies declaring bankruptcies or undergoing major restructuring, which in turn forced thousands of small suppliers out of business.

[37] The *Overseas Koreans Act* defines an overseas Korean as a person who is of ethnic Korean origin, regardless of their nationality, who is currently living in a foreign country.

Korean children without residency in America no longer allowed to enrol at public elementary schools in Grades 1-8 and study in Grades 9-12 limited to just one year with payment for the full cost of the year required in advance. The schooling restrictions did not apply to students attending private schools or on special family visas. Even if unable to obtain legal entry, many Koreans arrived as tourists and then overstayed, causing the number of illegal Korean residents in America to grow considerably, according to Choi (2007). In 1997 an estimated 7000 Korean 'early international students' – the name used by the Korean Ministry of Education officials – were enrolled in elementary and secondary schools in Southern California. Choi noted that, while some of them had entered America legally on student visas, most had arrived on visitor visas.[38]

6.10 Further school choice restrictions

With parental choices restricted within Korea and new restrictions on emigration to America for education, parents looked to international schools in Korea as an option. Despite there being a total of 51 foreign and international schools in Korea, most of which are based in the capital area, Korean regulations restrict domestic Korean students from enrolling in them (Na, 2012). According to the law, only children of foreign residents and Korean children who have lived overseas for over three years are entitled to enter a foreign school operating in Korea. The foreign schools are also obliged to keep the proportion of qualifying Korean students to below 30 per cent. The existence of foreign schools inside Korea continually draws the attention of affluent parents, with many schools known to bypass or violate the admittance rules and illegally admit Korean children from wealthy families and children from ranking government officials. Na (2012) reported that some Korean parents had reportedly paid up to 100 million Won (US$89 000) to middlemen to get

[38] Details are from the American embassy in Seoul. Enrolling a child in an American public school while in visitor (B1/B2) status can result in the child's visa revocation and permanent visa ineligibility for the child's parents. These restrictions went into effect 1 December 1996 as Section 625 of Public Law 104-208. Retrieved from http://seoul.usembassy.gov/f_public_school.html

fake passports or citizenship certificates that alter their nationalities and thus qualify their children for admission into a foreign school in Korea.

6.11 Summary

With Government slogans such as '*who is your competitor'* and *Korea for the World* proliferating within Korea, the Korean people eagerly sought out new lifestyles. While the arrival of democracy in 1987 may have set the scene for Korean citizens to feel free and empowered, it did not dislodge the trade practices and favoured government support and subsidies provided to Korean businesses that had annoyed America since the 1960s and had been the subject of the voluntary export restraints (VERs) in the 1980s. What finally succeeded in prising open Korea's economic activities was a 'globalisation' policy, designed in America, filtered through APEC, and rebranded in Korea as *Segyehwa.* Through APEC, America was able to reap economic rewards as the trade competitiveness of the Asian members created a trade momentum and consumerism. The neoliberal ideology encompassed within *Segyehwa* had been able to infiltrate within all areas of Korea's economy and social fabric, well disguised inside a deceptively wrapped 'package' of American indoctrination. Korea's *Segyehwa* strategy created a perfect example of *sociopragmatic failure* (as discussed in Chapter 2) in that it brought about a mismatching clash between Asian values and Western democratic ideology in what had always been an historically Asian cultural environment. Many Korean people naively misread the situation and simply focused on fulfilling their future dreams – only to have them shattered at the end of 1997 as their ancestors' dreams had been in the past. *Segyehwa* had liberalised the financial system but, in doing so, it had allowed "a significant increase in hot-money" to enter Korea, according to Saxer (2009, p. 9) and did not succeed in reforming education, except to the benefit of the school owners of the 'quasi-state' schools.

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The following chapter examines the dominant issues discussed in the first part of this thesis. It looks inside the global promulgation of neoliberal ideology, the positions of power, and the outcomes of personal interactions and compelling 'crisis' events that have linked New Zealand and Korea over the last fifty years and – I would argue – have been instrumental in the creation and/or growth of an education 'industry' activity in both countries.

> The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group, but for all groups. (Henry Hazlitt, 1946, Economics in One Lesson, p. 5) [39]

[39] *Economics in One Lesson* is an introduction to free market economics. Based on Frédéric Bastiat's essay: *What is Seen and What is Not Seen.* The 'One Lesson' is stated in Part One of the book. Among its policy recommendations are the advocacy of free trade, an opposition to any and all price controls, an opposition to monetary inflation, and an opposition to 'stimulative' governmental expenditures. In 1978, a new edition was released and a final new chapter, *The Lesson After Thirty Years*, was added.

Chapter 7

Economic agendas and education

Reforms, whether economic or educational, will never be devoid of power-brokers and influence, nor do they randomly appear in isolation. A traceable origin of an underlying ideology, a power-based intent, or a political agenda can usually be found. According to Burr (1995) the most powerful person/party with the strongest support will tend to be the most successful at having their version of events predominate. This chapter forms a natural half way point that separates the two focus parts of this thesis – events prior to 1999, and events after 1999. It examines and interprets all previously discussed events and attempts to clarify the predominate holder/s of powers in the promotion of neoliberal policy in New Zealand and Korea. It examines the general means of neoliberal promulgation prior to 1999 and aligns these within the same contextual framework and historical timeframe.

Given the enormous volume of literature in this field, this thesis cannot review all of the many theoretical perspectives on reform policy per se in regards to the involvement of neoliberal ideology being spread into education. Nor can it expand on the many variants of historical theory, commentary, counter arguments, or critical debate in this field.

7.1 Background

As was detailed in previous chapters, both countries have experienced a serious economic 'crisis' – New Zealand in 1984 and Korea in 1997 – that resulted in an acceptance of 'bailout' funds from the IMF and the undertaking of substantial restructuring. By accepting IMF funds, both countries were required to adhere to conditions set down by the IMF and the World Bank. As both countries were members

of the OECD when the crisis happened, ongoing monitoring and assessment of their economies was required by the IMF and OECD.[1]

Both countries have equally experienced the promulgation of an 'assumed' crisis in education – New Zealand in 1987 and Korea in 1999 – that, in turn, led to numerous societal changes in both countries. The crises would at first appear to have had little in common as they occurred in vastly different cultural environments and were twelve years apart. While the 1987 education 'crisis' in New Zealand resulted in large scale privatisation reform and a politically structured commercial market for education, the 1999 Korean crisis precipitated a growing 'exodus' of Korean families to purchase education overseas for their young children, and led to the rampant growth of private sector education-based businesses, both domestically and internationally.

While the causal factors of the neoliberalism and globalisation discourses in both Korea and New Zealand's crises have similarities, the outcomes of the policy implementation in each country have been vastly different. New Zealand's crisis in education in 1987 was declared by a singular party (the government) and supported by commissioned reports, overseas research, and media pronouncements that sought to validate the authenticity and reality of the crisis.

In contrast Korea's education crisis in 1999 was acknowledged by many parties as multi-faceted, and appears to have had its genesis in the political manipulation of education policy by different governments over many years and the resulting widespread disenchantment and societal frustration because of numerous failed reforms.

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[1] When a country borrows from the IMF, its government agrees to adjust its economic policies to overcome the problems that led it to seek financial aid from the international community. These loan conditions also serve to ensure that the country will be able to repay the IMF so that the resources can be made available to other members in need. In recent years the IMF has streamlined conditionality in order to promote national ownership of strong and effective policies. Retrieved from http://www.imf.org/external/np/exr/facts/conditio.htm

7.2 Neoliberalism

As outlined previously in this thesis, neoliberal ideology appears to have begun as an economic theory 'born in America' and seemingly designed to fix America's own deteriorating economic problems in the 1970s. Neoliberal policy was certainly well promulgated worldwide in the 1980s in what appears, in hindsight, to have been almost a franchisable manner as numerous countries 'accepted' its use from either or both of the IMF and the World Bank. Neoliberal ideology was promoted as capable of increasing market competition and delivering an advantage that would arise from the opening of border controls and allowing a free trade environment. Such an environment would enable trading nations to obtain cheaper resources and to maximize their profits and efficiency. It would also provide greater flexibility in the labour market and become a tool to remove any impediment to capital mobility, such as a collective and unionised workforce. Deregulation in the employment market would then allow market forces to self-regulate (Verger, 2009). The privatising of state-owned enterprises (SOEs) was endorsed as a means of 'allowing' governments to step back from day-to-day management and let competition drive the enterprise whilst empowering others to assume greater individual responsibility (Verger, 2009).

Few would disagree that in 1984 New Zealand's economy did need attention. However, the claim that there was no alternative other than neoliberal reform is another matter entirely. The wide-spread neoliberal reform that eventuated can only be described as a systematic and a major alteration to New Zealand's public policy on a global scale. Jane Kelsey (1995) undertook a comprehensive analysis of the general economic reforms undertaken in New Zealand during the 1980s and looked at the entirety of the neoliberal programme that spanned two terms of National Party government (1978-1981, 1981-1984) and two Labour governments (1984-1987, 1987-1990). Kelsey viewed the 1984 transition of power not as an ordinary change of government but in terms of its connection with the arrival of neoliberal policy into New Zealand from both Britain and America.

Kelsey concluded that New Zealand's reform process was almost a pure version of the neoliberal ideology endorsed from overseas, noting that a paradigm of elite

power underpinned the process with change agents and powerful voices behind both the implementation and continuance of the reforms. This is endorsed by Jesson (1999) who noted that there were business and conservative groups working behind the scenes to get their members into key positions where their interests could best be served. Kelsey (1995) further noted that the media had carefully managed and 'worked the floor' in order to defend and promote the new regime against all challenges and critiques.

7.3 Neoliberalism in New Zealand education

Before both the 1984 and 1987 elections, the New Zealand Treasury issued briefing papers to the incoming governments advising them how expenditure could be decreased and the economy strengthened. In 1987, in particular, this advice included an extensive document on reforming education. It was this report, discussed in Chapter 5, that saw Education as being part of an overall reform strategy. In hindsight, it is obvious that the conditions for reform to occur in New Zealand in the mid 1980s were favourable to the Labour Government with Fancy (2004) noting that when a major economic crisis could not be averted in 1984, it created the perfect environment for education to be included and reformed alongside the economic sector.

Within the unsettled economic environment of the early 1980s, education was captured within the generalised reform process and similarly framed as capable as being a commodity. This facilitated a clear permeation of business values and vocabulary being able to seep into educational discourse (Marginson, 1993). Within Treasury's *Briefing to the Incoming Government* in 1987, education was placed firmly within the market economy and viewed in terms of its potential profitability. The Briefing stated that:

> Those who provide the inputs to education purchased by the individual, parent or state naturally seek to defend and develop their own interests. Hence, formal education is unavoidably part of the market economy and the Government can afford to be no less concerned with the effectiveness and 'profitability' of its expenditure on education, in relation to the state's aims, than any private provider

would be in relation to their own aims. (Treasury, 1987a, Chapter 10, para. 4)

It was obvious that considerable analysis had gone into how parties to an education contract would seek to balance the costs and benefits of the provision of education in a mutually satisfactory way; when it noted that "Such a contract will bundle together four core elements: who chooses, who pays, who benefits and who is accountable for delivery of the service" (Treasury 1987a, Chapter 10, para. 5). The political rhetoric was that education reform was going to provide "the most thorough change to the administration of education in our history" (Lange, 1988, p. 1).

Responsibility for implementing the education reform was given to newly appointed Secretary for Education, Maris O' Rourke, who then appointed Lyall Perris to the strategic management group. In her introduction to a retrospective case study Perris wrote for the World Bank in 1998, O'Rourke endorsed Perris's unique position and knowledge of being at the forefront of the reforms to speak of the reform years (O'Rourke, cited in Perris, 1998). She added that she was aware that education reform was to be central to the overall strategy and a bridge that linked the government's twin goals of economic growth and social cohesion (ibid).

Overall, the education reforms were not explicitly about ownership or a move to a market-driven system but were framed in terms of giving parents more influence over education and forging better relationships with the schools their children attended. The Primary Teachers' union, the New Zealand Education Institute (NZEI), argued that parents were not qualified to govern schools but "this had the effect of turning parents against them" (Perris, 1998, p. 11). In this respect Perris saw it as noteworthy that "the terms of reference did not mention teachers, students, or student learning" (p. 6) and that it appeared that quite deliberately "Teachers (other than principals) were to be left alone while the reforms took place around them" (p. 11).

Politically at the forefront of managing the reforms at the time they happened, Lyall Perris (1998) declared in his World Bank report; "A severe economic crisis or the perceived problems about education were not the main reasons the review occurred

when it did" (1998. p. 5). Perris wrote of 'knowing' first-hand that the reforms were part of new market policy that Treasury was strongly driving and was determined to implement, but that only some of the objectives for the reforms had been made clear to the public. In his case study for the World Bank Perris (1998) listed what he regarded as being five justifications for why the reforms were being undertaken;

- Financial savings
- Public sector reforms were to permeate into the education sector
- An ideological assumption that policy advice should be separated from the delivery of the services
- Schools wanting greater autonomy and authority
- Parents wanting more say in education. (Perris, 1998, p. 7)

In contrast to what Perris's 1998 World Bank report gave as being the real reasons for education reforms at the time they had occurred, a decade earlier the public rhetoric was that the government wanted to provide the best results for New Zealand and generally placate all public concerns (Perris, 1998). Many have hypothesised and/or written about the origins, scale, and reasons behind the 1980's education reforms in New Zealand; for example; Butterworth & Butterworth, 1998; Openshaw, Lee and Lee 1993; Thrupp, 1999; Codd, 1999; Lauder, 1990; Whitty & Gordon, 1997; and Mutch, 2001. Butterworth and Butterworth (1998) identified what they believed were all the prerequisite factors occurring at the same time for education to be reformed in New Zealand. These factors were; a sense of crisis; the need for change; political commitment; legislative and financial frameworks in place; an adequate funding capacity; and, most importantly, a plan (ibid). Graham and Susan Butterworth's hypothesis as to what occurred strongly supports Lyall Perris's own comments in his 1998 World Bank report on the education reforms.

In *Trading in Futures: Why Markets in Education Don't Work*, Hugh Lauder and David Hughes (1999), along with a group of their colleagues, studied different socio-economic school contexts of the 1990s, both before and after the move to the market. They saw that the marketisation of schools brought about the substitution of economic language for pedagogical language with 'social and personal development'

and ‘social integration’ being replaced with ‘cost-effectiveness’, ‘parental choice’, and ‘competition’.

7.4 Overview of the reform years

The overview is divided into three parts.

1. The first part examines the 1970s genesis and 1980s proliferation of neoliberal ideology. It assesses the part neoliberal policy has played in education reform in the West – in particular: New Zealand, America, Britain and Canada.

2. The second part deconstructs the infiltration of neoliberal policy into Korea and separates its influence and impact into what I argue to have been three distinct phases: the exposure phase, the competition phase, and the crisis phase.

3. The third part examines the global reform movement and connection of neoliberal policy and education reform prior to 2000, and assesses the part America and international organisations have played in the spread and/or indoctrination of neoliberal policy – and for what reason.

7.5 Part one: – Reform in the West

7.5.1 America’s economic and education crisis

The stability and public respect for America’s public education system deteriorated considerably in the late 1960s and early 1970s, drawing the attention of a wide group of critics, thus strengthening the growing call for widespread education reform. An increasing political sentiment was that schools and teachers needed to be more accountable and subjected to the rigours of the market and/or greater control and surveillance on the part of the state. In 1968, following years of problems in state schools, a debilitating month-long teachers’ strike in New York City thrust the strength

of the collective teachers' union movement into national media headlines.[2] Over the next few years, the National Education Association (NEA), which later became the largest teacher union in America, undertook extensive lobbying for all problems in the education system to be fixed.

Widespread public disenchantment soon spread across America, and, when coupled with the serious trade issues affecting American manufacturers in the early 1970s (as discussed in Chapter 4), the fundamental assumption was made that American students were not achieving educationally at sufficiently high enough levels and this was the reason America's global economic power was decreasing and why developing Asian countries, such as Korea and Japan, were becoming more successful.

When the National Assessment of Educational Progress (NAEP) reported that America's academic standards were seriously declining when compared to economic competitors, such as Japan, and students' scores on a newly designed SAT test had decreased, this seemingly became the 'pressure point' that prompted President Carter's administration to centralise state education in 1979 and create the U.S. Department of Education.[3]

When Ronald Reagan became president in January 1981, the newly established Department of Education faced increasing criticism regarding the provision of state education in America. This criticism soon 'validated' a major review of education being undertaken, leading to a damning report entitled *A Nation at Risk: The Imperative for Education Reform* (1983).[4] The report described in detail the problematic nature of

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[2] The American school system was challenged by social revolution. Teacher unions in the late 1960s and early 1970s became increasingly active and were regularly organising strikes to make education a place of equal opportunity for all. Retrieved from http://education.stateuniversity.com/pages/2400/School-Reform.html

[3] The SAT is a standardised test for college admissions in America. It was first called the *Scholastic Aptitude Test*, then the *Scholastic Assessment Test*, but now SAT does not stand for anything.

[4] *A Nation at Risk:* – the full transcript. Retrieved from http://datacenter.spps.org/uploads/SOTW_A_Nation_at_Risk_1983.pdf

America's education system and noted that public education in America was in 'parlous trouble' (National Commission on Excellence in Education, 1983).[5]

A public commitment to excellence was called for, based on the premise that America was lagging behind the world, outlining that –

> We live among determined, well-educated, and strongly motivated competitors. We compete with them for international standing and markets, not only with products but also with the ideas of our laboratories and neighborhood workshops … [and that] If only to keep and improve on the slim competitive edge we still retain in world markets, we must dedicate ourselves to the reform of our educational system. (National Commission on Excellence in Education, 1983, p. 7)

The extent of America's competitive and economic envy is revealed within the report when it states, – "It is not just that the South Koreans recently built the world's most efficient steel mill, or that American machine tools, once the pride of the world, are being displaced by German products" (p. 2). These retaliatory comments well matched the frustration and annoyance being felt at that time by the American manufacturers as the newly industrialised Asian countries (NICs), which included Korea, 'out-traded' America and seemingly helped push the American economy into recession (see Chapter 4).

As the protectionist measures America had imposed in the form of voluntary export restraints (VERs) to curtail Korea's and other NICs trade success had not worked, new strategies were increasingly becoming a necessity to boost the spirit of the American people and increase economic activity. In this respect the declaration of a major education crisis could well be assessed as being a 'good political idea' as it

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[5] The commissioners reported that the United States had engaged in unthinking, unilateral educational disarmament, asserting that if an unfriendly foreign power had attempted to impose on America the mediocre educational performance the commissioners found, the nation might well have viewed it as an 'act of war'. In support of their conclusions, the commissioners presented numerous indicators of risk, including Americans' poor academic performance relative to students overseas, high levels of functional illiteracy among US adults and seventeen-year olds, and declining achievement-test scores. Retrieved from http://www.encyclopedia.com/topic/Educational_reform.aspx

would focus and compel American citizens to be more productive and competitive and also allow for the easement of neoliberal policy into both America's sagging economy and the education system, and 'neutralise' the increasing power of the unions.

Reflecting back to Chapter 4, these same years (1979-1983) were when neoliberal policy was being first implemented into Britain under the Thatcher government and showing promising economic results, and when neoliberal economist Milton Friedman was taking his dual economic and education *Free to Choose* debate series on a road-show around the world (as discussed in Chapter 5). The increased criticism aimed at education and economic policy, not only spread around America, it also moved overseas and cross-pollinated reformist ideas into culturally different Western environments such as Australia, New Zealand and Britain. With New Zealand or British teachers in the 1970s able to freely read 'radical' American books, such as John Holt's *How Children Fail,* the reform movement was easily transported out of America, empowering unions and advocates of reform in other countries to press forward for change.

7.5.2 Conduits of change

A general investigation, undertaken for this thesis, of economic and education policy promulgated out of America since the 1960s reveals many characteristics and personal values of Milton Friedman (1912-2006). Although better known for his economic writings and neoliberal theory, Friedman maintained a keen interest in education. His seminal essays on school choice (Friedman, 1955, 1962) outlined how the functioning of markets could improve the overall quality of education. His 1955 essay, *The Role of Government in Education*, proposed supplementing publicly operated schools with privately run but publicly funded schools, and advocated for vouchers to be issued so that parents would have a choice of schooling. This, in turn, he believed, would increase the variety of educational institutions available and create competition among schools. The resulting private initiative and enterprise would then quicken the pace of progress in education, as it did in other private business.

Friedman recognised that a crisis could be a critical time for reform to be undertaken. In the 1982 preface section of *Capitalism and Freedom* he wrote, "Only a

crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around" (Friedman, 2002, p. xiv). Friedman's early writings were prophetic in anticipating the appearance of public-private partnerships (PPPs) and charter schools – publicly funded institutions that are privately run on the same educational basis as traditional public schools. Friedman's staunch advocacy for education reform and choice continued until his death in 2006. An article in 1995 by Friedman, when in his eighties, published in the *Washington Post*, continued to promote his wish for the privatisation of education, some forty years after his 1955 essay *The Role of Government in Education*. In the article Friedman argued for the elementary and secondary education system to be radically restructured, and that –

> Such a reconstruction can be achieved only by privatizing a major segment of the educational system – i.e., by enabling a private, for-profit industry to develop that will provide a wide variety of learning opportunities and offer effective competition to public schools. (Friedman, 1995, Executive summary)

In the 1995 article, Freidman cautioned that no individual could ever predict the direction that a truly free-market educational system would take but that the experiences of every other industry proved how imaginative competitive free enterprise could be; furthermore,

> as in every other area in which there has been extensive privatization, the privatization of schooling would produce a new, highly active and profitable private industry ... [and that] The business community has a major interest in expanding the pool of well-schooled potential employees and in maintaining a free society with open trade and expanding markets around the world. (Friedman, 1995, Education para)

7.5.3 Positions of power

As demonstrated earlier, Friedman held positions of privilege and power and had close personal connections within the American government during the 1970s and 1980s. General articles and news media reports of Friedman's many overseas journeys reveal that he travelled widely, including visits to Britain, both before and after the Conservative Party's election win in 1979 when Margaret Thatcher was elected Prime Minister. After 1980, although officially retired and freed from academic contract commitments, Friedman became an influential member of American President Reagan's advisory team and a close confident to Reagan during his entire presidency.

During the 1980s Friedman worked more closely with his wife Rose to advance their joint personal advocacy for education reform. Like Milton, Rose was a trained economist and libertarian. Public presentations, particularly through the high profile Free to Choose television series, invited debate on the topic of free markets and privatisation. Friedman's seminal publication *Capitalism and Freedom (1962),* which contained a chapter on education reform, was republished in 1982, widely promoted and translated into many languages to be read around the world. On the *Friedman Foundation for Education Choice* website (http://www.edchoice.org/), Milton and Rose are described as having together "helped restore the free world's confidence in individual liberty [and] helped spark a worldwide revolution in favor of free markets and liberty that radically transformed international politics and economics" (*Friedman Foundation for Education Choice*, 2013).[6]

Friedman's influence extended well beyond America. For example when delivering a speech in his capacity as Governor of the Reserve Bank of New Zealand in 1996, Donald Brash told his London audience that Friedman's *Free to Choose* book had been read widely in New Zealand, and that the series had screened on New Zealand

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[6] *The Friedman Foundation for Educational Choice* is dedicated to advancing Milton and Rose Friedman's vision of school choice for all children. First established as the *Milton and Rose D. Friedman Foundation* in 1996, the Foundation continues to promote school choice as the most effective and equitable way to improve the quality of K-12 education in America. Retrieved from http://www.edchoice.org/About-Us/Our-Founders.aspx

television. Brash spoke of Friedman's 1981 visit to New Zealand and admitted that "I myself was involved in inviting Friedman to make his first visit New Zealand in 1981" (Brash, 1996, n.p.). When Friedman died in 2006 Brash submitted his personal comments on Friedman to the Economist which published them in 2007. Speaking in Friedman's honour, Brash wrote of his hosting Milton and Rose Friedman in New Zealand in 1981 and chairing several major meetings. "People who heard him [Friedman] speak at that time still remember his insights, and I have little doubt that those insights helped New Zealand to embark on a far-reaching and much-needed process of economic liberalization three years later" (Brash, 2007, para. 4).

7.5.4 Global education reform

With New Zealand compliant and well guided by the IMF and the World Bank during the 1984-1987 reform period, the apparent success of the reforms was touted internationally as demonstrating a successful model for neoliberal reform. Kelsey (1995) hypothesises that the IMF was fortunate in that New Zealand effectively created an example of an 'economic miracle' that other countries were later required by the IMF to emulate.

The education reforms were by no means unique to New Zealand. Looking wider, Young and Levin (1999) investigated the education reform policies implemented in Britain, New Zealand, Canada and America with the intention of locating their origins and finding an explanation for why reforms had occurred in each country. They sought to find the role of neoliberal ideology in both the initiation and the direction of each country's particular reform. The results were somewhat confusing in that multiple threads appeared. Young and Levin noted that their belief was there had been a cohesive sharing of ideas and considerable movement of key government officials and reform advocates across international borders. In particular, two prominent American private market advocates, John Chubb and Terry Moe, had spoken extensively in England, and New Zealand's Minister of Finance, Roger Douglas, was a frequent visitor to both America and Canada, and events in Canada appeared to

always have been influenced by developments in America, which in turn was cognisant of the changes that had occurred in both England and New Zealand.[7]

Young and Levin's (1999) analysis suggests that neoliberal ideology played different roles in terms of the origins and justifications of education reform in each of the four countries. In Britain and New Zealand, for example, they saw the reform programmes as being driven by a set of beliefs about education and public policy that were at the forefront of official statements and legislation. In Canada and America, the rhetoric of reform hinged much more on appealing to what the public was thought to have wanted and on pragmatic explanations of what was necessary. Young and Levin also noted that, for Alberta (Canada), parental choice and charter schools were part of the package but that these changes were not justified solely in terms of a market theory.[8] America's major reform document in 1983, A Nation at Risk, did not specifically discuss charter schools despite, on numerous occasions and in many of his speeches, President Reagan strongly supported them (ibid).

What Young and Levin (1999) may have discovered was a situation where each country had selected and mixed different components of Milton Friedman's privatisation and school choice policies. This suggests that neoliberal ideology was part of – but played different roles in – the type and justification of reform in each of the four countries. Coincidentally two of the four countries that accepted IMF bail-out money, New Zealand and Britain, both undertook administrative, economic and market deregulation reforms, whereas America and Canada, who were not under IMF conditions, undertook school choice, voucher and/or charter school reforms. Either

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[7] Chubb and Moe published the influential book *Politics, Markets and America's schools* (1990) in which they argued that education reforms in America were destined to fail because they did not get to the root of the problem. The authors recommended a new system of public education, built around parent-student choice and school competition designed to promote school autonomy. Two years later they published *School Reform from Great Britain* (1992) which provided their assessment of the 'success' of the British reform experience. School choice, they argued, offered a model that could well be applied to American school reform.

[8] In January 1994, immediately following the re-election of the Conservative government under new leader, Ralph Klein, Alberta announced a major series of changes in education, a 12 per cent cut in education spending over three years, including roll-backs of teachers' salaries (Young and Levin, 1999).

way, neoliberalism, privatisation, competition, and the withdrawal of direct state responsibility through empowering others, occurred in all four countries.

7.6 Part two: – Neoliberalism in Korea

This section analyses the many education reform agendas in Korea that have been assessed as contributing to the *'schooling crisis'* and education diaspora of young school-age Korean students after 1999.

Democracy in Korea may have given greater personal freedom, higher living standards, and consumer choice (as was discussed in Chapter 6), but it also left the Korean people vulnerable to the capitalist values and market policies of the West. An analysis of events – covered in previous chapters – indicates that Korea was the target of three distinct phases of neoliberal influence and indoctrination from America over a period of approximately twenty years.

The first targeted phase of neoliberal exposure commenced in early 1980 and resulted in minimal change to how the Korean government operated. Civil rebellion and democratic elections late in 1987 became the catalyst for a second stage in 1989, which expanded in 1994 under the *Segyehwa* policy. The 1997 economic crisis, an IMF demand for the Korean economy to be restructured, initiated the third phase.

1. **1980-1988: The exposure phase.** These were the years America and its Western allies became economically vulnerable to an evolving new world order. During these years Korea's authoritarian government cautiously observed the neoliberal policies and trade demands of the West, whilst pragmatically forging ahead with its own unilaterally state-imposed development agenda that included education being widely used as an employment tool and as a way to control the status of its citizens.

2. **1989-1996: The competitive phase.** Following democracy, Korea was assisted by America to join the OECD, change its trading behaviours, and engage in new trade partnerships, such as through APEC. Neoliberal ideology was packaged within a globalisation policy in 1994 (*Segyehwa)* to facilitate a mantra of competition, economic deregulation, and trade engagement.

3. **1997-2000: The crisis phase.** After the hopes and visions of Korea's *Segyehwa* policy crumbled when a severe economic crisis occurred in 1997, the IMF took full control of Korea's economy and mandatorily implemented neoliberal Structural Adjustment Policies (commonly referred to as SAPs).

7.6.1 1980-1988: The exposure phase

Throughout the 1980s, Korea's military government '*state development model*' worked; however, it created considerable angst and civil rebellion, especially when agriculture tariffs were lifted to allow more imports from America.[9] Within Korea, these years were fraught with the suppression of human rights, a lack of education choice, and the growth of a culture of protest. When America went head-to-head in trade battles with Korea, President Chun's strategic response was to secure public-private partnerships (PPPs) in order to ratchet up productivity and out-trade other countries – often by selling cut-price products and restricting wages and employment rights.

Democracy in 1987 emboldened many Koreans to demand higher wages, greater union membership, better conditions, and protective labour clauses. Land prices soared in part due to an opening of some sectors of the economy, higher living standards, and the surge of citizens seeking social capital gain by living in the 'right' places. Once democracy was in place, the lure of hosting the 1988 Olympics, and a commitment to gain OECD membership as quickly as possible saw the Korean government accept IMF and World Bank policy and guidance which, as seen in the first part of this chapter, was strongly underpinned by neoliberal ideology.

A plan was drawn up for Korea to liberalise its domestic capital market by 1992, liberalise foreigners' investment funds, and offer domestic enterprises rights on overseas stock markets (Savada and Shaw, 1990). The Korean government then

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[9] A '*State development model*' refers to the phenomenon of state-led macroeconomic planning in East Asia in the late twentieth century. In this model of capitalism (sometimes referred to as *state development capitalism*) the state has more independent, or autonomous, political power, as well as more control over the economy. A developmental state is characterised by having strong state intervention, as well as extensive regulation and planning.

sought to tether the economy to transnational financial capital (ibid). However, major impediments halted the trajectory of most of the planned reforms, as the Korean government found it was ill-equipped to halt or regulate the anti-competitive business practices of the Korean chaebols.

7.6.2 1989-1996: The competitive phase

Post-democracy, the obsessive determination to join the OECD, and be seen as a world class 'developed nation', drove Korea's policy makers to write as many of the 'advised' IMF and World Bank neoliberal reform policies as they could in a very short time and with minimal internal consultation and/or culture-specific research. With the fast growth of the Internet inside Korea, advertising, with its multi-sensory influences, became increasingly pervasive. The resulting modernisation, consumerism and individualisation saw the introduction of luxury department stores, media companies, magazines, Internet cafes, and mobile phones. The *Segyehwa* policy announced at the end of 1994 encompassed all elements of free market and privatisation ideology through a merging of neoliberal ideology within a wider multi-spectrum globalisation and competition discourse. The cultural rebranding of a globalisation policy as a *Segyehwa* policy completely disguised the 'hand' of America and avoided a direct connection to neoliberal policy.

Newly elected President Kim Young-Sam launched major *Educational Reform Proposals* in 1995 (known as 5.31 ERPs) as a vital part of *Segyehwa.*[10] President Kim appointed Dr Gwang-Jo Kim to plan the delivery of the education reforms. Soon, newly designed policies, labeled the *5.31 Education Reform Proposals*, were announced and aimed at restructuring the entire Korean education system towards the goal of increasing the competitiveness of education nationally and strengthening competitiveness internationally. Unfortunately for the government, the reforms were constantly stopped by the teachers' unions who vehemently opposed any neoliberal reforms taking place in schools and steadfastly halted the introduction of the teaching

[10] President Kim Young-Sam organised the *Presidential Commission on Education Reform* (PCER), that prepared the blueprint for education reform, now known as the 5.31 Education Reform Proposals.

of the English curriculum in English – a vital component of the *Segyehwa* policy. Later Dr Gwang-Jo Kim commented that the *5.3 Educational Reform Proposals* embraced neoliberal market principles and required an overhaul of Korea's entire education system through deregulation and increased accountability measures (G-J. Kim, 2001).[11]

The opening of the financial markets soon gave the quasi-state school owners a business monopoly across the entire education arena. While an anti-neoliberal agenda and union dissent were publically visible, far less obvious was the financial interdependence of state-funded businesses and school owners, or the consequences that would arise if the 1974 equalisation policy, that sustained the cronyistic business operations of the thousands of quasi-state school owners, was removed.

As the democratically free Korean media became 'powerful proliferators' of stories about education developments and the necessity for English, new market demands over-stimulated the private market. Large and small businesses and individuals networked far and wide and borrowed money to establish or expand businesses in any way possible to make money from the new education market. An over-balance of foreign funds and foreign influence, and the zealous pursuit of rampant consumerism and entrepreneurism, altered societal thinking that ultimately led to a point of no return – and a devastating economic crisis in 1997 and the direct intervention of the IMF.

It is interesting that many of the proposed 100 new education policies planned for Korea's education system in the early 1990s, under the guidance of the OECD and the World Bank (but never implemented), showed a distinct similarity to the structure of New Zealand's education reforms. Such a similarity validates Kelsey's (1995) line of thinking and could well confirm that New Zealand may have provided the World Bank with prototype education reform policies for Korea to implement.

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[11] After previously working at the Korean Ministry of Education and Human Resource Development (KMOEHRD) in Korea since 1980, Gwang-Jo Kim was seconded in 2001 to work at the World Bank. He later became a senior education specialist in the Human Development Network (Education) at the World Bank. General information on Dr Gwang Jo Kim retrieved from http://english.mest.go.kr/web/42207/en/board/enview.do?bbsId=265&pageSize=10&currentPage=16&boardSeq=1549&mode=view

7.6.3 1997-2000: The crisis phase

The guise of 'togetherness' of globalisation in the 1990s portrayed the world as being increasingly globalised. Markets were now generic places where everything was negotiated and multiple choices existed. As the *Segyehwa* policy embedded in Korea, its *'hidden hand'* of neoliberal ideology enabled a strong discourse of privatisation and free-market opportunities – all of which helped prop up America's export trade. The global competition that *Segyehwa* had sought, coupled with a personal ethos of the historically competitive behaviours of the Korean people, provided a 'double-edged sword' after 1997 when the IMF took control over Korea's economy and restructured the economy – as per its neoliberal policy guidelines. Once deregulation of the financial markets occurred and free market competition was 'let loose' and neoliberalism embedded, neoliberalism and the free market effectively became the driver of Korea's economic direction – not the government.

Following neoliberal thinking, the Korean school property owners became even more empowered to competitively expand their campuses and develop new saleable education services and products, such as English books, on a scale of mass proportions. At the same time, the government lost its power to control the implementation of the education reform policies and ideological direction. With the economy in total collapse, the proposed new era of the *5.31 Education Reform Proposals* fell by the wayside. The rapidly expanding quasi-state schools incurred large debts that were manageable only as long as cash kept flowing in from tuition fees or from government bank loans, with the cycle of expansion sustainable only if Koreans continued to compete for higher education places. The greater the academic competition occurring between students and schools, then the greater the market opportunities were.

The availability of credit and ability to transfer funds out of Korea after 1999 increased the number of Korean parents wanting to send their children overseas and away from the crisis. As a dynamic parallel 'shadow' education industry expanded, it became interwoven within state education and too complex to be stopped or released from state connection. As a vast education industry expanded both inside Korea and internationally, it infiltrated media companies, share markets, and international

corporations and was easily promulgated into overseas Korean communities via the unregulated freedom of the World Wide Web, technological invention and the ease of foreign investment. By 2000 any capacity the Korean government had to reform its own education system, as originally planned in 1995, was long gone.

7.7 Part three: – International influences

As America's global power intensified during the 1990s, so did its influence on the policy directions of the IMF, the World Bank, and the OECD. Overall, an incremental embracing of neoliberal free-market ideology can be seen to have spread considerably throughout the 1980s and 1990s. When a binding global trade agreement was unable to be negotiated by 1992 that would replace the existing GATT, a sideways path was needed to secure a consensus trading agreement from all nations. With the American government driving a strong free trade and globalisation policy in the 1990s, President Clinton was able to secure such an agreement with the establishment of the World Trade Organisation (WTO) in 1995 and the newly formalised APEC and NAFTA partnership agreements in 1993. A free trade environment is described by the WTO (2005) as follows:

> Free trade is an international trade system that promotes or allows the unrestricted flow of goods and services between countries. This liberal conception of trade is grounded in the principle of "comparative advantage", which says that "countries prosper first by taking advantage of their assets in order to concentrate on what they can produce best, and then by trading these products for products that other countries produce best." (p. 13)

With the growth of free trade agreements in the 1990s, the world markets began to expand, resulting in labour-related jobs moving from their home countries to less developed countries. There, skill levels required to complete manufacturing jobs were low and local economies benefitted as transnational corporations saved considerable production costs and could pay foreign workers lower wages.

With the successful establishment of the WTO, a powerful quartet of major organisations, (IMF, WTO, OECD and World Bank) had the capacity from then onwards to dominate and unify global policy and direction. By default, this omnipotent quartet became the 'neutral' inspectorate of the world, as together they were armed with the power to compile and publish surveys and statistical reports, compose (or expose) state-of-nation reports, conduct conferences, facilitate research, and provide guidance for nations to develop, stabilise or reform their economies.

7.7.1 The power of the IMF and the OECD

Broughton (2000) notes that that the years after 1980 brought about an "unprecedented importance to the IMF as every region in the world struggled to keep its footing in an increasingly dynamic and global economy" (The silent revolution and the fund, para. 1). The IMF had the power to write reports on the success or failure of any economic policy and reform directions and publish warnings when economic 'vulnerability' or political instability was detected. Public Information Notices (PINs) and generalised warnings issued by the IMF allowed other nations and overseas investors to know and make judgment on any particular situation.

Britain and New Zealand's economic vulnerability was exposed to the world, in 1979 and 1984 respectively, when, under economic crisis conditions, the IMF provided bailout funds to them – but not without restructuring timeframes and specific economic tasks to be undertaken. In 1997 when the IMF issued a PIN warning of Korea's dysfunctional economy and noted its political vulnerability, the bulk of foreign investment in Korea (mostly short-term) was speedily withdrawn from Korea, creating a sudden additional economic crisis and the government 'falling' under the control of the IMF for compulsory restructuring.

Reviewing Korea's experience with neoliberalism, Crotty and Lee (2005) argue that "Neoliberalism exacerbated the fragmentation of Korea's economy and society" (p. 7). The IMF's long-term objective, they concluded, "was the destruction of the traditional Korean model". They further observed that the IMF's post-crisis evaluation report of Korea in 2003 conceded that "if the IMF and World Bank had announced that

they could provide Korea with as much foreign exchange as it needed, there would not have been a financial crisis at all" (p. 4).[12]

Joseph Stiglitz, former World Bank Chief Economist during the Asian crisis (1997 to 2000), became a strong opponent of the IMF ideology and was scathing in later years about how international finance institutions handled the crisis.[13] Stiglitz (2000) confirmed that some Asian countries were already liberalising their financial and capital markets in the early 1990s, not because they needed to attract more funds but because they were under strong international pressure to do so, particularly from the U.S. Treasury – and he had no doubt that the IMF policies had originated from America. Stiglitz's anger over the IMF policy during the Asian crisis is noticeable in the following:

> They'll say the IMF is arrogant. They'll say the IMF is secretive and insulated from democratic accountability. They'll say the IMF's economic 'remedies' often make things worse – turning slowdowns into recessions and recessions into depressions. And they'll have a point. I was chief economist at the World Bank from 1996 until last November, during the gravest global economic crisis in a half-century. I saw how the IMF, in tandem with the US Treasury Department, responded. And I was appalled. (Stiglitz, 2000)

The World Bank was well supported by the OECD with its leadership and monitoring of the social wellbeing and educational status of membership countries. Founded originally in 1961 to stimulate economic progress and world trade, OECD membership had historically been promoted to countries committed to democracy and essential for a comparison and measurement against others. With its unilateral

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[12] Many Korean firms had become very financially fragile as the IMF raised the short-term interest rate from 13 per cent in early December 1997 to 34 per cent just one month later, holding it above 20 per cent through to mid 1998.

[13] Joseph E. Stiglitz was Chief Economist at the World Bank from 1996 until 1999, during which time he became critical of World Bank policy. Under pressure to keep quiet, he resigned in protest. Soon afterwards he wrote *'What I Learned at the World Economic Crisis'*, published in 2000.

capacity to bestow a 'democratic and developed' status to invited members, the OECD provided countries with the capacity to compare and display their accomplishments and to know the comparative statistics of other seemingly 'equal' and democratic members.

7.7.2 The World Bank

Over the last few decades, the World Bank has consistently been connected to the promulgation of neoliberal policy and been a lead contributor to global policy and debate about education. In his article, *A Quarter Century of Neoliberal Thinking in Education: Misleading Analyses and Failed Policies,* Steven Klees (2008) describes how educational policy around the world has been influenced by a shift towards neoliberal economic thinking and how World Bank policy became a central focal point for education reform after 1980. While providing a framework for understanding the economic rhetoric that grew to exist behind World Bank education policy after 1980, and the discursive shifts that occurred, Klees (2008) further notes that "the Bank is the major player in global educational policy and has been at the forefront of the shift to neoliberal thinking" (p. 3).

With the World Bank becoming a dominant player in education reform in the 1980s, it is, therefore, not surprising to now note that the pivotal public servants leading both New Zealand's and Korea's neoliberal reforms in education the 1980s and 1990s were later 'moved' or 'seconded' to management and advisory roles at the World Bank. In 1995 Secretary of Education Maris O'Rourke was appointed to the World Bank while Lyall Perris took over as Acting Secretary of Education in New Zealand for 18 months. Immediately after his acting position ended, Perris worked in liaison with the World Bank to write the 1998 case study of the New Zealand education reforms.

Following his close involvement with Korean President Kim Young-Sam throughout the 1990s and with the responsibility of leading the *Segyehwa's 5.31 Education Reforms*, Gwang-Jo Kim was seconded to work at the World Bank in 2001. This upwards movement of key neoliberal reform players in New Zealand and Korea to World Bank positions raises the question as to why either country's leading public

servants were needed at the World Bank after the active reform period in their respective countries. It might well be the case that the World Bank had always been guiding and assessing the content and structure of the reforms to begin with.

7.8 A review of Korea's and New Zealand's experiences

New Zealand and Korea's adoption of neoliberal policy can now be seen to have left a mismatching array of side-effects and ongoing confusion as to where the ideology originated from and for what reason. As neoliberal policy quickly gathered momentum across the world in the 1980s, it radically altered work places and management structures. Crotty and Lee (2004) endorse the brutal nature of how neoliberalism was 'given to Korea' commenting that anecdotal evidence revealed that, "The mode of implementation of neoliberalism in Korea was exceptionally destructive" (p. 3) and that the resultant restructuring failed to deliver a better life for the majority of Koreans, although it has often enriched the life of the elites (ibid). During the worst of the crisis in 1999, many people in Korea were living in poverty with no social security benefits available to support this large but 'unfortunate' group. When faced with harsh restructuring conditions, millions of Korean citizens found themselves thrown into a survival mode, last experienced in the earlier years of war and dictatorship. Many eagerly accessed the new and easy credit in 1999, but this only staved off the inevitable next credit crash in 2003.

Those on the receiving end of neoliberalism in education, such as parents, students, teaching staff, and communities, whether in New Zealand or Korea, have had no choice other than to accept its outcomes unconditionally and then find ways to manoeuvre within and around situations or disrupt the progress of reform any way possible. Although I experienced considerable personal stress and upheaval when my own employment was at risk, and I needed to shift my family to different towns three times in two years to get work in three different schools, things were far worse in Korea where thousands of Korean teachers lost their jobs when the retirement age

was mandatorily changed just months before their union would gain legal status.[14] The official rationale for the redundancies was said to be the rejuvenation of the Korean education system through the renewal and upgrading of the teaching force. However, the public discontent and teacher union protests occurring on a daily basis may well have played a leading role, according to Gwang-Jo Kim (2001).[15]

As was shown in Chapter 7 – adversity will always have the potential to create opportunity and entrepreneurship. Although 50 000 Korean state school teachers were forced to retire between 1998 and 2000, this created an opportunity for new employment as many redundant teachers became private tutors or purchased private English franchise businesses - thus helping the private sector to expand.[16] The decision to dismiss the Korean teachers may be viewed in two ways; either as a kneejerk reaction to save state money, or strategically designed to out manoeuvre the teachers just months before OECD requirements would give them union protection against losing their jobs. Either way, the experiences of unemployment, relocation, self employment, and entrepreneurship have become synonymous with the growth of neoliberalism in both Korea and New Zealand.

7.9 Summary

The declaration of democracy in 1987 temporarily calmed the civil unrest just prior to the Seoul Olympics; however, it also 'allowed' Western values, free market thinking, the freedom to travel, and the new economic policy (neoliberalism) to take hold. No one in Korea appears to have foreseen any significant negative consequences

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[14] In 1999 the government legalised teachers' unions, supposedly to improve the working conditions and welfare of teachers while increasing teacher participation in the education reform process (G-J. Kim, 2001).

[15] Teachers' organisations voiced scepticism about the feasibility of the seventh curriculum because the new curriculum required many challenging components, including teacher training to allow some teachers to obtain a new certificate to teach a new subject, and the renovation of school buildings and classrooms to enable flexible arrangement for teaching and learning (G-J. Kim, 2001).

[16] The Korean Ministry of Education took drastic measures to lower the retirement age of teachers from 65 to 62, against harsh protests from teachers' organisations. Almost 50 000 teachers, (or 14 per cent of the entire teaching force), were replaced between 1998 and 2000. Previously, only 2 per cent, (or 7000 teachers), would retire each year (G-J. Kim, 2001).

from implementing a Western designed policy into a newly democratic Asian country with no experience of development other than state control. In 1996, when consumer activity worldwide had grown substantially and competitively-priced products flowed across borders, America's economy rebounded from decline. With *Segyehwa* having an alluring ring of freedom, choice, and the 'American Dream' attached to it, the newly democratic Korean people can be seen to have effectively become 'sacrificial lambs' because their politicians failed to understand the intent, or identify the embedded neoliberal ideology of the new policies.

Korean parents hoped that both the egalitarian schooling system existing since the early 1970s and the prohibition on private tuition would end, but nothing changed. When the World Bank 'assisted' education reforms were due to be implemented into Koreas schools in 1995, those with a vested interest in retaining the existing education system and its state-guaranteed income simply dug in deeper to protect the status quo. This, in effect, sabotaged the reform proposals and condemned Korea's parents to manoeuvre their children within and around a compulsory state education system now in a time warp and unsuitable for the environment it had to operate in.

In hindsight, the IMF's one-size-fits-all model of neoliberal reform to tackle the 1997 crisis in Korea was never going to address Korea's social or educational needs, although it may have fixed specific economic problems. The policies and practices of the newly empowered international quartet– the IMF, World Bank, WTO and OECD – allowed America to maintain a dominant position and stand poised to extend this control, had the major economic crisis in Asia not intervened in 1997 and brought about a period of adjustment and reflection on neoliberal policies.

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The following chapter introduces the second part of this thesis – that of the years after 1999. With neoliberalism only partially embedded in Korea and expanding in an uneven manner, the chapter follows what happens as Korea moves into unstable and recessionary times. As the Korean government attempts to free itself of IMF intervention, it brings out an economic stimulation policy that promotes credit cards be given to Korean citizens to spend 'their' money, in order to boost the nation's economy. A second economic crisis, this time accompanied by education crisis conditions, occurs just three years after Korea frees itself of IMF control. This creates the trigger point for Korean families to be more proactive in controlling their futures and to further expand their children's educations choices overseas.

Chapter 8

A new crisis in Korea

8.1 Boosting the economy

In 1999 the Korean government, having officially met the terms of the IMF's mandatory restructuring plan, declared that the 1997 crisis had ended, despite the fact that most commercial banks and financial institutions were technically still in default. The government immediately set out to strengthen domestic demand in order to reduce Korea's overly excessive dependence on foreign funds and imported goods. A three-point plan involved deregulating consumer lending, providing tax incentives for consumer credit, and allowing private individuals to access credit markets. Individual companies were instructed to reduce their financial debt by embarking on cost-cutting measures (Koo and Kiser, 2001). Tax incentives were offered for credit card use and interest rates went down. Credit cards became highly prized and sought after.

> *When I arrived in Korea with my own New Zealand credit card at the start of 1999, I found few places I could use it as most transactions were conducted in cash. During the year I watched the selling of credit cards on the streets. Numerous mini-skirted pretty girls peddled cards on street corners, offering free toys and kitchen knives to new applicants. Koreans keenly gathered to sign up for as many cards as they could get. (M. Innes, memoirs of Korea)*

With open access to money and thinking that they were assisting Korea's recovery, a vast number of Koreans went on spending sprees using their credit card equity. Anyone who ran up expenditures totalling more than 10 per cent of their annual income on their credit cards was granted a 20 per cent income-tax deduction (Larkin, 2003). Long-standing restrictions on cash advances were abolished and patriotic slogans sought to stimulate public involvement in the stock-market (Koo & Kiser, 2001). The success of the credit policy was short-lived, although it enabled the

economy to rebound due to increased consumer spending and a large injection of public investment.[1]

The Korean Stock exchange (Kosdaq) remained at its peak between 1999 and 2000, amid a venture boom heralded by soaring stock prices, particularly in shares of information technology firms. However, a major crash of the market occurred in 2000, forcing the collapse of many unprepared businesses that had pursued reckless expansion (Cho, 2007).

Following onsite interviews in 2000, the World Bank (2000) decided that "[for] various reasons, especially in the lack of consensus in this process … these reforms have not been fully implemented as envisaged" (p. 40). They further noted that "Without massive deregulation and diversification of the existing system, Korea will be unable to bring about changes" (World Bank, 2000, p. 43). Despite these warnings, within four years of the onset of the 1997 crisis, the Korean Government announced on 23 August 2001 that Korea had managed to repay all the IMF loans and was no longer under the IMF's guidance – 32 months earlier than its target date.

8.2 The impact on education

With birth rates declining, the supply of teachers was outstripping demand. In 1998, the mandatory retirement age for teachers was suddenly reduced from 65 to 62 years. This represented an immediate loss of some 16 000 teachers, causing considerable anger and numerous protests. According to Weidman and Park (2002), this resulted in the lowering of teacher morale and an unanticipated shortage of elementary school teachers. The unsettled environment was regularly seen in the media and on the streets:

> *I was living in Seoul in 1999 when the forced retirement of teachers was implemented. I vividly remember reading the many media headlines, seeing the protests on TV and watching 'sit-down' protests on the streets – many of which blocked the traffic. Most of these were*

[1] With extra credit, a residential real estate boom took place that added to household indebtedness.

held outside or near government buildings. (M. Innes, memoirs of Korea)

Pressure from the IMF finally saw the Korean Teachers' Union (KTU) become legally recognised in July 1999, gaining the right to collectively bargain but not to strike. The new law guaranteed the rights of workers to engage in political activities under the principles of *True Education*, the educational philosophy that initially had formed the basis of the teachers' union movement.[2] Coincidently, legal recognition occurred only after the compulsory retirement policy had been enacted and teachers dismissed.

In 1997, while under IMF imposed restraints, the then Minister of Education, Lee Hee-Chan, had announced that universities needed to select students in more diverse ways rather than just by an examination score. In order to fulfil this new mandate, the self-study period in high schools was banned. The Minister announced that students, who would normally have gone to a high school in a larger city, would now have to remain in their hometowns and villages and attend high school there.

The regulations prohibiting all after-school tutorials outside of state schools (including English) still did not end, even after the 1997 crisis. This unrealistic and undemocratic control caused considerable angst for parents, who viewed it as not befitting Korea's democratic position. Despite all the punitive regulations, 70 per cent of children in Seoul were recorded as being consumers of extra private tuition in 1997, according to Park and Abelmann (2004), as parents just ignored the law and entrepreneurial Koreans opened tuition businesses to meet market demands.

8.3 The education market expands

Anger began to grow across Korea as more government restrictions were imposed on education and rules changed, often with little notice. Many mothers

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[2] There were three central features of *True Education*: Education that is democratic, education that is humane, and education that is Nationalistic (meaning free of foreign – specifically American – intervention).

began to take a more hands-on role in their own children's educational future. New education services grew to provide children with private lessons, tailored to their talents, and to prepare them for college entry. Despite the archaic laws, it became obvious that education was fast becoming a growth industry, as education was seen by Korean parents as the best way to obtain financial advantage and future security. Numerous education consultancies and agencies were established, and private tutoring and after-school businesses thrived. Tuition fees increased as the media kept highlighting the situation. Those with the ability to speak English fluently found business opportunities to work with overseas Korean communities. Sending children abroad to study at an earlier age developed as a new venture industry. Many school teachers, especially those with English and mathematics skills, moved into the private sector because tutors working privately (albeit illegally at times) were able to earn considerably more income than those in the state sector. Teaching Internet-based college exam preparation lessons also became popular.

Government plans required English be used by central and regional governments. When Japan proposed that it might make English an official language in 2000,[3] debate was intense in the Korean media. When the *Chosun Ilbo* newspaper endorsed an *English is competitiveness* campaign in 2000, Yoo (2005) saw this as potentially a huge conflict of interest because the *Chosun Ilbo w*as heavily involved in many English businesses and that such self-interest publicity raised serious questions over the neutrality of much of the media promotion (S. W. Kim, 2004).

Despite punitive tuition regulations continuing, a highly visible, yet illegal, English market intensified. Many inexperienced and adventurous Koreans enthusiastically purchased English products, agencies and franchises. Most of the franchise schools were sold with a guarantee of an 'excellent' native English-speaker provided.

> *One of the drivers for my own company's growth after 2000 was the demand from many new franchise companies who were competing*

[3] In January 2000, Japanese Prime Minister Obuchi's advisory board for the '*21st Japanese Project'* proposed English to be an official language in Japan.

against each other to hire the 'best looking foreigners'. My instructions were always to find applicants who looked white, pretty, (handsome) and American in their publicity photo. English teaching skill was always a secondary consideration. Each franchise fought to create a niche position in a bulging market. Many hagwons displayed the American flag in their foyer and classrooms. Much of the money for franchise purchase came from credit cards and 'hope'. It was no surprise that 90 per cent of the franchise operators I knew of in 2000 no longer existed by 2005. (M. Innes, memoirs of Korea)

English-medium newspapers began to make pull-out centre page lessons a regular feature. Vacation English camps became popular, albeit at high prices. English music was played in public places and English immersion rooms allowed pregnant mothers to immerse their unborn baby in English. Vast arrays of Western pedagogical theories were advertised in glossy brochures, each one offering the panacea of enhanced intelligence or superior teaching or learning methods. Packaged programmes were sold by travelling salesmen in all apartment complexes. English-language hagwons for 3-6 year olds were established in the more elite suburbs, with some charging between US$500 to $700 in fees per month for ten hours 'tuition' a week.[4]

In 1999 I was employed at a 'Wonderland' kindergarten. Little children came to class with expensive accessories and Western labels showing. English words dominated tee shirts. All children were expected to have a western name. Dinosaur themed classrooms, cooking rooms and a Korean Air check-in lounge provided integrated learning. Inside the dinosaur room I sat on a pretend rock and rote taught from a text book. The children were regularly tested and had to pass with no less than B grade to appease parents. A graduation ceremony was held, complete with university cap-and-gown photos. The school sold backpacks, jackets, stationery and hats all emblazoned with the motto 'Dreams can come true in Wonderland' – albeit at a cost. (M. Innes, memoirs of Korea)

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[4] In 1999, I taught at an English institute that specialised in kindergarten classes. Kindergarten age children (3-6 year old) came five days a week between 9 am–2.30 pm and were charged the quoted fees.

Just like *Wonderland*, many other franchise schools lacked academic acumen, and were often were staffed by foreigners working illegally.[5] Schools were opened to prepare high school students for the American Scholastic Aptitude Test (SAT). The number of English classes in universities increased dramatically as a result of the huge number of students preparing for the job market and needing English language proficiency and improvement of their TOEIC score (Test of English for International Communication).

8.4 The mothers' movement

Frequent media stories of there being a crisis in education fuelled the anxiety levels of parents. The Internet was used extensively for education advice and to generally 'window shop' what was happening in countries overseas. The unregulated hagwon market became a nightmare to negotiate due to the many illegal and clandestine activities occurring. The lack of regulation encouraged many Korean mothers to set up advice groups to help each other, with many mothers assuming a full-time role of being education managers so that they could oversee their children's lives, after-school schedules, private lessons, food breaks, and transport. Networking helped mothers navigate the market for the best prices, best locations, and the best loopholes, both inside and outside of Korea. Every hour of each child's day was scheduled with breaks designed to relieve stress or take special medications to 'help' the children learn better or stay awake longer. The manager-mothers were also visible in smaller cities and especially in book shops that sold English resources.

> *When some New Zealand and Australian books were put on display at the Kyobo book store in Seoul in 1999, I browsed them. A Korean mother approached me asking "what is the best book?" I replied all were great. "No" she said "What is top New Zealand book?" I handed her a book. I then saw all the mothers buy that same book. (M. Innes, memoirs of Korea)*

[5] This is based on my own experiences of employer requests for 'illegal' teachers and from personal visits and discussions with many hagwon teachers and franchise managers.

Mothers would commonly drive great distances to get their children into the 'best' hagwon or to engage in a paid conversation with a native English speaker. Many thousands of unqualified and often poor character English-speaking tourists were able to thrive financially in the expanding market with very little likelihood of being caught.

> *I was constantly approached on the street to teach English lessons. The rate in 1999 for a foreigner conducting illegal English tutoring was between 25 000 and 50 000 Won an hour (NZ$50-S100) – always paid in cash. An incredible amount of money could be made by entrepreneurial foreigners. (M. Innes, memoirs of Korea)*

At times, the Immigration Office set up spy networks to check apartment buildings and catch offenders. Such investigations were usually heralded in the media and allowed all participants to go underground for a short time. These publicised 'checks' gave the illusion that the government was being proactive in stopping the illegal market; the reality was that very few foreigners were ever apprehended.

> *Ironically, it was the immigration and police officers themselves who often needed good English skills in order to deal with foreigners, so they would equally be seeking out English tutoring, thus could be flexible in their approach or able to 'make a deal' if a tutor was apprehended. (M. Innes, memoirs of Korea)*

Education businesses were highly competitive; doing whatever was felt necessary to get an advantage. The rhetoric of selling was often a distortion of reality. Owners frequently changed business names or changed franchise allegiance.

> *In 2000 I recruited a teacher for the owner of a Harvard Institute. The next year the owner renamed it Eton Academy then changed again in 2003 to Oxford School. (M. Innes, memoirs of Korea)*

The speed with which English businesses were established meant that scant regard was given to copyright and intellectual property. The Internet became a haven for advertising and setting up 'prestigious' websites, frequently with little legitimacy, while others branded themselves as International Schools, thus misleading parents as to their true status. In 2001, English-language kindergartens had rapidly grown in number, particularly in the new southern Seoul suburbs and satellite cities in Gyeonggi

Province, – many charging fees as high as 600 000 Won a month for just 6 hours tuition a week (approximately NZ $1000 in 2001).[6]

8.5 English in schools

A *Teaching English in English* policy was included in the updated national curriculum for elementary students. The Korean teachers' union strongly opposed this, arguing that the policy contained the expectation that classroom teachers had to be fluent in English, and that the policy was ill-conceived because many Korean teachers lacked both language fluency and confidence, and furthermore they had not received the necessary training to support the new policy (Shin, 2004). With the *English in English* policy due to start in 2001 and the teachers union refusing to implement it, the government turned to EPIK. However, bureaucratic confusion and a lack of coordination failed to get the EPIK solidly under way for a second time.

> *In 2001, I had a formal meeting with Ministry of Education officials in Seoul regarding the provision of foreign staffing for EPIK. The meeting was a surreal experience as the EPIK officials had no guidelines, no organised budget, no contract details and unfortunately minimal understanding of what was meant to be happening. (M. Innes, memoirs of Korea)*

In these early years, the selection of the few foreigners who did work for EPIK often lacked rigor, with white tourists often offered jobs without work visas or their personal status checked. Not surprisingly, they were often unsuitable when placed into the classrooms as teachers (Park and Abelmann, 2004).[7]

For the majority of schools, the new English curriculum continued to be rote taught by Korean teachers who used Korean as the language of instruction. With a dearth of teachers able to teach English, many classes never received more than one

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[6] 600 000 Korean Won was worth US$470 in 2001. When working In Korea as a teacher and a recruiter, I was always aware of the monthly tuition costs.

[7] Exacerbating the situation was the 1997 Asian financial crisis, when the Korean Won fell by more than 50 per cent against the American dollar, and many foreign English teachers left the country after finding their salaries had sharply depreciated in terms of their home currency.

lesson a week. As the teachers' union held their ground, parents continued to pay high fees in the private hagwon market. A lack of confidence in the school system grew as frustrated parents tried to access the English curriculum that was now compulsory. Pre-class tutoring – i.e., the private teaching of a curriculum subject ahead of the subjects' expected delivery in a State school – began to open up new markets as parents looked for options beyond those available in the state schools.

8.6 An exodus of students and money

While studying abroad at the tertiary level had been accepted for many years, the government had always maintained that it was unpatriotic for children younger than seventeen years of age to study overseas, and reserved the right to not renew the passports of those who flouted this law (Moon, 2001). In 1998 a group of Korean parents sued the government to get this changed and in April 2000 the Constitutional Court of Korea finally declared the existing regulations violated the Korean Constitution (Moon, 2001) and reduced the age for overseas study by just two years to fifteen years – which remains in place in 2013.[8] Many Koreans regarded the law change as highlighting the extent to which unofficial departures were already occurring (ibid).

As the exodus of children leaving Korea grew, so did an industry supporting it. Agencies sprung up, mostly in downtown Seoul, to help parents organise visa and immigration processes. These became the unofficial gate-keepers and power-brokers between overseas Korean communities and the recruitment of students inside Korea. The majority of students were organised to depart on 'tourist visas'; thereby circumventing departure regulations. Nakarmi (2001) reported that 4000 families, mostly headed by well-educated, middle-class professionals in their 30s and 40s, immigrated to other countries in 2000 and that approximately 94 per cent recorded their children's education as being the reason for departure.

[8] As a Korean child is deemed one year old at birth, this equates to reducing the age for legal overseas study to fourteen in New Zealand terms.

8.7 A credit crisis in Korea

The economic stimulus of allowing credit cards worked well with private consumption jumping by more than 17 per cent to US$291 billion in 2002[9] (Larkin, 2003). In February 2001, Ajai Chopra, IMF Senior Resident Representative in Seoul, advised Korea to undertake more economic reform and urged creditors to take a tougher stance on weak companies and recognise that delaying losses only meant more losses later (Chopra, 2001). This advice fell on 'deaf ears' and by 2003 each Korean had an average of four credit cards and some 2.2 million people were behind on their payments, a staggering total of about US$100 billion in credit-card debt – an amount almost twice that received in 1997 from the IMF for the economic crisis bailout funding (Larkin, 2003): [10]

> *My own company incurred some loss during 2003 as Korean business owners tried to pay their accounts with credit cards. On one occasion a director presented 10 credit cards to me for a payment due; only to have every card declined. (M. Innes, memoirs of Korea)*

Korea's economy became so fragile by 2003 that all efforts to reform education were abandoned in order to prevent another crisis (Crotty and Lee, 2004). The economic toll was accompanied by social tragedy with newspapers reporting a rash of suicides and violent crime, attributed to over borrowing on credit cards. With personal equity declining and debts unmanageable, poverty and inequality rose (ibid; Larkin, 2003). At this time, Noland (2002) viewed the challenges Korea was confronting as being less like the wolf at the door and more like the termites in the foundation.[11] An end to the government credit incentives brought spending and travel abroad to an

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[9] Korea's economic growth was 10.9 per cent in 1999 and 9.3 per cent in 2000 (Larkin, 2003).

[10] Bad accounts mounted so quickly at card companies that in 2003 the country's largest issuer, LG Card, nearly ran out of money and had to temporarily suspend its ATM cash-advance. Of South Korea's nine major card companies, eight lost money in the first half of 2003; losses at Samsung Card, the country's second-largest issuer, totaled $850 million in the first nine months of the year (Larkin,2003). Retrieved from http://www.time.com/time/magazine/article/0,9171,552170,00.html

[11] The stock of household debt rose by almost 50 per cent from 1999 to September 2001. From the third quarter of 2000 to the third quarter of 2001, the flow of household loans rose by 63 per cent (Crotty and Lee, 2004).

abrupt halt as Korea officially lapsed into recession (Larkin, 2003). As in the past, the arrival of tough economic times reinforced education a being a priority for household spending. With the *Overseas Korean Foundation* and the *Overseas Korean Act* in place to support Koreans who lived overseas, many decided to live transnational lives, secure in the knowledge they could return to Korea at any time, even if they had emigrated or held a non-Korean passport.

8.8 Summary

Korea's credit card crisis in 2003 remains far less known about in the West than the 1997 economic crisis that received considerable international publicity. Domestically it was very humiliating; however, the accumulated debt was 'quietly sorted' within Korea with the banks or the government cancelling debt, or citizens ignoring or restructuring. In hindsight, the promotion of credit cards to a traditional cash-saving society appears to have been an ill-conceived idea; however, the economic boost it gave to the economy allowed the government to pay back the IMF bailout money, funded many children to study overseas and enabled many newly unemployed citizens to establish new businesses, which in turn provided a 'trickle-down' boost to the economy – albeit that this was all achieved on credit. Coincidently, the provision of credit cards to Koreans in 1999 and the resulting credit crash in 2003 matches very closely with the 1999 arrival of young Korea students in New Zealand schools and the decline in numbers noted in 2004.

Korean citizens can be seen to have been naively trusting, yet entrepreneurial, during the *Segyehwa* years and remaining confident even after the crisis in 1997 with many even donating gold to the government to help pay the country's debt. The many unemployed Koreas, who were without strong welfare support, were forced to find new sources of income: – bankrupt citizens, often well educated, rebranded themselves, gained new credit lines and tenaciously sought new ways to make a living.

Employment delineation altered the workforce considerably, making any form of self-employment more prestigious, even if little or no profit was made, than doing a job of low status. Although 'blue collar' jobs were available, many academically well qualified Koreans were unwilling to work in dirty, dangerous and demeaning (DDD)

activities, as this would remove all social capital they had gained over the last decade. This same concern of losing social status by accepting a 'blue collar' job also occurred in New Zealand, such as when -

> *In the midst of the 2004 credit crisis, a Korean man living in New Zealand asked me for employment as he desperately needed to support his family. I suggested he go to a well known city factory I knew were hiring. He responded that he would never do that kind of work, no matter how desperate he was. Instead he set up a website to be a self employed recruiter in the English market, but with negligible success. (M. Innes, memoirs of Korea)*

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The next chapter looks at the opportunities that arose from the adversity that the Korean people experienced in Korea. It uncovers the background reasons as to why Korean parents committed to sending their children oversaes, such as to New Zealand, and details the 'economically warm' welcome they received in New Zealand as 'export earners' for the government. It examines how and why an export education industry was constructed in New Zealand and discusses the variance of assumptions and truths that have surrounded the export education industry's early days.

Chapter 9

Adversity creates opportunity in New Zealand

9.1 A 'school collapse' crisis in Korea

After 1999 conflict was common in the many heated public debates that occurred in relation to there being a '*school collapse'* and an '*education crisis'* in Korea. As the discourse of school collapse gained momentum, it simply fuelled the exodus of children. Lim (2004) views the role of the media as significant in promulgating the crisis stories, with "the most critical contribution made by a series of TV documentary programs by two major broadcasting companies, KBS and MBC". Lim noted that "Following the TV programs, many academic societies and research institutions opened up a series of discussions on the phenomenon of school collapse" (p. 18). The media promulgation of the crisis strongly influenced the Korean people with 93 per cent of adult respondents agreeing there was a public education crisis in a nationwide survey conducted in 2001, according to Meijer (2005). Consequently, the collapse of confidence in schools and a crisis in Korean education were portrayed as involving *all* schools (Yi, 2000).

According to Yi (2000), the first reference to there being a schooling crisis appears to have occurred in 1999, when the Korean Institute for Youth Development published *Strategies for School Collapse*. The following year the Korean Association of Educational Anthropology hosted an academic convention with the theme *Diagnosis of and Strategies for Classroom Collapse.* In a similar vein, Lim (2005) traces the discourse back to the Korea Educational Research Institute's winter seminar in January 1999 and to a series of discussions and technical reports within the Korean Teachers' Union (KTU). Beginning in May 1999, one of the KTU's sub-committees reported the existence of school collapse in several city schools (ibid).

9.2 Korean students arrive in New Zealand

In 1999 a surge of Asian students began to arrive into New Zealand. Most were fee-paying, not seeking residence, and seemingly not connected to the Asian immigrants who arrived in the early 1990s. The new students soon became stereotypically and collectively identified as 'Asian'. With so many arriving at the same time, it is not surprising that many may have thought this to be a well-orchestrated mass arrival.

Not surprisingly, the New Zealand Government quickly provided funding in its 2000 budget to develop a strategy with the '*industry'* so that it could achieve its potential. The then Associate Education Minister, Steve Maharey, announced on 16 May 2001 that further funding would be provided in the next Budget to kick start the implementation of a new export education strategy. The export education industry at that time was contributing around NZ$700 million annually to New Zealand's economy and the government believed there was potential to grow this to over $1 billion annually within three to four years, according to Maharey (2001). A further allocation of NZ$1.3 million was announced for the coming financial year for the development, marketing and quality monitoring of activities, and that it was anticipated the industry would be self-funding through an industry levy from 2002 onwards (ibid).

The sudden arrival of the foreign fee-paying students (FFPS) into New Zealand and the clambering of schools to enrol Asian students resulted in a frenzy of new business opportunities. Resident New Zealand Koreans soon became local agents for friends in Korea to help facilitate the arrival and enrolment of Korean children into New Zealand schools. Their job was to assist the Korean parents to negotiate the legal formalities, find the loopholes, organise the accommodation, and ensure privacy and security for the children.

With the New Zealand government's funding to schools often said to be not meeting needs or budgets, schools were encouraged to pursue opportunities to operate as businesses and earn additional funds by enrolling FFPS. Competition increased considerably. Enrolling a single FFPS could equal the funding of up to eight domestic students, and in addition to being a 'top up' to government funding, having

FFPS often bestowed prestige that became a magnet for more students to enrol. Attracting FFPS became an assumed validation of the school, or an indicator that the schools' programmes were of a high standard. For Korean students, the focus was more that of location and Korean community connections.

Boards of trustees (BOTs), as the financial managers of schools, soon began 'signing-off' on the numerous marketing, travel, accommodation and general expenses for student recruitment trips to Asia. An era of accelerated competition saw other countries compete in the market, such as when the British Prime Minister, Tony Blair, signalled the start of a British campaign in 2000 that would be generously resourced by the British Council.[1]

9.2.1 Local Korean involvement

The majority of the Korean immigrants who had arrived into New Zealand during the 'open door' policy of the 1990s had formed ethnic enclaves in Auckland's North Shore and in Christchurch. These enclaves had grown minimally after 1997 when new immigration rules in New Zealand and the economic crisis in Korea dramatically reduced the number of Koreans arriving into New Zealand. Many older Korean immigrants had remained unemployed or were self employed as a consequence of having minimal fluency in English (Wong, 2006).

When the consumer-driven *Segyehwa* years shuddered to a halt in 1997, all Korean communities worldwide felt the financial impact. With news of there being an emerging crisis in Korea's schools and young children exiting Korea for education, opportunist recruitment agents began arriving from Korea or appeared from within the local Korean communities, all of whom gave the appearance of having considerable expertise recruiting students for New Zealand schools. The emergence of an 'Asian' student market saw the establishment of numerous English language institutes and tutoring services, particularly in Auckland. Tourism, real estate and accommodation

[1]Approximately 2000 British Council Scholarships were used as inducements in target markets such as China.

businesses all benefitted as a surge of Asian investment money went into education, impacting strongly in Auckland and pushing house prices up in the Asian-settlement areas.

With many FFPS being enrolled into schools, Victoria University academic Colleen Ward was commissioned by the New Zealand government to research the impact this was having on New Zealand schools. Her 2001 study, *The Impact of International Students on Domestic Students and Host Institutions,* has since become a pivotal frequently cited resource. Ward's (2001) report focussed predominantly on school and student interactions. Apart from the publication of an array of similar articles related to Asian assimilation and/or acculturation, or the teaching of English as a second language (ESL), the period from 2000 to 2002 had an air of excitement, yet casualness to it, as the export dollars gained facilitated the creation of new businesses and new jobs. In 2001 the Ministry of Education began to investigate how a mandatory code of practice for providers who enrolled FFPS could be implemented with interested parties invited to make submissions and to raise concerns and ideas.[2]

9.2.2 The 1987 Treasury plan becomes reality

The economic plan for an education export industry, first mooted by Treasury in its *Briefing to the Incoming Government* in 1987, was finally to become a commercial reality in 2002 when the initial management body was changed from a sectoral representation structure to that of an education export industry body, whose members would be elected by the sector as a whole. This new structure was reflected in the revised constitution of Education New Zealand (ENZ) and commenced on 1 April 2003. This legislation made the export education industry a stand-alone enterprise (SOE) and technically separated it from direct government control. As a centralised official market body, the new organisation had the power to regulate, monitor and censure all education providers who enrolled FFPS. A new management structure and a Chief Executive Officer were given the task of managing and developing the industry. Government funding would be continued but only to supplement new levy payments

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[2] Refer to the New Zealand Ministry of Education (2001). *Code Submissions Analysis:* Wellington.

from education providers. Foreign students were now the clients of an SOE and state schools became empowered by legislation to sell a service.

In March 2002, the centre piece of the new regulatory framework for export education, the *Code of practice for the pastoral care of international students,* took effect.[3] The Code was enforced by the *Education Standards Act 2001* that required any provider who enrolled international students to be a signatory to the Code and to abide by its regulations. The Code was aimed at ensuring a quality destination brand for New Zealand by suggesting to students, their parents, agencies and foreign governments that the 'product' (New Zealand education) was quality controlled. However, at no point did the Code guarantee the quality of educational provision; rather it offered ways to pursue complaints if customers were not satisfied. To make the new branding cost effective, whilst adhering to the theory of user pays, the *Export Education Levy Bill* was introduced in 2002 to 'support the industry' and to oversee the activities of all education institutions with FFPS.[4]

9.2.3 Problems in the market

The new structure of the SOE industry body was soon tested when a short time later a proliferation of negative media reports became the trigger for the New Zealand government to undertake a serious examination of the fee-paying student market (Everts, 2004; Li, 2004). The government quickly reassured potential students that it would 'fix' any problems while it undertook to get more market knowledge. Concerns from China appeared to play a lead part in the complaints identified by the media. The adverse reports prompted Li, Baker and Marshall (2002) to warn that New Zealand had to be more proactive about how it treated both international students and the operation of the education market. Another report by the Asia 2000 Foundation

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[3] *The Code of Practice for the Pastoral Care of International Students* (the Code), established under section 238F of the *Education Act* 1989, provided a framework for education providers for the pastoral care of international students.

[4] On 5 December 2002, Parliament approved the introduction of a compulsory levy for export education providers to fund the export education industry, its development, promotion, quality assurance, and research.

(2003) concluded that there was a lack of substantial evidence to support the earlier negative media reports.

Two of New Zealand's largest private education providers, The *Carich Computer Training School* and the *Modern Age Institute of Learning,* failed in September 2003 and November 2003 affecting the study courses of many Chinese students. Most of the 1000 Chinese students in the *Modern Age Institute of Learning* were transferred to other institutions. With the first failure in September 2003, Education Minister, Trevor Mallard, travelled to Beijing to reassure China that New Zealand's education institutions were safe and of a high standard. Two months later, with the second failure, of the *Carich Computer Training School*, Mallard promptly returned to China and was interviewed live on Chinese TV. Mr Mallard announced new legislative measures that the New Zealand government was putting in place to lift the standards of private language schools and training institutions in New Zealand (Johnston and O'Sullivan, 2003). The Chinese media was of the view that Mallard's trip to Beijing and his television appearances were the direct result of Chinese pressure on the New Zealand government to guarantee the quality of education being provided (ibid).

The *New Zealand Qualifications Authority* (NZQA) and ENZ immediately wrote to schools informing them of the need to meet certain criteria (ibid). The letter stated that Chinese officials believed standards in New Zealand were poor and that private operators had to ensure a quality educational experience for Chinese students. New Zealand's reputation was said to have been damaged by the false promises of some providers' agents, who supposedly had declared that attending a New Zealand institution would 'more or less' guarantee automatic entry into a New Zealand university (Johnston and O'Sullivan, 2003). China was apparently requesting an accredited list of private providers to place on its study-abroad website, which already listed state-owned public institutions. If the New Zealand Government failed to respond it was unlikely any private education businesses would be listed. Trevor Mallard was quoted as saying that, "What we're doing is giving an opportunity ... to effectively get a seal of approval as part of a Chinese website," (ibid). It was at this time Mallard foreshadowed to the general public in New Zealand that there would be new system of tighter accountability operating by the middle of 2004.

Johnston and O'Sullivan (2003) believed that the Government and education providers were simply scrambling around looking for ways to improve the image of the industry and halt the slump in student numbers at a time when international education was New Zealand's fourth largest industry, estimated to be worth nearly NZ$2 billion annually (NZPA, 2007). The image of a 'crisis' in the industry, one that urgently needed fixing, was substantiated by the results of a nationwide survey undertaken by Berno and Ward (2003) who concluded New Zealand faced numerous challenges if it was to gain a positive image with Asian students.

9.2.4 Seriously Asia

The New Zealand government quickly sought to engage with Asia. A '*Seriously Asia'* project was launched at the end of November 2003, just weeks after the highly publicised failure of the *Carich Computer Training School*. The project was driven directly by Prime Minister, Helen Clark, and Asia 2000 Foundation chairman Sir Dryden Spring.[5] The forum acknowledged that the leading economies of Asia were growing four times faster than the rest of the world and that this should translate into an increasing domestic demand in Asia (Asia 2000 Foundation, 2004). The project was funded both by Government and private sponsors. A few months prior to the forum (April 2003), the Asia 2000 Foundation had published a commissioned occasional paper outlining the challenges of the export education market, noting that it had created up to 20 000 jobs in New Zealand.

In her keynote speech the Prime Minister, Helen Clark, declared that New Zealand's relationship with Asia had "plateaued, [and] the reality is that if our relations are stalled, we will miss out on opportunities and misunderstandings between us will arise" (Clark, 2003). Signalling tighter regulation, she added that because New Zealand's export education industry had previously been largely unregulated and grown very quickly, issues of sustainability and quality had arisen that needed fixed.

> Asia is moving on without us, and it's our job to make ourselves relevant to and engaged in its future. New Zealand's relations with Asia were not in

[5] The *Asia NZ* and *Asia 2000 Foundation* names were to change to *Asia New Zealand Foundation* in 2004.

> crisis, but they do need momentum if our country is to be part of the dynamism of the region [and that] New Zealand could not stand like a possum in the headlights and allow itself to be marginalised. Our links with the countries of Asia were too important and needed constant attention. By important, I meant absolutely vital. (Clark, 2003)[6]

9.3 Rebranding education

Education and associated business leaders gathered to assess the problems and to develop official strategies for the industry's survival and future growth (Education New Zealand, 2004). This facilitated the launching of a marketing brand to promote New Zealand as a key study destination for international students.[7] The brand developed by the New Zealand International Education Marketing network (NZIEM) was designed to provide education institutions with a coherent image that promoted education in New Zealand more effectively. The brand was to be accompanied by the slogan *The new world class – educated in New Zealand.* The overriding aim was for New Zealand to remain in the forefront internationally and for education to expand as both a social and economic catalyst for New Zealand's overall global advancement. In a press release in November 2003, Robert Stevens, the new chair, announced that:

> The Government has now taken a wider interest in international education as an integral player in the industry, with both a legislative role and as an owner of many industry participants … it has become apparent to many in the industry that it is time to take stock, clarify our industry goals and objectives and identify the way in which the industry can best position itself. (Stevens, 2003)

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[6] For more details on government strategy in relation to Asia refer to http://www.beehive.govt.nz/node/17717

[7] The 2003 launch was part of a strategy to increase the number of overseas students studying in New Zealand. Seven key qualities of New Zealand were promoted in the brand, including the British-based nature of the education system, high quality living conditions, and outstanding recreational opportunities.

To further tighten accountability, the 2002 *Code of Practice for the Pastoral Care of International Students* was revised in 2003.[8] Just four weeks after the *Seriously Asia* project had begun (6 December, 2003), the government announced that the export education levy would be adjusted to raise extra funds from education providers to reimburse international students if providers went out of business. This additional new charge could well qualify as the *'Chinese TV clause',* as it appeared to emanate from the public promise made in China only weeks earlier by Mallard. Effectively the extra levy became the government's solution to the politically sensitive issues of protecting the industry and fulfilled the government's requirement for it to be a self-funding business model.

The unexpected increase in the levy angered many, including the New Zealand Vice Chancellors' Committee (NZVCC) who voiced their disapproval in a submission to government pointing out that this action would further alienate reputable providers, and that it provided no incentive for lower quality PTEs to strive to offer exceptional quality education or lift the overall quality of providers, the quality of education they offered, and the quality of their business management (NZVCC, 2004).[9] The NZVCC further noted that:

> This provision of subsidies is tantamount to discouraging providers from actively investing in developing their own quality reputation. It is a ludicrous suggestion that quality providers be financially responsible for less reputable providers that fail to take appropriate action to safeguard their financial viability ... A significant portion of the expenses incurred by the government in the *Modern Age* collapse could have been avoided if the Minister had sought legal advice before publicly declaring the government's willingness to financially

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[8] The Government revised the Code to include requirements that, unless otherwise specified, a young international student enrolled in Years 1-8 of a school, or aged 13 and under and enrolled in any other provider, must live with their parent or legal guardian while studying in New Zealand.

[9] The New Zealand Vice-Chancellors' Committee (NZVCC) represented the interests of the eight state funded New Zealand universities.

> assist those students involved – many of the students' fees and related expenses were covered by their insurance policies. (NZVCC, 2004, para 4)

Additional blame was placed squarely on Mallard for not acting "with appropriate restraint and knowledge [and] simply rewarding irresponsible behaviour, and encouraging the government to act rashly" (ibid, para. 5). Another submission by *Business NZ* recommended that the *Levy Bill* not proceed owing to serious flaws in the regime which had originally been responsible for establishing the levy that the Bill sought to amend. *Business NZ* was concerned at the highly retrospective nature of this Bill when it observed that:

> Not only does it retrospectively raise the level of a tax, but even more insidiously, it retrospectively validates poorly drafted regulation. It was argued by many that the 2003 levy was invalid by virtue of this poor drafting, and the proposed amendments only confirm this view ... [and that] The Government must share responsibility for failures. (Business NZ, 2004, Key issues, para. 3 and 4)[10]

9.4 The market declines

Just as the government was finalising legislation to put the new levy in place, the number of older Korean students at English language schools dropped dramatically over the period March 2003 to March 2004 from 12 283 to 8663 – a loss of 3620 students or 29 per cent (New Zealand Ministry of Education, 2005). The compulsory school-age market, of predominantly Korean children, remained relatively unchanged. The number of students from mainland China decreased even more dramatically (ibid).[11] Despite an overall decline in the number of secondary students from Asia

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[10] *Business NZ* is New Zealand's largest business advocacy body. With approximately 76 000 employers and businesses, ranging from the smallest to the largest, and reflects the make-up of the New Zealand economy.

[11] The numbers of Chinese students more than halved from 27 598 for the March 2003 period to 11 673 for the March 2005 period.

after 2002, the number of secondary students from Korea increased annually from 1999 to 2004; a phenomenon that was at odds with market trends (New Zealand Ministry of Education, 2005).[12] In July 2006, statistics from the English language school market highlighted the stark reality that the Asian market had all but collapsed despite the *Seriously Asia* promotion, '*World Class'* branding, tighter Code regulations, and market research.[13] Stuart Boag, of ENZ, confirmed the decline in the market when speaking at a conference in Canada in 2006. He made no secret of the fact that –

> There is no doubt that the industry has transformed significantly over the last decade. Some are wiser, some are sadder, some are both ... but within this, there has been a story of ambition, growth, drama, tension and for some, disaster. (Boag, 2006, p. 2)

Considerable assumptions exist as to the supposed 'push or pull factors' of the export education market. It is plausible to argue that the New Zealand Government slipped into a 'profit-dreaming' mode in 2000 when it believed the 1987 export market plan had finally materialised. While the policy legislation lay dormant for a decade, no consideration was given to researching potential markets. Accordingly, when a market began to establish in 1999, the government was oblivious to the complex dynamics of the market, preferring instead to applaud the unexpected flow of export funds.

9.4.1 Concern for young students

When the numbers of FFPS began to grow in the primary schools, the Ministry of Education commissioned research on the situation in late 2002 that led to the publication of the *Report on research into the circumstances of very young international students in New Zealand* (New Zealand Ministry of Education, 2003). This report exuded care, yet steadfastly avoided analysing how or why this phenomenon was occurring. Instead it highlighted problems with Asian children's welfare and living

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[12] The numbers of Korean students in New Zealand secondary school were: 770 in 1999, 860 in 2000, 1356 in 2001, 2191 in 2002, 2970 in 2003 and 3059 in 2004.

[13] A Survey of English language Providers in New Zealand for the year ended March 2006. Retrieved from http://www.stats.govt.nz

arrangements and failed to identify the dominance of Korean students in primary schools.[14] A sample review of schools with international students was conducted by the Education Review Office (ERO) in 2003 which reported that: –

> Several of these schools expressed concern about the amount of time outside of school hours that some students were spending on English language study ... and were of the opinion that the hours spent at school plus after-school centres and language courses were excessive, leaving students tired and unable to complete homework (ERO, 2003, p. 16).

The Ministry and ERO reports appeared to indicate that the government was undertaking due diligence and helping to meet the concerns of the teachers and ultimately the students. Not surprisingly, following the reports the government once again tightened the guardianship rules for children in 2003 Code.[15] These came into effect in 2004, coincidently just as the credit card crisis was causing financial hardship in Korea, which may explain why there was a 19 per cent decrease in the number of Korean students enrolled in primary schools soon after (New Zealand Ministry of Education, 2005).[16]

9.4.2 Teacher concern

School teachers have been required to accept fee-paying students into their classrooms on a week-by-week basis. Academic or behavioural records were often not provided by agents with a passport and a visa stamp, usually issued on arrival in New

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[14] The survey found that approximately half of the young students had been living without their parents or legal guardians. Students were also found to be frequently relocated by agents, had inadequate adult supervision, or that there were too many students living at any one address (New Zealand Ministry of Education, 2003).

[15] Schools had to determine and document that all international students enrolled in Years 1 to 6 of a school, or aged 10 and under and enrolled in any other provider, were living with and continued to live with a parent or legal guardian.

[16] Primary student numbers dropped from 4262 in 2003 to 3460 in 2004 (New Zealand Ministry of Education, 2005).

Zealand, being all that was required. In 2004, the Post Primary Teachers' Association (PPTA) reported what it viewed as being a growing trade of FFPS inside state schools and that, in turn, represented a significant encroachment of private enterprise into the state education system. The PPTA believed that the government seriously underestimated the extent of the problem when it reported that:

> It [the trade] raises questions about the government's failure to meet its obligation to adequately fund public education, placing pressure on schools to act as businesses and try to generate income from international fee-paying students to make up the shortfall … There are schools which have reached a state of critical financial dependency on being able to continue to recruit International students, and which could descend into technical insolvency should numbers drop significantly (PPTA, 2004, p. 1).

The PPTA stressed that, at times, the FFPS were quite demanding on teachers, and that it was not uncommon for the students to request, or even exert considerable pressure on, their teachers to provide extra tuition out of class time. "In some cases international students have offered payment for this tuition" (PPTA, 2004, p. 6).

9.5 International markets

Market background information on Korea on the ENZ website, that appeared in January 2005, stated that "it is estimated that about 80[%] of Korean students apply for study visas upon entering New Zealand" (Education New Zealand, 2005, p. 2). This explains why a 2003 government survey found the demand for primary school study in New Zealand was being driven directly by Koreans and not by any marketing from New Zealand, with enrolments predominantly the result of a Korean parent, relative or agent contracted by the parent contacting a New Zealand school directly (New Zealand Ministry of Education, 2003). Of the 17 619 guardianship visas issued since 2004 for a parent or caregiver to accompany their children during their study time in New Zealand, nearly 14 000 (79 per cent) were to South Koreans (Tan & Booker, 2010).

By 2004, the Philippines had became a strong competitor to New Zealand, as a result of cheap tuition fees and convenience. It was the country of choice for those who could not afford to go to a 'better' English-speaking country.[17] The surge of Koreans going to the Philippines spawned a rise of illegal language centres, due to the lack of ESL regulations, teaching standards and qualifications for teachers (Miralao and Makil, 2007). Similar to what occurred in New Zealand, Miralao and Makil (2007) found that most of the Korean students were obtaining visas after arriving into the Philippines as tourists, rather than obtaining visas in Seoul prior to departure.

A large market for young Korean students was Canada, where many attended elementary and high schools. Just 5 per cent of the Korean FFPS attended Canadian universities (McGregor, 2006). This interesting statistic, which aligns with New Zealand, confirms that at the university level there was far less chance of recruiting a Korean student than may have previously been thought. Because of its historical connections, America has always been a preferred destination. A *Korea Times* report ("Abroad perspectives US," 2006) showed that Koreans made up the largest group of foreign students in America with 86 626 enrolled in American colleges and about 33 000 Korean students attending American elementary and high schools – representing a six-fold increase in barely a decade. There were 52 000 family members recorded as accompanying and supporting the Korean students who were spending two years at private institutions (ibid).

9.6 Understanding Korean statistics

With the official number of school children in Korea being approximately seven million in 2011 and the Korea Ministry of Education statistics recording that about 8000 school children departed for schooling overseas, this puts the exodus percentage at a miniscule 0.11 per cent ("Number of school kids", 2010). If the 29 511 children recorded as departing in 2006 in the table below is correct; the percentage still

[17] Data on Korean visitor arrivals in the Philippines compiled by the Department of Tourism shows Korean arrivals to have jumped from 26 000 in 1992 to as many as 303 867 arrivals in 2003.

represents only 0.42 per cent of all school-age children in Korea.[18] This is hardly evidence of a mass exodus, but, interpretation will always depend on how statistics are represented in the media.

Figure 5

Korean students studying outside Korea, 2001-2006

Source: Chang, 2008, page 2

Table 1: **Korean Students Studying Outside of Korea, 2001–06**

Kinds of students	2001	2002		2003		2004		2005		2006	
	No.	No.	Annual increase (%)	No.	Annual increase (%)	No.	Annual increase (%)	No.	Annual increase (%)	No.	Annual increase (%)
Elementary and secondary students	7,944	8,869	11.6	10,498	18.4	15,467	47.3	20,400	31.9	29,511	44.6
Total Korean students studying abroad	277,799	343,842	23.8	347,882	1.2	393,998	13.3	436,917	10.9	496,050	13.5

Sources: Ministry of Education and Human Resources Development, Seoul, various years; National Institute for International Education Development, Seoul, various years.

The increasing departures after 2001 fits with the Korean media highlighting that there was an exodus and agents actively recruiting. The realty seems to be that over 99 per cent of Korean school children continue to attend Korean schools and not go overseas. In short, there has never been any 'mass exodus' although there was a four-fold increase from 2001-2006. The most popular month for children to depart Korea appears to be August followed by January and September – their school vacation time. The JoongAng Ilbo reported that more than 12 000 Korean elementary, middle and high school students were recorded as going abroad for summer language courses in 2005 and that they staying away for an average of just over 50 days, about 10 days

[18] The number of school children dropped below 7 million (6.98 million) in 2012 for the first time since 1967 as a result of the dwindling birth rate. According to the Korean Ministry of Education, Science and Technology, there were 3.13 million primary school children, 1.91 million middle schoolers and 1.94 million high school students as of April 2011 ("Number of school kids", 2012).

longer than the summer school vacation period in Korea because parents always tried to send their children abroad for as long as possible and still meet the minimum number of class days required to graduate each class level from a Korean school ("Good accent trumps", 2005).[19]

9.7 Summary

I have summarised what I view to have been the twenty most influential factors in the creation and maintenance of the Korean school-age export education industry, as it applies in New Zealand. The bulk of these are 'push' factors from Korea with just two 'pull' factors towards New Zealand. The 'push' factors are:

1. The schooling crisis discourse in Korea after 1999 which contributed to the departure of families and the establishment of wild geese families.
2. The incessant political demand for English language proficiency.
3. The lack of English taught in state schools by Korean teachers resulting from union solidarity against the government policy for Korean teachers to teach English language as a subject in instructional English.
4. Exorbitant tutoring fees, hagwon costs and English camp fees.
5. A failed government EPIK initiative to place enough suitably qualified native English speakers in state schools.
6. Punitive out of school study conditions and tuition bans imposed by government.
7. The prevalence of unlimited personal credit availability after 1999.
8. The *Overseas Korean Foundation* and the *Overseas Korean Act* formulated by the Korean government to provide ongoing support to all Koreans overseas and the freedom to always be able to return to Korea and resume life as a Korean citizen at anytime.

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[19] Statistics in the article were provided by the Korean Ministry of Education.

9. The abolition of the *Foreign Exchange Control Act* in 2002 that had restricted the amount of money Koreans could take out of Korea.

10. The emergence of a Korean Mothers' movement to locate and coordinate schooling solutions and organise family strategies.

11. The dominance of well educated entrepreneurial Koreans who keenly sought market opportunities in an environment devoid of welfare support.

12. The increasing necessity in Korea for educational social capital.

13. A supporting 'shadow' market – the availability of a Korean immigrant community in destination countries who find opportunities, network locally and manage the operation and logistics of a cash economy and the manoeuvring of Korean students in and out of Korea.

14. The strength of Internet development in Korea and the empowerment it gave to Koreans to window shop the world and plan overseas educational sojourns.

In relation to New Zealand's position as a market provider, there appears to have been just two major 'pull' factor that can be attributed to the New Zealand government's forward planning and/or readiness to establishment a market industry at the school-age level. These are:

15. The 'in-wait' neoliberal 1990 legislation that gave New Zealand state schools the ability to enrol fee paying students and the loopholes that surrounded it in 1999 when it was first used.

16. The post-1991 immigration of Koreans to New Zealand establishing a resident community ready to include and support a flow of FFPS.

The following four factors can be attributed to good timing, good luck, or uncontrolled environmental factors:

17. The fact that New Zealand is an English speaking nation with established links to America and Britain.

18. The terrorist attack on the Twin Towers in New York in September 2001 which made America tighten its student visa and immigration entry policies and forced Koreans to look for new destinations.

19. The relative safety and security and lower overall costs of living inside New Zealand in comparison to other more prestigious nations – offset in part by costly airfares from Korea.

20. America changing its state school entry policy in the 1990s that meant young Korean students could no longer enrol in America's public schools.

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The following chapter explores the present day realities of Korea's education system and attempts to capture the feelings of the many Korean children and their families who are caught within a never-ending cycle of competitive study and stress. The chapter focuses on how Korea's state education system has operated since 2000 and evaluates the many factors that control the behaviours of Korean parents and students as they strive for choice and success in what has now become a thriving free-trade education industry that is infiltrating inside state education.

Chapter 10

The face of education in Korea

As intensive competition and an over-zealous for-profit tuition industry has grown exponentially in Korea in the last two decades, it has placed enormous stress on Korean parents and their children. The literature sources analysed for this thesis make it abundantly clear that a social and educational crisis of some form already exists in Korea and that it is steadily worsening, causing considerable stress and social strife, not to mention economic hardship, for many Korean families. A closer look inside childhood in Korea shows the stark reality of what education and schooling has now become. As this chapter portrays, Korean children must now accept and endure just about any hardship in order to achieve their family's greater goals for them.

10.1 The daily lives of Korean students

On 7 May 2005, Oh Hyun Chul and about 400 fellow high school students ignored their teachers and parents and gathered in central Seoul – holding candles to mourn dead friends – they protested at the pressure-cooker conditions in schools (Choe, 2005). The rally was the first known public protest by Korean school students against the nation's education system. The protest spread so quickly that the education minister, Kim Jin Pyo, sent a letter to 1.5 million teachers and parents apologising for the uproar, yet defending the new policy (ibid). Hundreds of police officers and teachers were dispatched to the area to guard against violence and to discourage other students from joining the rally. Many students were in school uniform but wore masks to avoid being identified. *"Don't take our pictures... We will be punished in school... Please protect us,"* they reportedly shouted at photographers. One student jumped on to the platform during the rally and quoted his teacher as having called the students who had killed themselves as *"failures."* Others simply placed white chrysanthemums on a makeshift altar in front of a list of 15 students who had committed suicide. A 16-year-old girl told the gathered crowd *"Schools are driving us to endless competition, teaching us to step on our friends to succeed"*. The crowd

responded with screams of approval when she poignantly said, *"We are not studying machines....We are just teenagers"* (Choe, 2005).

This story may appear extreme but the reality is that similar stories appear on a regular basis. At the *International Conference on 60 Years of Korean Education* in June 2005, the Education Director of the OECD, Barry McCaw, commented that, "So much is seen to be riding on the individual outcomes of schooling, that parents and students are willing to do whatever it might take to secure a positional advantage" (McCaw, 2005, p. 21). Suicide rates have risen as a consequence of the fear of failure and study exhaustion has taken its toll on students. Some children have gone so far as to refer to themselves as being a 'cursed generation' and 'mice-in-a-lab-experiments' according to Lee (2006). Two major surveys, one by the Korean Teachers and Educational Workers Union and another by the Korea Youth Counselling Institute, found that between 43 and 48 per cent of students had contemplated killing themselves.[1]

A separate report by the Ministry of Education estimated that 462 students (both primary and secondary) were known to have committed suicide over a five year period. At least 10 high-school students were recorded as having committed suicide in 2006 because of examination pressure or disappointing grades (B. Lee, 2006). According to Card (2005), "Suicides seem to be pushed by a sense of failure of not being able to meet the expectations of their ideals, as well as those of the people around them" (p. 2), with classrooms said to be turning into what a growing number of students and critics are now calling a *'battleground'* (Choe, 2005).

According to the article in the *New York Times* written by Choe (2005), at least five students killed themselves during high school mid-term examinations, reportedly because of pressure to obtain better grades. It was reported they either hanged themselves or jumped from apartments, classroom windows or bridges. These suicides followed a change that was made in the country's college admission system earlier that year. Under a new proposed format, high school grades were to become a

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[1] Statistics from the *National Statistical Office* indicate that more than 1000 students between the ages of 10 and 19 killed themselves from 2000 to 2003.

crucial factor in a university's decision to accept a student. The new guidelines were to take effect in 2008, when the first-year high school students of 2005, like Oh Hyun Chul, would be applying for universities (ibid).

It is common for those who fail or who pass with a low grade to re-enrol the following year in a special study school as a study-again student *(jaesusaeng*). In these study camps, the 17 to 19-year-old students learn perseverance and how to cram information – all day, seven days a week, for up to three years. Everything is geared for one single aim: getting a high score on the next examination. The *JoongAng Academy* in Seoul proudly promotes itself for adopting spartan, military-style teaching disciplines. Once students arrive at 7.50am, they are not allowed to leave the building until 11.00pm. Students must eat in a cafeteria in the building and mobile phones are not allowed. Those who arrive late are sent home – and three such violations leads to expulsion. Students' daily attendance is reported to parents through text messages. All classrooms are monitored by closed-circuit television (CCTV) and the instructors take turns watching the rooms to berate students who doze off or chat with others. Cho Hoen-ok, vice head of the *JoongAng Academy,* is quoted as saying – "this really is a pseudo-prison environment, and most parents like it that way" (Jung, 2009).

10.2 Korea's School system

Korea's public education system is based largely on the American model: Elementary (Grades 1-6), Middle (Grades 7-9) and High School (Grades 10-12). Statistics in 2004 show there were nearly 8 million students attending 10 424 schools. In 2004 there was an average of 32 elementary students per classroom, 35 per middle-school class, and 32 per high school class according to IBE (2004).[2] Attendance requirements call for a minimum of 220 days at all levels. There are two semesters – March to July and September to February. Summer and winter breaks last about one

[2] The latest student number listed is 7.26 million, as of 2012. Reference: Korean Ministry of Education Science and Technology website; retrieved from http://english.mest.go.kr/web/1722/site/contents/en/en_0219.jsp

month with 10 optional half days at the beginning and the end of each break. The winter vacation is longer than summer.[3]

Despite being a democracy, Korea's state funded education system is still caught in the same equalisation 'time-warp' that has existed since the late the 1970s – as was previously discussed. Any reference to public, state or private schooling in Korea can cause considerable confusion, especially to an 'outsider' as any reference to a *public school* will include all schools built and owned by the state, as well as the '*quasi-state'* schools that operate as public-private partnerships (PPPs); whereas *private education* refers only to education supplied by privately owned, business operated institutes, commonly known as hagwons, or to fee-based private tuition. Privately-funded, independent, or international schools accepting Korean students are generally not yet permitted in Korea, unless under special conditions decreed by the government (K-S Kim, 2004).

The 2012 statistics from the Korean Ministry of Education Science and Technology (MEST) reveal that only 1 per cent of state elementary schools are privately owned (*quasi-state*), whereas 21 per cent per cent of all middle schools and 41 per cent of all high schools are *quasi-state* schools. 94 per cent of junior colleges and universities are *'quasi-state'* and in private ownership.[4] High schools are divided into academic general high schools and vocational high schools.[5] In 2000 only about 10 per cent of all high schools were coeducational, but even in these schools many classes are still divided by gender for lesson delivery. High school students aged fifteen

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[3] Information provided is from the Ministry of Education and Human Resources Development Education in Korea. Retrieved from http://www.moe.go.kr/en/etc/hrd.html

[4] In Korea 76 out of 5854 elementary schools; 647 out of 3130 middle schools; 959 out of 2313 high schools and 180 out of 222 colleges and universities are quasi-state privately owned premises. Retrieved from the Korean Ministry of Education Science and Technology website http://english.mest.go.kr/web/1722/site/contents/en/en_0219.jsp

[5] In 1995 approximately 62 per cent of students were in academic high schools and 38 per cent in vocational high schools. More recent information is that the number in vocational high schools is now closer to 25 per cent. Vocational high schools are divided into several categories, such as agriculture, engineering, business, transportation, and maritime studies.

to eighteen are charged tuition fees in order to supplement government funding.[6] A national school curriculum is prescribed by law; the government sets a list of text books and publications it will allow teachers to use and maintains strict conditions over the use of any other materials. Principals generally exercise regimented control over teachers, with the vice-principal often the designated punishment decider. Egalitarian uniformity is strictly enforced with all middle and high school students required to wear school uniforms. Teachers and principals at state owned schools cannot remain at a school for more than five years and are required to teach across demographic boundaries by spending equal time in both 'desirable' and 'less desirable' schools in both rural and city locations.

On a typical day, high school students attend six or seven 50-minute classes and additionally a half-day on Saturday. There is a 10-minute break between classes and a one-hour lunch break. Studying begins at about 8.00am. The afternoon session resumes about 1.00pm and continues until about 4.00 or 4.30pm followed by students and teachers cleaning the classrooms. Most classroom instruction, especially at middle or high schools, takes the form of a lecture. Middle and high school students stay in a home classroom as teachers move between different numbered rooms for different lessons.

Students are generally very submissive and do not overly involve themselves in any complaint liable to be sensitive to their school management and, therefore, the government. If a school student is known to have spoken out against anything politically sensitive, they can find themselves subjected to a disciplinary measure that, in turn, can have a major impact on their future – for example, just one record of disciplinary punishment can be detrimental to finding a job and entering a college.

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[6] Retrieved from http://www.ncee.org/programs-affiliates/center-on-international-education-benchmarking/top-performing-countries/south-korea-overview/south-korea-system-and-school-organization/

10.2.1 Punishments and pressures

Over the past few years, the use of corporal punishment in the Korean school system has been the subject of considerable debate. Ministry guidelines state it can be used only when it is unavoidable for educational purposes ("Three quarters of," 1999). Under the *Segyehwa* policy, a law was introduced in 1995 that prohibited corporal punishment in schools. The teachers' unions campaigned against this law, stating that they would no longer be able to exercise effective control over their classrooms. The government relented and reversed the law in 2002, despite protests from parents (ibid). Limits are 'technically' imposed regarding the number of times a student may be physically struck, the areas of the body struck, and the size of the rod used.

Behaviours that may lead to corporal punishment include the failure to complete homework or getting a low test score. At elementary schools, lesser forms of punishment can be given, such as the example below that I was told about.

> *In 1999 an eight year old girl arrived late to my English class at the private hagwon I worked at. She told me she had failed to finish her state school work in time and as a punishment had to complete 50 press-ups in front of her class and stay after school. (M. Innes, memoirs of Korea)*

In 2006 it was reported that the beating of students with rods, face slapping and other excessive actions had been defended as suitable teaching methods for a long time. According to the report, 56.7 per cent of the teachers said they had verbally intimidated disorderly students while 4.1 per cent admitted to hitting (T-H. Kim, 2006). Many Korean teachers defend corporal punishment as actions with good intentions, calling the instrument of punishment the 'rod of love' and claiming that such actions are inevitable (ibid). When a video clip depicting a teacher assaulting a female girl in the classroom was taken on a student's phone camera and uploaded to the Internet, the District Office of Education fired the teacher (M-S. Park, 2004). In another incident a 15-year-old student was reported to have been hospitalised with a split eardrum, after being slapped by a school teacher.

Dickey's view (as cited in Yoon, 2009a) is that students generally excel within a well-defined framework but, when thrown into a wide-open environment without a rigid framework and rules, they often lack the ability to apply their learning to life-like situations. To cope, Dickey claims that the students need to memorise everything to be successful (ibid).[7] Lartigue (2000) reported the incident of a mother who sent her 15-year-old daughter to England, noting that there was considerably less psychological stress when studying overseas and that it cost just as much money to attend hagwons and private lessons in Korea as it did to live and study in England. In 2007 Korean elementary children were found to be receiving the most private tutoring when compared with Japanese children in Tokyo and Chinese children in Beijing, with 78 per cent of Korean students receiving more than one hour of extra tuition a day and 38 per cent more than three hours ("Korean students burdened," 2007).[8]

The Korean children's bed times were commonly between 11.00 and 11.30pm, the latest of the three countries. In 2009 a group of 3506 elementary school students aged seven to twelve were surveyed by Seo Wan-seok, Professor of Psychology at Yeungnam University, and were found to be spending an average of just over two hours in private hagwons each day.

10.2.2 Classroom survival

Study schedules take an immense toll on children's physical and mental health with sleep viewed almost as a weakness. Vacations, evenings, and weekends are all seen as extra time to be tapped into ("Heavy studies turning", 2009). A common saying is: 'pass with four; fail with five' meaning that if students sleep four hours a night, they will succeed, but should they sleep for five hours they will fail.

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[7] Korean students were said to be dedicating 49 hours to study each week – 15 hours longer than the OECD average of 33 hours, according to the OECD's Program for International Student Assessment (PISA) in 2003.

[8] Korean, Chinese and Japanese researchers surveyed the lifestyles of 1500 students in each grade from fourth to sixth grade. The *Korea Development Institute* (KDI) participated in the project. In Beijing, 56 per cent of the children spend more than one hour in private tutoring after school. In Tokyo the figure was 58 per cent, and in Seoul 78 per cent.

Stories abound of sleep deprived students. Many simply have no time to enjoy any hobbies or sports before they go to bed around 2.00am after finishing any assignments given to them by a tutor or hagwon teacher (I. Lee, 2007). M. Lee's (1999) description of a 15-year-old girl's daily life provides a vivid testimony to the pressure. She leaves home for school at 7.00am, taking two lunch bags, one for supper, with her. After regular classes end at 5.00pm she attends the 'autonomous study classes' studying by herself until 10.00pm. She returns home at about 10.30pm and goes to bed around midnight. She has no family life, except on Sundays.

The rigid time frame for teaching the prescribed curriculum subjects has brought about a new market of pre-class tuition where subjects are taught privately in advance of the subject's expected delivery in the state school.

As private tutoring, pre-teaching, and online education services displace and devalue state schooling, many students can effectively select which classes they sleep in or complete. Students with vital examinations must prioritise, plan and measure the benefits, costs and opportunities of lesson attendance, with subjects such as physical education, art or social studies often becoming the 'dream classes'. Chang (2008) commented on this incongruous situation when he observed that; "Most high schools appear to have all but given up their role of properly educating students. Many do not even pretend to offer quality education, and teachers routinely tell students to study on their own" (p. 160). In some schools, sleeping is encouraged with students asleep at their desks and snoozing through an entire morning of lessons.

In classroom observations undertaken for KEDI by Yi (2000), despite repeated questioning by their teachers to check students' understanding, the students made no responses with only a few reacting to the teacher's questions, or any other request for a response. Generally short phases of catch-up sleep get taken whenever possible, such as when commuting by bus, cars or train between state schools and hagwon classes.

The extra long hours in high school also take a toll on the teachers as students frequently will remain at their state school for twelve to eighteen hours a day. When the government tried to halt the hagwon market by expanding school hours and

putting study opportunities inside school buildings, all that happened was that the students went to their hagwon study classes after 9.00pm when they were released from what was described to me in 2009 as '*voluntary compulsory study*'. This simply made it worse for the students.

In the privately owned *'quasi-state'* schools, where owners have more control over teaching staff, teachers frequently get 'voluntarily' scheduled to supervise in the classrooms between 6.00pm and 9.00pm. The reality of the pressure and long hours for both students and their teachers became abundantly apparent to me in late 2009 when, at the invitation of the Principal, I visited three *'quasi-state'* high schools that were on one campus.

I was shown the teachers' sleeping room. A large bed was sited inside a classroom for teachers to sleep in from 5–6pm or when they were not supervising students. When the teachers and students finished their work at 9pm they could leave. However many students then went on to commercially operated study rooms until 1am. Each study booth cost approximately NZ$5 an hour and included pick up transportation from their school. I visited a study booth business at 10pm and was shocked at the small size of the cubicles each student was confined to. A curtain was pulled around each booth to minimise conversations. There were no open windows or ventilation in the room. Two students told me they would later do more study at home before going to bed, but would be up at 6.30am to repeat the daily regime once more. (M. Innes, memoirs of Korea) Photos of study booths taken by M Innes in 2009

Chang (2008), a strong critic of Korea's lack of education reform and egalitarianism, described the brutality of the schooling environment he believes every Korean child experiences on a daily basis over fifteen years, without any respite, as being "non-competitive and downgraded" and that it is:

> in fact a reflection of a socialistic or even communistic view on education. Excessive collectivism and uniform mentality tend to not only stifle the innovative, entrepreneurial, and enterprising spirit, but also to suppress individuals' educational freedom and discretion. (Chang, 2008, p. 8)

10.3 Health issues

The state-run national university entrance examination can significantly damage the lives of those high school students who fear that they have not matched the expectations of their families, teachers, and friends. Under such conditions of prolonged fatigue, it is easy for students to fall victim to emotional, psychological, and physical problems (I-T. Lee, 2007).

> *As a frequent commuter on subway trains in Seoul, I have observed the almost instantaneous sleep periods taken by commuters. Late at night the crowded carriages full of students are extremely quiet with exhausted and sleeping students everywhere. I would often describe this to others as like watching a hypnotist show, with each student falling asleep at the click of a finger. (M. Innes, memoirs of Korea)*

Research conducted in Korean elementary schools in 2003 by Park, Choi and Yeon (2004) found that, with the exception of a few students with higher socio-economic status and good academic achievement, "the majority of elementary school students have low self-esteem and negative self concept" (p. 273) and also that the higher their school year, the worse this became. Witnessing their parents' anxiety was said to also have a negative effect on a child's health. In 2006, 'escaping reality' via computer games and mobile phone addiction was already being reported as 'new psychological maladies' with 26 per cent of children supposedly addicted or showing the potential of being addicted to the Internet (R. Kim, 2006).

In early 2013, it was reported that 1.05 million school children (16.3 per cent) needed special attention for signs of depression or a violent disposition ("More school

kids diagnosed", 2013). The physical fitness of Korean students appears to be worsening, especially among high school seniors (KBS, 2009, October 14).[9] The results of physical examinations of 120 000 elementary, middle, and high school students in 2005 found that physical education classes had decreased markedly in most schools, with some schools eliminating them to allow students more time to study. This situation worsened as students progressed towards the college entrance examination. There were few qualified physical education teachers in schools, and no adequate physical training programmes to enhance the physical capabilities of students. Students' eyesight was also noted as having deteriorated badly, with 46.5 per cent now wearing glasses or needing to wear them in 2005, compared with 24.8 per cent a decade earlier (*Korea Times*, 2006, May 21). Parents may well wonder if their children's high results are really worth all the costs to their health (Turnbull, 2009).

10.4 Post schooling

Nowadays nearly all high school graduates are expected to attend university or college. Admission to a top university is extremely competitive but once admitted 97 per cent of students become graduates (Dickey, 2009). In 1979 fewer than 20 per cent of high school graduates attended post-secondary academies whereas in 2009, thirty years later, 82 per cent of high school graduates now entered universities.

Of the more than 100 universities, only 21 are funded by the government, the rest being private universities. The acclaimed top three universities, located in Seoul, are all government funded and are referred to as ***SKY*** universities: ***S***eoul National University (SNU), ***K***orea University, and ***Y***onsei University. It is widely acknowledged that students do not study as intensely at university and once admitted, Rhie (2002) claims, "they go completely wild" (p. 171).

The single-minded pursuit of education has helped Korea attain rapid economic growth but this zeal has incurred new problems. Meijer (2005) observes that, "There is a widespread habit of 'borrowing' at universities, cheating on exams and plagiarism

[9] Physical education experts attribute the decline to unbalanced dietary habits and a lack of physical activities amid stiff academic competition.

in term papers" (p.116). Historically Korean universities have not been held in high regard internationally. M-H. Lee (2005) explains "It is well known that foreign accreditation agencies look down on the value of degrees received in Korea" [and that] "institutions in Korea are seen as degree mills at the international level" (p. 83).

10.5 English language anxiety

The English language is regarded as an elite product, with those using the product (English) belonging to higher socio-economic levels. Learning English is less about the pedagogy of learning and more about the location and prestige of the 'hagwon' or the personal qualities and American ethnicity of the English teachers who are employed. Often, just attending a hagwon for English lessons is a guarantee of achievement as I was to discover:

> *I was told that no child was allowed to fail in my English hagwon in 1999. When an eight year old boy struggled and exhibited signs of dyslexia, I was told to give him a B grade to keep his parents happy so they would keep paying to send him to the hagwon. Many similar 'no failure' policies existed in the numerous hagwon businesses I knew of or provided foreign staff to over a ten year period. (M. Innes, memoirs of Korea)*

Some children, under immense pressure to become English speakers, did develop a variety of serious psychological and physical problems, according to an article in the *International Herald Tribune* (Demick, 2002). The most common symptoms reported in the article included early hair loss, involuntary twitching, frequent stomach aches and headaches, phobia, ulcers, bedwetting, nightmares and stuttering (ibid).

The popularity of *tongue surgery* to enable western like pronunciation of English has been a growing trend that reinforces the powerful place English was playing in Korean society (Demick, 2002). It became well known that a number of parents were requesting doctors to perform surgery on the tongues of young children in the belief that such surgery would help their children improve their pronunciation of

English words (Cho, 2007).[10] The practice of subjecting young children to a tongue operation in the belief that the benefits would far outweigh the cost and inconvenience of the 'minor surgery' highlights the societal pressure and competiveness to be a perfect English speaker. This led Cho (2007) to observe that, "The detrimental effects of this seemingly blind passion for learning English have already created a Frankenstein-like social phenomenon" (p. 181).

10.6 Summary

The Western term 'parental choice' establishes the notion that parents will have an equal choice in the selection of the school their child attends no matter where they are located and whatever their class level. What is reinforced in this chapter is that Korean parents (and, therefore, Korean children) effectively have no choice in their schooling other than the equalised state education system where all are taught in a uniform manner. In Korea's competitive high stakes environment, the only choice available is to what degree parents can supplement and/or enhance the state's education via the private sector, (or whether to seek education overseas). For children to gain a competitive 'edge', their schools days and nights are now an exhausting cycle of intense pressure – one in which they themselves have no choice. By default, Korea's children have become the unwilling 'victims' of a societal status and educational achievement 'race to the top'. With schooling now perceived as a 'battleground' where teachers can exert corporal punishment, children commonly self-study late at night, curtained within a small booth, and where nearly half of all children must now wear eye glasses due to their long hours of study – it is apparent that any chance of winning Korea's education 'race' in the future may well prove to be nigh on impossible.

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10 This tongue surgery is what is known as oral frenectomy. A small fold of tissue that is attached to the bottom of the tongue that prevents the tongue from moving too far is removed. Frenectomy is often performed to allow breastfeeding and help improve speech and promote proper tooth arch development in growing children. Parents believe that this surgery will help the children to better pronounce the English "r" which is a difficult sound for Koreans to make, since the articulation of "r" does not exist in the Korean language.

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The following chapter identifies and explains how educational discourses related to the value and credentialist power of education have become distorted as they have been adapted by the Korean people to fit the adverse times each generation has lived through. With the mass destruction of identification papers, ancestral records, and the confiscation and reallocation of land after the Korean War, each new family generation has effectively had to invent new identities and manoeuvre themselves within and around the prevailing social classes and political environment in order to obtain security, advancement, assets or advantage. As each generation has looked to the future, the emphasis on educational achievement and school connection has become increasingly more dominant as the main status marker for an entire family's future, resulting in the use of, what Westerners would regard as, extreme behaviours and measures.

Chapter 11

Status and credentialism in Korea

"Education is of the heart – not an industry" – these were the words spoken by a Korean dignitary in Seoul in 2002 when New Zealand's export education industry was in its early days.[1] As this thesis demonstrates, an aspiration to be educated has always been at the core of Korean values and represents a 'passport' to both employment and security. Previous chapters have shown that numerous times during the last century difficult times and extreme stress have threatened or even curtailed 'education dreams' and personal security. Various representations of education will always be constructed by personal perceptions, with the pathways and processes differing according to the social construct attached to the value of education in people's own lives. Reviewing the enormity of stress that Korean children and their parents face at the present time, as outlined in the previous chapter, it would appear that the value attached to education has escalated well beyond 'the heart' to become a necessity for survival. In this respect education can be seen to be more than just a class marker in Korea. It now forms a 'survival blanket' and is a valued 'passport' to a future.

Every year on 5 May Korean's observe Children's Day as a national holiday. Its origin goes back to when Korea was under Japanese rule and the Korean elders saw no hope of freedom for themselves but dreamed their children might be more fortunate.[2] The storybook writer Bang Jeong-hwan wrote *An Open Letter to Adults* in 1923, part of which (in translation) reads: "Children are the future of our nation. Let's show respect for children". The holiday to honour children has been observed ever since in the hope of a better future for Korea's children.

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[1] Refer to the Introduction Chapter of this thesis for the background to this comment that I heard at a joint meeting of the Korea New Zealand Business Council (KNZBC) in Seoul in 2002.

[2] Although Children's Day is a celebration of youth and innocence, its history has been marred by the politics of adults. Retrieved from http://english.ohmynews.com/articleview/ article_view.asp?at_code=408337

> *When I was teaching kindergarten classes in Korea in 1999, I was required to celebrate Children's Day by giving out candies and gifts to all the children as they came into my classroom. To celebrate the day, parents were expected to spend the day playing with their children or taking them to one of the amusement parks or playgrounds built to honour children. Teachers, including me, were also expected to take their students to nearby parks. (M. Innes, memoirs of Korea)*

A poignant reminder of the need for always having hope is this article describing Children's Day that was published by *Time Magazine* in 1951:

> Last week battered Seoul celebrated Children's Day with a parade by the police who marched 600 strong behind a brass band and a huge placard: 'Children Are the Nation's Flowers'. The nation's flowers emerged from caves and broken buildings. Beside the budding, shrapnel-scarred elms along the streets, they watched. Now and then a youngster clapped or smiled, but mostly they stood with wooden faces, like tired old people who have found life very hard and who take little joy in parades.

The article noted that the band avoided the South Gate and the bombed Seoul railway station where the abandoned, the homeless, and the orphans prowled restlessly, begging, stealing and conniving to stay alive.

Today, sixty years later, with the Japanese long gone, cities rebuilt and democracy a reality, the dream of the future of Korea's children, the '*nation's flowers*' has inadvertently been turned into a nightmare – one where students feel they must disguise themselves with hoods over their heads in order to protest against the intense education pressure they are constantly being subjected to.

11.1 Education for security

Despite its rich cultural heritage, Korea has been an insular country with ambiguous and often changing ownership for much of its history, with its lands strategically sought by other countries for resources and warfare purposes. A tradition of stoic self-sufficiency has taught the Korean people that they must always be

prepared for adverse events after having already witnessed a century of disasters and knowing that a heavily militarised border, and a fragile armistice, is all that has protected them from the north for almost sixty years. Japan and America have both leveraged education as a strategic and competitive 'weapon' in Korea to radically change the thinking of the Korean people and to advance their own doctrines and imperialistic agendas. For Japan it was the physical and logistical use of Korea's human resources from 1901–1945, whereas for America it has been the mental indoctrination of implanting American systems and its democratic ideology and the purging of communist values in schools during the years 1945–1960 and, later, through the *Segyehwa* policy in the 1990s.

11.2 Societal classes

Arising from the devastation of the war and mass illiteracy in 1953, a war-torn generation of Korean citizens had to seek out new societal positions as a middle class began to evolve, based on education as its main social marker.[3] For the first time in its history, Korean citizens were able to be employed as civil servants, salaried white-collar workers, professionals, engineers, health care professionals, university professors, architects, and journalists[4] (Savada and Shaw, 1990).

Once free of colonial rule, Korea astonished the world by quickly becoming a leading industrialized country in the 1960s, completing the transition in just fifty years, whereas many other countries had taken several centuries (Toffler, 2001). As was shown prior to democracy, successive Korean governments dismissed human rights

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[3] The seizure and reallocation of all lands and resources of the Korean Peninsula by both the Japanese (1910) and the American governments (1945 and 1950) gave Korea a 'clean-slate' start, one in which all previously owned lands were gone and where new status would be earned, assigned, competitively won or bestowed through cronyism and favour. Koreans who helped those in power, or who were fluent in Japanese or English, gained advantage in business and were able to manoeuvre upwards in class status. In comparison, those without personal leverage struggled.

[4] The new middle class (excluding self-employed professionals) grew from 6.6 per cent to 17.7 per cent between 1960 and 1980. Independent farmers and members of the rural lower class experienced a corresponding decline with 64 per cent of the population in 1960 and 31.3 per cent in 1980 (Savada and Shaw, 1990).

and disempowered citizens by mobilizing them to work and act as and when directed, in order achieve this industrialised development status. Rhie (2002) concluded that Koreans are a long-suffering people. Meijer (2005) stated that "There is a deep sense of sadness over all the troubles that have been visited on them [and] a proud refusal to buckle under keeps them going" (p. 93).

The concept of *Han* – described as deeply buried feelings of longing, loneliness, sorrow, and regret, especially for the older generations of Koreans whose existence has been filled with heartaches and grief from their experience of many tragedies – is recognised as being central to the Korean national character. In the same vein, Cho (2007) claims that there still is a lingering rage, deep-seated resentment and feelings of helplessness within Korean society that can be attributed directly to the historical battering Korea and its peoples have endured over the centuries.

11.3 The value of education

Values establish the standards by which the importance of everything in society can be judged. As Knapp (1994) has argued, "People act on the basis of their values; their actions are oriented and constrained by the values and norms of people around them; and these norms and values are the basis of social order" (pp. 191-192). Chang (2008) describes the values that Korean people attach to education as being akin to a manic obsession. "No other nation", he observes, "seems to have greater enthusiasm for education than Korea, and nowhere are students more pressured to study. Bluntly put; the entire Korean society is manic about education" (p. 158). Rhie (2002) confirms this view, noting that, "Receiving a good education and becoming a successful member of society is not only a personal triumph but also brings honour and pride to the family" (p.162). Status hierarchy is a recurrent theme in Paul Crane's well known book, *Korean Patterns*, where he portrays hierarchy as both pervasive and rigid, and fundamentally different from that found in Western societies (Crane, 1999).

> Korea has over the twentieth century transformed itself into a merit-based society where parents put everything at stake for their children's education with the philosophy that 'learning is the only way to survive'. (Rhie, 2002, p. 163)

Kim-Renaud (2005) believes that the present day emphasis on learning is derived largely from the age-old Confucian belief that man is perfectible through education and that only the most learned should govern the country. This view is endorsed by I. Lee (2004) who notes that education was equated with moral worth and conferred prestige in earlier Confucian times when the yangban – i.e., the ruling class and the societal elite – were always at the top of the social hierarchy. Government and the military were always chosen from the yangban class with many selected as scholar-officials because they embodied the proper moral virtues and superior ethics suitable to rule and govern.

As yangban status was achieved by competitive civil service examinations, education always afforded opportunities for social mobility (I. Lee, 2004; M-H. Lee, 2005). The yangban would not engage in clerical tasks or manual labour, and refused to have non-yangban families as their neighbour. According to I. Lee (2004), although the yangban system officially ended in 1900, a tenacious adherence to the older and more traditional ways of thinking and behaving has persisted with a person's status still being the key determinant by which modern day Koreans will interpret and order the world around them.

11.4 Western influence

As Western influence grew under the *Segyehwa* policy in the 1990s, Korean academics aspired to be equal to Western academics in terms of skill and research publications. Many began to apply terms borrowed from English publications, resulting in the construction and description of Korean research discourses with overtly Western terms. A well promulgated description has been the term 'education fever' coined by Michael Seth, an American historian in Korean studies, in his book entitled *Education Fever* (2002). Korean researcher J-G Lee (2005) criticised Seth's book on the grounds that that Seth had not considered the education aspiration of the Koreans as being a useful resource when he likened education to being 'a fever.' Lee noted that Seth was only seeing Korean's education aspiration as the source of various social problems and by using the word 'fever' gave a negative connotation to this education aspiration. Seth's use of a Western approach to comment on Korean

behaviour, according to Lee, meant that he completely missed the importance of the viewpoints and behaviour patterns of Korean parents. Lee declared, "The term [education fever] has never been used as a core tool for analyzing the educational trends and phenomena in Korea" (p. 2) and furthermore, that:

> High enthusiasm does not represent a negative, abnormal or pathological state of mind (p. 1) … Instead [fever] could represent a mental motivation for using the education as a tool to help their children achieve their lives' aspirations and desires (p. 2) … The consideration of viewpoints and behaviours of parents is very important in the discourse of various education issues. It is important to understand these, not just their official responses to official questions and to interpret the issues accordingly. (J-G. Lee, 2005, p. 4)

J-G Lee, (2005) argues that any other interpretation of 'education fever' as resulting from cultural heritage, or Confucian behaviour for ideological purposes, totally ignores the very short time frame and the dynamic transformation that occurred within Korea in the 1980s and 1990s when traditional aspiration for achievement became a highly competitive trait under the *Segyehwa* policy. In this respect, it is worth noting that similar Western publications may also be portraying a multitude of similar comments, reflecting a lack of understanding of the societal changes that have occurred during the dynamic post-democracy period in Korea, 1988 to 2008.

11.5 Equality and opportunity

Weber (1978) believed that the market distributes life chances according to the resources that individuals bring to it and that all assets have value only in the context of a market: hence, a class situation is identified in terms of a market situation. Social classes are smaller in number and are aggregations of economic classes. Weber's explanation of the distribution of life chances can be applied to the situation in Korea in the 1980s when all private tutoring was strictly prohibited with study classes outside of a registered premise, and instruction by mail or telephone, banned. During these years all Korean students had to clandestinely obtain an educational advantage (and resulting status) any way they could.

As was detailed in Chapter 4, during the 1980s the Korean government nearly doubled the number of students allowed to enter colleges and universities in an attempt to alleviate a skilled workforce shortage. This effectively doubled the entry pool for the prestigious universities meaning that students taking the end of year college examination had to work even harder just to obtain entry. To make matters worse the government implemented a compulsory failure rate which resulted in many students feeling compelled to seek extra private tuition to avoid failure.[5] In turn this caused even more intense competition and higher costs.

Not surprisingly, the wealthier families, who could afford access to private tutors, gained an even greater advantage in this competitive environment. The graduation quota system saw many hard-working students and their families become 'failures' simply because they were poorer or lacked the requisite societal connection and financial resources to purchase and benefit from private tuition. With high school education already subjected to the equalisation policy, whereby children were balloted into high schools that their parents may not have wanted them to be attending, the acquisition of any class status through the education system became impossible for many lower class families.

Weber (1978) argued that social classes are formed not just by the workings of the market but also by social mobility. "The first distinction", he claimed, "is between those who own property or the means of production, and those who do not, but both groups are further differentiated according to the kind of property ... and the kind of services that can be offered in the market" (Weber, 1978, p. 928). In Korea a child's status at birth is dependent in part upon the parents' own education and wealth. However, a family's status can always be enhanced by their children's education. Just as education achievement can benefit a family, education failure can bring shame and damage the status of all family members. The fierce competition that exists for status in Korea has resulted in Korean parents continually trying to move into 'better'

[5] As discussed in Chapter 4, first year student enrolments were counterbalanced by the requirement that each college or university had to fail a predetermined number of students.

education areas, even if this means paying very high costs for housing. This in turn drives the market and acts to separate the classes.

11.6 Credentialism in Korea

With a credential society being viewed as one that prioritises a person's educational background as a measure of status, instead of his or her actual ability and career performance, Korea would have to be defined as an avid, almost obsessive, credentialist country. In Korea it is the diploma, not the individual's abilities, accomplishments, or potential that matters. Chang (2008) explains that the extreme credentialism and pretentiousness that occurs in Korea make all Koreans overly conscious about appearance. For example, in Korea, good grades at school mean everything. If a child obtains entry to a respected school, everyone will congratulate the child's parents; however, if the child fails to gain entry or fails an examination, the parents will feel socially embarrassed and remain silent.

The groundwork for a new model of educational thinking in America was laid out in Randall Collin's seminal publication *The Credential Society,* published in 1979. Combining historical analysis and theory, Collins demonstrated how competition worked among status groups (not individuals). Two years later, Collins wrote a sequel, entitled *Crisis and Decline in Credentialing Systems*, that examined the historical dynamics of education inflation and commented on the apparent 'credentialing crisis' that the media was highlighting in America at that time.

For Weber (1978) the market provides the source of inequalities in people's life chances. Class status is of interest because it links the position of individuals in the markets. What is important is not the possession of assets per se but their potential and implementation in the market. As was discussed earlier, a degree from one of the top three Korean universities, all located in Seoul, has always carried a premium status. In this credentialist environment, Korean students strive to get into prominent schools knowing that they get only one chance each year to sit the national college entrance exam. Weber's (1978) view is that educational credentials are cultural and political constructions of competence and organisational loyalty and that they bear little relationship to the technical demands of modern work. The city of Seoul becomes a

magnet drawing any Korean who wants *the best*, whether it be a material good, a job or an education. Once in Seoul, the competition only intensifies. Weber's line of thinking is that the Korean people have always exhibited a credentialist nature but this grew to become more extreme during the competitive *Segyehwa* years. As employment competition intensified following the economic crisis in 1997 and the credit crisis in 2003, the need for higher status and credentials increased.

As Meijer (2005) has observed, "Graduation from a prestigious university was seen only to serve as a guarantee of a rubber stamp approval on a job application" (p. 116). Successful students from the prestigious SKY universities were viewed as having the best 'academic pedigree' in the country, along with a very strong alumni network (Card, 2005). As Chang (2008) explains; credential nepotism is always based on three major social ties – your family bloodline, your hometown, and your school. There is always a strong correlation between social ties and social advancement in Korea that breeds 'incurable nepotism' and other adverse societal effects which are wilfully exercised by many people to create social rents for group members at the expense of non-members.

11.6.1 Academic inflation

The recent ascendancy of competitive free market thinking into Korea's universities in the 1990s via the *Segyehwa* policy has dramatically changed the face of credentialism in Korea. In the space of a few years, Korean intellectuals have been forced to adopt Western research skills and ethical standards equal to and able to be peer reviewed by American colleagues under Western conditions. A raft of changes and output expectations for academic research began to dominate all intellectual work in the 1990s, significantly transforming the work, status and role of intellectuals in Korea. However, in the rush to foster world-class universities in Korea and match Western performance within such a short timeframe, quality and academic rigor were often compromised as a vast increase of research publications poured out of Korea. The embedded credentialism, coupled with the newfound zeal for higher academic qualifications that was expected to match or exceed Western levels in terms of output and relevance, has resulted in a new discourse of there being serious 'academic

inflation' in just over a decade (Bahk, Kim & Jung, 2012). In 2009, 10 332 students received PhDs from Korean universities. In 2011 this increased to 11 645 with an additional 1160 PhDs earned overseas (H-S. Lee, 2010).

Unfortunately having a PhD still is not a guarantee for employment when growing numbers of equally highly educated individuals are all vying for the limited number of what are perceived to be 'decent' jobs available.[6] The surging number of academic over-achievers all competing for employment in Korea has created a mismatch between employment 'wishes' and market needs, and heightened rather than reduced the desire to study outside of Korea. Highly educated Koreans often shun genuine positions at small businesses offering lower wages or fewer benefits, while smaller or *'blue collar'* employers suffer from a worker shortage and have to hire immigrant workers from other Asian countries.

'Academic inflation' can create a situation where, unless students attend a prestigious university, they can become stuck at a lower class and income level. However, it is worse socially to go down a class than not to go to university at all (Kim & Kim, 2004). As a degree loses its value with time and Korea's labour market gives less credit to older degrees, students tend to delay their graduation until they obtain suitable jobs (M-H. Lee, 2005). If young men fail to find a job within two years after graduation and completing the compulsory military service, they have in effect been a 'dead loss' to the workforce for five or six years. ("Over 20% of," 2006).[7] Despite the overall job shortfall, there are still many elite graduates who refuse to devalue themselves in order to have any job, with many of those who fail to secure 'decent'

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[6] '*Decent jobs'* are defined by the *International Labor Organization* (ILO) as "productive work under conditions of freedom, equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided." The number of 'decent' jobs created by businesses has remained much the same for several years because firms are becoming reluctant to invest in and hire college graduates who demand relatively high salaries (ILO, 2004).

[7] Many students who studied overseas returned to Korea after failing to get jobs overseas, only to discover that their employment value in Korea has also plummeted. A similar article in the *Chosun Ilbo, (24 June 2005)* stated that between 2004 and 2005, ninety per cent of the 47 000 Korean undergraduates and 24 000 postgraduates from USA universities came back to Korea seeking work.

employment simply continuing to be financially dependent on their parents. This situation is causing an escalation of class anxieties among the middle class, according to Park and Abelmann (2004). Oh Chong-ik, a senior student at Seoul National University (SNU), was quoted in the *Korea Times*, as saying, "It is not important whether I get a job or not, but whether I land a job where I can extend my dream." ("Over 20% of," 2006).

'Academic inflation' is also affecting skill-based degree courses, as some students who have already passed a degree course but not yet secured a 'decent job' will continue to be enrolled at university so they can complete extra papers that may increase their overall grades. As employers are traditionally reluctant to hire those unemployed for a year or more after graduation, students without jobs are forced to delay leaving university for as long as possible. One 26-year-old student told a *Korea Times* reporter that she had postponed her graduation for two semesters because, "Companies require good grades, so it was my only choice in order to increase my chances of landing a decent job … So staying in school has become a popular option" (Bahk, Kim & Jung, 2012). Another 27-year-old law major graduate told the reporter he was continuing to go to the college library each day to read newspapers to keep up with current affairs and study further for an English proficiency test. He was required by a company to complete a three month internship before being considered for a permanent position. His internship provided convenient and cheap labour for his employer. He ended up emptying rubbish cans, doing all the office chores the regular employees shunned, and at the end of the three months he was not offered a job. Similar types of internships are now common practice in the market, where casual jobs far outweigh permanent jobs due to a change of labour laws as part of the IMF restructuring to make the market 'more flexible' (ibid). An IMF report on Korea in 2004 emphasised the severe problems caused by the exceptionally high proportion of workers with temporary or daily jobs (IMF, 2004).

As tough economic conditions continue into 2014, all jobs are becoming harder to get. A recent trend has seen graduates applying to enter the military where there

are now approximately 25 applicants for every position available (Oh, 2012).[8] In the past, compulsory military service was frequently viewed as an unavoidable nuisance but, now to meet the growing demand, the army has established new programmes where students benefit from having tuition fees paid by the military, and are also a guaranteed job after their graduation (ibid).

11.6.2 America as a credential destination

A high percentage of the credentialist behaviours that surround educational thinking and aspirations in Korea can be attributed directly to Korea's strong interconnection with America over the last half century. In the 1960s and 1970s, America provided many Korean graduates and their families with an '*American Dream'* of immigration and postgraduate academic opportunities at American universities. Many Koreans competitively strove to achieve this 'educated in America' dream and in turn an education exodus formed the basis of a 'brain drain' at a time when Korea was barely coping to establish a high school education system and build new schools and universities.

The availability of 'the American trained brains' – Koreans who had gained advanced degrees in America in the 1970s and 1980s – was enormous. Many returned to Korea and assumed leadership roles, thus validating that an American degree was the top credential to obtain a political position (Kim & Lee, 2003). This continued close association with American credentials having a high validity in Korea is borne out by Park's research in 2009 that revealed that, since the first Korean government was launched in 1948, up until 2001, 21 of the 42 Ministers of Education held American academic degrees.[9] Park also found that as of 2007, eleven of the twelve presidents who had led the Korea Development Institute (KDI) held PhDs from America and that 70 (97 per cent) of the 72 holders of PhDs at KDI, also received their degrees from

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[8] According to recent data from the army, 6403 students applied at the Korea Military Academy to become army officers – a competition rate of 23.7 for each place, the highest in nearly three decades. The Naval Academy and the Air Force Academy had 27.2 and 25.7 applicants per place, respectively.

[9] Eleven ministers had American PhDs; five held American MAs; one held an American BA.

America. With KDI being the most influential institution for setting national and political agendas in Korea, this shows a strong domination of American qualifications, and, by default, Western ideology. As American-influenced thinkers and planners continue to dominate Korean society, students who want an academic future in Korea will overwhelmingly still seek to attend American universities to obtain the prestigious academic and social capital (S-W. Park, 2009).

Korean universities continually exhibit a preference to employ tenure-track professors who have American degrees. Just as an American degree becomes the vehicle for promotion in Korea, the lack of an American qualification limits the promotion pathways and prospects of those intellectuals without an American degree, according to research undertaken by S-W Park (2009). In 2005 there was a very high number of foreign doctoral degree holders in employment at all the 'prestigious' universities in Korea. At Seoul University 81.1 per cent of faculty had received their PhDs from America, at Yonsei University this was 81 per cent. Top-rated Ewha Women's University had 82 per cent of its staff with American qualifications (S-W Park, 2009).[10] As of 2007, there were 62 392 Korean students taking undergraduate or graduate courses in America schools, accounting for 10.7 per cent of all foreign students in America, according to statistics in Samual Kim's 2008 doctoral thesis *First and Second Generation Conflict in Education of the Asian American Community* (Samual Kim, 2008). This thesis was widely reported on by S-S Park (2008).

An irony behind the impressive statistics of American qualified staff in Korean universities is that there is no mention of those Koreans who fail to gain a qualification in America or who drop out of their studies. Samual Kim's thesis exposed the fact that 44 per cent of the Korean students who enter the top American universities give up their studies halfway through their courses.[11] Kim concluded that this dropout rate for

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[10] In contrast, only 3.3 per cent of Tokyo National University's faculty had PhDs from America (S-W Park, 2009).

[11] This data came from tracking 1400 Korean students registered at 14 top American universities between 1985 and 2007.

Koreans was much higher than the 34 per cent of Americans, 25 per cent of Chinese and 21 per cent of Indian students who also failed to finish their courses.

11.7 Mothers as education managers

Every Korean child has to both negotiate and successfully complete a labyrinth of educational steps and tests almost from the day they are born. Every test, especially at a high school, has the whole family's social status riding on it. Very few things are ever random. Every pathway will have a specific purpose with pivotal points of academic achievement and social status acquisition carefully considered. As Korean children grow up, their family members can find themselves living 'on the edge' of financial and emotional stress when dealing with issues related to education. Consideration of their children's education is now the most crucial mothering practice in the ever expanding vortex of choices that surround education in Korea.

The new mother-manager market continues to heighten competition in an overflowing market of education product and global choices. Mothers will willingly sacrifice their own work and future in order to accompany their children overseas in the quest for social capital and educational kudos. This sacrifice will affirm their strength as strong providers who support their families. American researcher, So-Jin Park (2007), investigated the intensity of the roles now undertaken by mothers and the ways in which the new image of the educational manager-mother is being articulated in the media. When she was doing her fieldwork in Seoul, Park noted that most of the mothers she interviewed expressed concern and anxiety for their elementary school children's education, especially their private after-school education. Many expressed the belief that although the task of raising children could be fulfilled by other women, such as mothers-in-law or babysitters, the task of educating children could only be managed by mothers.[12]

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[12] Park (2007) conducted ethnographic field research (summer 2000, July 2001 to June 2003) on mothers' involvement in their elementary school children across class spectrum. See also Park and Abelmann (2004).

To mark the 60th anniversary of liberation from the Japanese occupation and the 85th anniversary of the establishment of the *Chosun Ilbo* newspaper, the paper conducted a telephone poll to find out what Korean mothers think of themselves and the lives around them. The mothers who responded overwhelmingly felt that motherhood was very difficult with the heaviest burden being the educating of their children. Some 81.8 per cent of those who responded said they worried about their children's education, specifically about getting their children into good schools (Cho, 2007).

Cho (2007) likened the obsessive Korean mothers to cuckoos. A 'cuckoo mother' is one who goes far and beyond in order to secure the most favourable conditions for her child's education. Cho saw 'cuckoo mothers' as being cautious, strategic and absorbed in gathering all information they could possibly obtain on changes in examination formats, schedules, availability of good tutors, reputations of after-school institutions, study books and guides, and nutritional food and herbal supplements that would increase their children's 'brain-power' and academic success. Cho argued that 'cuckoo mothers' regarded the 'examination war' as being their own fight and consequently worked like military generals by being extremely cautious and strategic. Unfortunately, in the extreme mode, 'cuckoo mothers' will do or use whatever it takes to motivate and assist their children to work harder, and strive endlessly to rescue their children from falling behind (ibid). The Korean parent will commonly ask, "Why aren't you studying?"(Dickey, 2009) and relentlessly ensure that no child's potential is left untapped (Cho, 2007).

11.8 Procedures and principles

Historically, the manner in which goals have been pursued in Korea might not have been the most ethical or sensible when evaluated by a Western framework, especially if the circumstances and choices available have not been taken into account. Rhie (2002) claims that the tenacious spirit and actions of many Koreans has resulted in the disregard of many formal procedures and principles, and that instead of opting for dialogue and compromise they choose "the extreme route" (p. 151). According to Rhie, "There are many times that Koreans ignore the rules of fair play and do whatever

they can to win with the philosophy of *'I must achieve what I want, and it does not matter how I achieve my goal'"* (p. 151). In this respect Korean mothers can be their own worst enemies. Their busy schedules trying to keep up with other mothers may be energising but it also heightens competition and media attention.

The government plays its part in reinforcing the intensity and value of the university entrance examination. Every year images of nervous and exhausted mothers are flashed across television screens in Korea and the government authorises all aircraft, trains, buses and private businesses across Korea to adjust their schedules to reduce any disruption to students going to the examination sites (Card, 2005). The all important test items for the examination are developed in a top secret location with carefully checked academics chosen to write and mark the test items. With scores from the examination being the major consideration for admission to Korean universities, there is enormous pressure and monetary value on offer for the examination questions to be known beforehand. Forty days before the exam the test writers are taken blindfolded to a secret and heavily guarded location. Once in 'lock down' mode, they cannot exit the building or communicate in any form to anyone on the outside. The secrecy of this was explained to me in October 2009:

> *A business colleague in Korea told me that her Seoul University educated brother was 'in jail'. Asked for an explanation, she said that he has been selected by the authorities to write test items and two weeks earlier he had been blindfolded and taken away by education authorities to a secret place. Her sister-in-law and niece were unable to email or phone him. She said he was to receive an excellent monetary reimbursement to do this task, but he had to always keep his involvement a secret because of the pressure from others to steal the exam papers or for bribery. (M. Innes, memoirs of Korea)*

Release from this location occurs only when all students enter the examination rooms to take the test. The extreme security includes isolation from spouses and all family members and spouses.

11.9 English language credentialism

The *Segyehwa* policy imposed English on all Korea citizens compulsorily in 1995. Almost overnight, everyone was expected to be competent in English communication. There were no exceptions to the policy – employment interviews and the college entry examination all had English achievement conditions attached to them. Under the competitive market pressures and while the state led EPIK programme was failing to deliver the new English curriculum into schools, parents prioritised the funding of learning of English for their children, whilst often subjugating their own learning. The American government was quick to get involved in the newly evolving English market in 1992 when the well funded *Fulbright Organisation* began to provide American-funded English teaching services in Korea to help spread both the English language and an Americanisation of the Korean culture.[13]

The imposition of English onto an already anxious nation meant that, in the midst of already working hard to be well educated and have sufficient social capital, Koreans also had to work even harder to learn English. Those who did not have the resources, time, or capacity to do so began to fall by the wayside. The *Segyehwa* years, and the later 1999 schooling and credit card crises, forced parents to spend a high proportion of their income and savings in the pursuit of English and achieving a high score in the Test of English as Foreign Language (TOEFL). In 2004–2005, Koreans made up 19 per cent of the number of total global candidates, with more than 700 billion Korean won ($US690 million) spent on various English tests (Chang, 2008).

In a pressured English market environment and amidst highly competitive consumerist behaviours, a climate of shame and embarrassment began to surround the flourishing English market. Those who had mastered the English language, or who diligently attended top English hagwons, had a higher status than those who did not know English or could not afford English lessons. Fluency in English, therefore, became a status marker resulting in many Koreans feeling hesitant to speak English for fear of

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[13] In 1992, 30 American graduates under the age of 30 and holding Bachelor's degrees were recruited via the Korean-American Educational Commission's Fulbright Program and placed in middle and high schools throughout Korea. Retrieved from http://www.thefullwiki.org/EPIK

making a mistake or even being seen as incompetent. This fear of many Koreans to speak in English publicly is still prevalent nowadays, much to the surprise of westerners who misinterpret this as implying no knowledge of English. While the demand for English was driven by the government, the numerous businesses involved in selling English soon began to make huge profits and expand their operations.

A prolific English market boom-time occurred in 1999 when the schooling crisis was first declared and the government was offering financial credit on a grand scale – this was the year I first entered Korea and was able to witness what was to be the 'birth' of a massive new education industry and remain involved first-hand in its growth until 2010. As the pressure for both credentialism and English acquisition increased dramatically in Korea, so too has the growth of the parallel industry of education services and products alongside the state education system. Each successive government's prioritising of English and competitive trade agendas since 1994 has continued to drive the establishment of yet more commercial activity, private institutes, and kindergartens such as the *Wonderland Institute* where I was employed in 1999.

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The following chapter investigates the growth of Korea's private education industry and examines the way in which it operates independently as well as alongside and supporting the Korean state education system. The chapter provides details relevant to the use of supplementary education, (also known as the shadow or parallel education market) and other commercially-based education. It deconstructs the historical and present day understanding of what an 'industry' is and how a new discourse of education is being defined as an industry is cross-culturally understood.

Chapter 12

The shadow education industry

To understand what defines an *education industry*, one has to first understand how various discourses surrounding industries and industrial behaviour have historically operated and over what time period. While a variety of descriptions could apply to a twenty first century education industry, any classification would need to fit the wider definition of an industry as being a group of companies or productive enterprises related in terms of their primary business activities and/or the manufacture and/or production or supply of goods and/or services as their main source of income.[1] An *education industry* would be expected to provide products and services to an education sector and have the primary task of creating, supporting, enhancing or endorsing an educational service or product.

As discussed in Chapter 4, the 1987 New Zealand *Treasury Briefing* papers appear the most likely source for the first political use of *industry*, with the term appearing to have come from a referenced Australian report used for the Briefing.[2] The common use of linking education with *industry* in New Zealand (as an education industry) appears to have started in approximately 2000 when the New Zealand government publicised its intent to increase the export income it was receiving from the increasing numbers of fee-paying students arriving from Asia. The political and media labelling of the new foreign student market as being an *industry* intensified after thousands of Chinese and Korean students arrived into New Zealand after 1999. Once Education New Zealand (ENZ) was formalised as a SOE in 2003, the *industry* descriptor appears to have become permanent. The most recent endorsement of the fee-paying

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[1] Definition of an Industry retrieved from: http://www.investopedia.com/terms/i/industry.asp#axzz2IpnNLX00

[2] The 1987 *Treasury Briefing* referenced the paper *Education as an export industry* that was written by Helen Hughes and presented by her at the 'Withering Heights' conference at Monash University in Australia in 1984.

foreign students market being deemed an *industry* was 2012 when ENZ was restructured.[3]

12.1 Industry discourse

Whereas the simplistic use of industry terminology to describe the business activity in Korea may technically be correct, there is potential for the term to become interpreted culturally as a demeaning description to a Korean, considering the status and value that has historically been placed on education and given the history of industrialisation in Korea. Prior to the economic crisis in 1997, Korea's impressive rate of industrialisation, often referred to as the *Miracle on the Han*, was synonymous with Korea's global identity.[4] In 2002, when a Korean dignitary at a joint meeting of the Korea New Zealand Business Council in Seoul became upset by a New Zealand speaker's attachment of the word *industry* to education, Korea had barely emerged from a decade of new democratic leadership, globalisation and a devastating economic crisis. Korea's once highly successful and globally respected industries were still being blamed by the West for their part in creating the financial crisis.

Many industries were no longer in Korean ownership, having been sold off to foreign buyers through an IMF restructuring process. The once proud industries had shed many Korean workers and were now employing thousands of neighbouring Asian

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[3] Details of Education New Zealand's new structure and the use of *Industry* as a descriptive term were outlined at the New Zealand International Education Conference in November 2012. Online speeches and further details are available at http://conference.educationnz.org.nz/

[4] The phrase *Miracle on the Han* refers to the Han River which flows through the city of Seoul and to the economic achievements Korea made from 1961 to 1996. The phrase is taken from the *Miracle on the Rhine*, which was used to describe the economic rebirth of West Germany after World War II. The word 'miracle' is used to describe the growth of postwar South Korea into the world's 15th largest economy and a role model for many developing countries.

labourers on low wages.[5] With industries no longer offering prestige and employment stability, many Koreans sought out entrepreneurial opportunities in the education market and began using their newly available credit cards to fund their self employment. As the low-wage Asian workers moved into the lower spectrum of social class employment, the blue collar jobs, those in the public service, and the self employed sectors gained status.

When taking into account the time and political environment in which industries flourished in Korea, it becomes clear that any attachment of an industrial description to education may cause a cultural interpretation dichotomy. It would, therefore, not have been surprising to know that the elder Korean delegate who objected to education being called an industry in 2002 may have himself experienced the negative and oppressive side of industrial employment. This aspect of the cross-cultural interpretation of *industry* would not have been easy to identify prior to it occurring as neither of the country's delegates would have been likely to take cultural terminologies and nuances into consideration. I ascribe this sociopragmatic failure as being similar to American author, Michael Seth, in 2002 labelling the historical aspiration for education in Korea as being akin to a *fever;* a term that upset some Koreans. Similarly confusing is the label Koreans apply to Korea's shadow market as being *private* education; a term many Westerners perceive as being of a special character and/or of a higher quality.

In a similar vein, the disguised neoliberalism within the culturally branded *Segyehwa* policy went unrecognised throughout the 1990s, as to the Korean people *Segyehwa* described international harmony – something they had always yearned for. Any Westerner seeing the word *Segyehwa* would have almost certainly missed its connection to globalisation or neoliberal policy as experienced in the West as

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[5] The workers from bordering Asian countries were commonly referred to as being DDD workers as they were employed to do either dirty, dangerous or demeaning tasks. The number of DDD workers in Korea increased after democracy in 1987. Through a 2004 memorandum of understanding with the Philippines government, the Korean government makes 18 000 Korean jobs available to Filipinos annually. Retrieved from http://apinoyinkorea.blogspot.co.nz/2009/12/pinoy-migrant-workers-and-pinoy-corner.html

Segyehwa was a word from a language they did not know, and bore no resemblance to Western terminology.

12.2 The development of a shadow industry

Parallel to mainstream education systems, and increasingly evident in a wide range of settings, are supplementary education markets, often referred to as the shadow ind*ustry* that, according to Bray (2009), deserves a lot more attention from education planners and policy makers than it presently gets. Unlike state-provided education that can be quantified and standardised at a local, national or international level, privately operated shadow education activity has less accountability, is surrounded by commercial sensitivity and intellectual property issues, and can literally exist in the 'shadows'.

In 2012 Bray and Lykins, in partnership with the *Asian Development Bank* and the *Comparative Education Research Centre* of the University of Hong Kong, published *'Shadow' Education: Private Supplementary Tutoring and Its Implications for Policy Makers in Asia,* providing an overview of the shadow market phenomenon at primary and secondary school level. They found the shadow market to be expanding at an alarming rate and that, while noticeable in many world regions, it had fast become a dominant feature in Asia. The report noted not only that the market had become more about obtaining a competitive edge and the creation of differentials, rather than the provision of remedial help, but also that households spending huge proportions of their incomes in this market had become an accepted feature of societal activity (ibid).

Not surprisingly, Bray and Lykins (2012) noted that Korea appeared to have the most extreme shadow system in the world, having adapted and thrived amidst numerous political attempts to suppress its presence over many years (ibid). Commonly referred to as 'private education' in Korea, rather than a shadow industry, privately owned and operated education enterprise inside Korea has become well entrenched in the years since the 1980s when the government aggressively controlled education policy (as discussed in Chapter 4). Noting the market's intensity and growth in Korea, Bray and Lykins (2012) claimed that nearly 90 per cent of Korean elementary students were receiving some sort of shadow education. Another study by Kim and

Lee (2010) found that, in 2006, "expenditure on private tutoring in Korea was said to be equivalent to 80 per cent of government expenditure on public education for primary and secondary students" (p. 261). Bray and Lykins (2012) saw a key feature of the market in Korea as being aggressive and often intrusive marketing that preyed on parental anxiety and stirred up expectations. They explain that,

> To some extent, supply is not just a response to demand – supply creates demand ... Companies stoke student and parent anxiety through aggressive advertising in newspapers and on buses and billboards. (p. 31)

12.3 The English language industry

When the English language was positioned as the new global 'lingua franca', [6] in conjunction with the development of the Internet, it quickly grew to become a 'brand name' commodity of value to those who were without it. As was shown in Chapter 6, a vital part of the 1994 *Segyehwa* policy was the government's expectation that Korean people would become proficient in English. In the twenty years since, the English market has expanded enormously and remains a dominant feature of life in Korea. A visit to the well known *Kyobo Bookstore* in Seoul provides a huge display of English books, test preparation materials, and general educational materials. Constant streams of English programmes proliferate across the multitude of TV and cable networks showcasing English and overseas study opportunities.

The Internet, with its English portal, bulges with users who provide business growth to search engine companies who profit from Koreans seeking online English products.[7] Overseas nations touting for customers are prepared to pay premium prices for infomercials and promotion booths at frequently-held education expos and

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[6] The Cambridge dictionary defines lingua franca as "A language which is used for communication between groups of people who speak different languages but which is not used between members of the same group". Retrieved from http://dictionary.cambridge.org/dictionary/british/lingua-franca

[7] The *Kyobo Book Centre* is the largest and most famous book store in Korea. The Gwanghwamun Store in central Seoul, which I have visited many times, is underground and connected to a major subway station terminal.

trade fairs. English courses and tests provide a profit-chain to their creators and markers as Koreans constantly top the worldwide applicant list of the Test of English as a Foreign Language (TOEFL). Between 2004 and 2005, 106 244 out of the 554 942 TOEFL applicants worldwide (19.1 per cent) were Korean.[8]

With the declared intent of showcasing the interconnectivity between globalisation and English to Koreans, the Korean government began a grand-scale *English Village* project in 2004 to create an English environment within Korea to encourage Korean parents not to take their children overseas. Similar to a large theme park, the first government-funded village opened in 2004 with accommodation and English resources supporting village activities. Foreign native English speakers were hired to role play different scenarios in English, such as visiting a doctor's surgery. Costing billions of dollars each, many villages were contracted out to media and publishing companies such as the *Korea Herald.*[9] Despite the publicity surrounding this initiative, political enthusiasm for the villages waned with a number now closed or portrayed as being unprofitable dinosaurs ("Korea's 1st English," 2012).

12.4 Grandiose English marketing

The activities of many private Korean companies that were selling English-based services and products to Korean citizens can only be described as 'grandiose', and, even if not always ethical by Western standards, they have been prevalent in the market with Koreans and foreigners equally duped or losing money whilst those operating the schemes have profited. The following 'English vacation' is one of many such situations I personally experienced.

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[8] TOEFL Test and Score data summary. The data presented is said to be based on 554 942 examinees who took the test between July 2004 and June 2005. Retrieved from http://www.ets.org/Media/Research/pdf/TOEFL-SUM-0405-DATA.pdf

[9] The website of the *Herald Corporation* lists the company's education ownership of English villages and English franchises operations. Retrieved from http://company.heraldcorp.com/eng/media/Knowledge.html

> *I purchased a 3 day 'English-guided' package holiday in Langkawi in 1999. Believing only 14 people were on the trip I was shocked to see over 300 Koreans departing on the same chartered flight from Seoul. Individual agents had apparently sold individual group tours for 12-14 people, and then combined them to fill a jumbo jet. Arriving in Langkawi, we were given a new itinerary with all hotels changed to a lower grade, and hotel meals eliminated, replaced with Korean food brought over on the plane. There was one English guide for all 300 people. (M. Innes, memoirs of Korea)*

The historical obsession of Koreans to secure the 'American dream' has contributed to an elitist factor in the market and stimulated higher market prices. The bulk of education resource materials and publications sold in Korea's shadow education market have American photos, language and brand names. Each new hagwon franchise that opens keenly displays its links to American prestige and American Ivy League universities, such as when –

> *I was requested to find Ivy League graduates to teach at a new Swaton hagwon franchise in Korea. Each classroom was themed with the banners and photos of an Ivy League American college. Students could be placed in the Yale or the Harvard room. If a native speaker hired had a lesser than elite degree, it was common practice for employers to upgrade employees' qualifications in the paperwork that was shown to parents. (M. Innes, memoirs of Korea)*

A daring scheme in 2001 saw Korean agents link with overseas Korean residents to conduct 'birth tours'. Mothers were taken overseas to give birth in a Western (English speaking) country in order to obtain a passport for the child that would later guarantee them a free Western education.[10] Money was earned from accommodation, nutrition, medical deals and organising the official passport paperwork. It was estimated that over 20 000 Korean mothers gave birth in America between 2000 and 2003 and obtained American passports for their children. Media

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[10] In 2002 America, Canada and New Zealand were countries that granted citizenship to anyone born there. An estimate of babies born in America: 3000 in 2001, 5000 in 2002, and over 7000 in 2003. (*Asian Pacific Post*, 2004, September 9). *New Zealand acts to stop passport babies*. Retrieved from http://www.asianpacificpost.com/portal2/402881910674ebab010674f4dfaa152d.do.html

reports leaked the existence of similar 'birth tours' in New Zealand with the perpetrators disclosed only as being 'Asian'. Once the loophole in New Zealand's law was identified, it was adjusted in 2006 to prevent this practice continuing.[11]

12.5 The 'partnership' business in Korea

The public-private partnerships (PPPs) used by the Korean government in the 1960s and 1970s, and outlined in Chapter 3, were based on the concept that, during times of national strife, the private business sector could assist the government by contributing to the funding and construction of urgently needed capital and development works, such as the rebuilding of the many war-destroyed school buildings. In return for their 'help', the private businesses were provided with the opportunity to profit in some form from their cost outlay or contractual undertakings on behalf of the state. It was during these years of austerity, yet strong nationalistic pride, that the Korean government and private businesses developed strategies to work together in partnerships for the overall benefit of all Koreans.

In hindsight, the education-related PPPs can now be seen as having been a major contributor to the establishment and early growth of a shadow education industry in Korea. As shown throughout the thesis, every Korean government since the 1960s has overtly or covertly managed the provision of state-funded education and balanced this with controlling private tuition and imposing restrictions on foreign schools. Within education, the government continues to use a range of 'preferred business' networks and 'suitable partnerships' that will advance Korea's national interests and by default stymie foreign interests – even with democratic rule and WTO trade deregulation guidelines to be met. A recent example of a PPP model is the *Woongjin Think Big Company* and its many contracts and activities 'assisting' the government. Some of *Woongjin's* many education business ventures include the

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[11] New Zealand nationality was amended by the *Citizenship Amendment Act 2005*, *Public Act 2005 No. 43* to limit the grant of nationality at birth to offspring of whom at least one parent is a citizen or a permanent resident. Government statement retrieved from http://www.beehive.govt.nz/node/19993

publishing of state text books, the construction and running of the English Villages projects, and the delivery of after school programmes in state schools.[12]

The operation of foreign education business in Korea remains restricted 'as necessary' to the present day with offshore registered fully-foreign owned businesses unable to compete directly against Korean businesses as happened when:

> *In 2007 the government's plan was to dramatically increase the number of foreign English teachers it employed in state schools. However there was a shortage of foreign applicants for the thousands of jobs available. My well-established 'foreign' company was 'asked' to apply for a government contract to be one of only two foreign recruitment companies working directly for the government. Despite being highly successful in providing teachers in this contract, as soon as a surplus of applicants from America appeared by 2009, due to the global economic crisis, all foreign business contracts were suddenly stopped in favour of Korean companies. (M. Innes, memoirs of Korea)*

12.5.1 Partnership in state schools

With the declared intention of preventing parents from enrolling their children in the private hagwons, the Korean government began offering funds to Korean-owned companies in 2004 for them to establish fee-subsidised after-school English classes in Korea's state schools.[13] Soon after, miniature versions of English villages were built in the classrooms of selected state schools. Referred to as immersion centres and English

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[12] *Woongjin Think Big* is very active in the English market, operating many after school fee-paying programmes in state schools, and building and operating English villages. In 2007 my company had an official partnership agreement with *Woongjin Think Big* to provide foreign teachers to their many English campuses and state partnership ventures. This ended in 2009 when the company closed its teacher recruitment division.

[13] The *After School Program* (ASP) initiative, financed mostly by the government, was launched in 2004 ostensibly to reduce not only household expenditure on private tutoring, but also to reduce social inequalities. In addition to the overall subsidies, the government provided 390 000 vouchers for needy students to learn English in 2010 at a cost of 140 billion Won (US$14.8 million) (Jang, 2011).

laboratories, they became the public image that the government was 'listening' to parents and assisting their children to learn English.[14]

A number of the Korean companies that were 'invited' to establish the immersion centres had minimal experience in the hiring of foreign staff, knowledge of the employment law, or of the immigration criteria the foreign teachers would work under. This created a number of problems such as:

> *A Korean company requested I recruit foreign teachers to work in their newly contracted immersion centres. They also required that I write the necessary employment contracts compliant with Korean law, provide teaching programme plans and prepare the foreign teachers. I declined any involvement with both this company and two others that I deemed had 'purchased' the government contracts simply to make 'quick' money or gain prestige (M. Innes, memoirs of Korea).*

Constructing immersion English centres inside the state schools enabled 'technical' avoidance of the teacher unions' objections to there being untrained teachers or foreigners 'teaching' in state schools, and allowed the Korean government to disguise the growth of the state-supported shadow industry inside the state-controlled school system. Officially the immersion centres were not 'teaching' the English curriculum, simply providing a supplementary service.

The 'hagwon-like' classrooms usually had no set syllabus, no structured learning programme, no content guidelines, no orientation for teachers, and no lesson plans for staff hired to work in them as English teachers. In general both Western and Korean staff were expected to 'make up' lessons.[15]

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[14] In 2008 and 2009, my company, World English Service Ltd, recruited about 15 foreigners into English Immersion Centres under the guise of being part of the EPIK programme. These centres were instructed to recoup fees from students who attended classes in the afternoon but were to charge less than the private institutes (hagwons).

[15] I have personally visited a number of these English centres and have always been told by the school principals and the Korean and foreign staff that there was a complete lack of programme planning and guidelines for teaching.

It is noteworthy that very little media attention has been given to the operation of these immersion centres or the activities of the many private businesses that benefit from receiving government funding to conduct commercial operations inside the state schools.

12.6 Controlling and expanding the market

The absence of schools not under state control and the restriction on local Korean students from attending the foreign operated schools has resulted in an intensely competitive market which has attracted considerable overseas investment. With the government able to both control and gain from the market, it has been effectively able to stymie almost all possible foreign competition while avoiding any international sanction, as this does not contravene any global agreements because state education remains unregulated in the WTO *General Agreement on Trade in Services* (GATS). With state education services exempt in the GATS, the Korean government can control and, if need be, ban foreign access to the school-age market in Korea.[16] Despite these Korean government restrictions, foreign companies have keenly pursued private education investment opportunities in Korea which has only expanded even further what was already a booming shadow industry. This has resulted in shadow education becoming a growth industry that generates large revenues and provides trickle-down income and employment to many and has allowed many small institutes to grow into nationwide franchises and be listed on the Korean share market. American *AIG Group* invested 60 billion Won (US$54.3 million) in *Avalon English* in 2008 enabling it to franchise its institutes and list on the share market *(*Yoon, 2008). The resulting publicity inside Korea of the elite status of *Avalon English* saw many Koreans purchase the elite-branded institutes to operate as businesses. As well as direct investment, foreign equity funds have also sought opportunities.

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[16] The creation of the GATS by the WTO came into force in January 1995. The GATS applies in principle to all service sectors. An exception to the GATS was Article I (3) which excluded *"services supplied in the exercise of governmental authority".* Cases in point are social security schemes and any other public service such as health or education that is provided at non-market conditions. Retrieved from http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm

The private American equity fund, *Riverside Company*, announced a 20 billion Won (US$18.1 million) investment in *Wiz Korea* in 2008, becoming its biggest shareholder (ibid). *Wall Street Institute Korea*, an English institute for adults, received a seven billion Won investment from *Boston Venture Capital* and *Korea Investment & Securities* and then sought share market listing in Korea. Similarly *Elim Edu*, an American essay school, received US$13 million in investment funds from *Goldman Sachs* (ibid). Korea's shadow education industry shows every sign of further growth.

12.7 Korea's education industry drivers

While focussing on the drivers at the school-age level, Bray and Lykins' (2012) study provided compelling evidence that the consequences of the shadow industry can no longer be ignored. They concluded that the shadow education industry needed to be better understood, and warned that very few countries would have reliable data on the extent of their own 'shadow' education market; thus, advising that all governments should attempt to obtain this data as soon as possible to understand the scale of the problem and to better prepare for the future.

My examination of the private (shadow) education services and resources accessed by Korean families, and discussed in this and earlier chapters, points to the following six key areas as having been the main drivers behind the development of Korea's private education industry and the key factors in maintaining it.

1. **Traditional cultural drivers**

- Historical pattern of using education for social capital and status acquisition
- Traditional high self-efficacy model of education acquisition behaviour
- Historical geopolitical Asian area values and Confucian beliefs

2. **Political and nationalist drivers**

- The recent introduction of democracy, capitalist and neoliberal market forces
- The creation of public-private partnerships (PPPs) within the state school system

- The prohibition and penalties surrounding private tuition
- High level of entrepreneurship and large numbers of non-permanent jobs
- Elite and consumerist behaviours
- Minimal availability of welfare support
- Homogeneous society
- A lack of school choice – equalised state school model

3. **Post-traumatic stress, anxiety and security drivers**

- Parents and grandparents seeking to ameliorate their own anxieties and/or lack of education from living throughout very difficult times (e.g. children's day)
- Future-proofing and security –Acquiring a back-up plan
- Transnational immigration opportunities - especially for qualified visa migrants

4. **Societal competition and status drivers**

- Pivotal high stakes testing and the examinations
- Competitive achievement discourse
- Employment pathways and class divisions

5. **Colonial and historical drivers**

- The mixing of traditional Korean values and beliefs through previous colonial subjugation experiences and societal dependence on Chinese, Japanese, and American ideologies and standards
- The premium placed on English language learning
- Western academic standardisation of research and higher education
- The pursuit of the 'American dream'

6. **Globally constructed and/or man-made power drivers**

- The policy directions of the World Bank ,IMF and the OECD
- Worldwide trends and pressures and global power changes
- International achievement comparisons – e.g. OECD, PISA
- America's vested interest in Korea as a strategic military location

12.8 Education as 'the enemy'

With so much private market activity pushing parents to spend money on education in general and English in particular, every Korean government since the 1980s has decried the presence of the hagwon and private tuition market and publically called for it to cease, owing to the social destruction and cost to the Korean people. On 8 May 2006, President Roh Moo-hyun was quoted in the *Korea Herald* as saying that the excessive spending on outside of school education occurring in Korea was one of two 'enemies' of his government and that it was extremely difficult dealing with the many costs that education was creating. A second 'enemy' was identified as being the price of housing as a 'housing boom' had occurred in highly sought after areas of Seoul and Gyeonggi Do province ("Down 'tax bombers'," 2006).

Successive governments' frequent declarations of shutting down hagwon businesses are seen as little more than empty rhetoric by the Korean people, as the government gains considerable benefit from controlling the licensing of the private hagwons, the collection of fees from thousands of other related businesses, and a stimulated economy. A recent example of the Seoul government's 'good intent' towards the Korean people was a declaration in 2010 to impose an operation time sanction on the hagwon industry in Seoul requiring all tuition in hagwons to cease by 10.00pm (S-H. Kim, 2010).[17] According to Kim (2010), Kwak Seung-Joon, chief of the

[17] Officers from the education offices were organised to specifically go around catching schools that stay open past their scheduled closing time.

Presidential Council on Future and Vision, explained the reasons for this initiative as follows:

> Even if the hagwon industry opposes it, (the plan) will be possible because we have 10 million parents and students behind us … The plan is different from the all-out prohibition of private tutoring in the 1980s because it acknowledges the private education market before 10.00pm and allows public education to compete with it … There is a social consensus for limiting hagwon business hours not just to roll back spending in private education but also for the health of children … To prevent exorbitant nighttime private tutoring, Kwak said the government planned to reward those who report illegal or expensive private tuition and launch a tax inquiry. (S-H. Kim, 2010)

Despite government control, the number of hagwons increased from 381 in 1980 to approximately 14 043 in 2000 (Kim and Lee, 2004a).[18] Six years later It was estimated that 28 000 hagwons were receiving some US$15 billion annually and that some hagwons were inside the state system to 'aid' in the provision of services and resourcing ("Private tutoring tops," 2006).

12.9 The impact of the shadow industry

In the last three decades, the rapid acceleration of the private after-school education market in Korea has profoundly transformed parenting practices and the way that education has been valued, planned, accessed and used by Korean families. The dominance of the shadow industry can exacerbate social inequality and divert much needed household income into an ever-expanding market of profit-seeking, competitive businesses. There is now a wide-spread perception in Korea that the shadow education industry has become accepted as being a 'necessary' supplement to state education in Korea. The normality of this expectation renders psychological and

[18] Kim and Lee, (2004a) recorded that the number of students enrolled at hagwons increased from 118 000 in 1980 to 1 388 000 in 2000.

financial burdens for parents, especially for those unable to afford private lessons or those only able to minimally provide for their children, according to C-J Lee (2005).

Bray and Lykins' (2012) study suggests that there are still unrecognised future dangers that are lurking within innocuously named market activities and commercially provided services operated by private businesses that receive government funding to 'support and assist' the disadvantaged groups in the state school system; for example the poor, the special needs sector, the academically less able, students of designated ethnicity. As was noted previously, the Korean government has already been funding the types of programmes of which Bray and Lykins warn with the operation of English language immersion classes inside the Korean state schools and after-school English classes that are free for students whose parents cannot afford to pay.

A recent OECD economic survey of Korea in 2012 endorses how the Korean people now accept that private tutoring will unduly dominate their children's lives and restrict their leisure activities "in ways that are detrimental to their well-rounded development" (p. 135). The OECD survey went on to warn that that the widespread use of private tutoring "perpetuates inequality" (p. 128) and noted that the hagwon sector in Korea now had more teachers than the public school system, and that it had attracted many of the best teachers who were getting paid higher salaries. The OECD noted the spending on private education is "creating cycles of poverty and wealth that endure over generations" (p. 135).[19]

Comprehensive information in Chapter 10, on how the lives of children in Korea constantly revolve around education and how long hours of studying affect children and their families, only confirms this cycle has been self perpetuating and that demand in the 'shadow' market is increasing. The intensity of competition is continually distorting students' learning and curriculum priorities, and creating a serious societal class divide where only those with the financial capacity to purchase extra tuition and resources gain an advantage.

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[19] Retrieved from http://www.oecd-ilibrary.org/economics/oecd-economic-surveys-korea-2012_eco_surveys-kor-2012-en

The value attached to education and the necessity of the shadow market was borne out in 2009 when, amid a deteriorating economic situation and the reduction of the real income of Korean households, the expenditure on private education increased with each household spending an average 2.4 million Won (approximately US$2300) on education, approximately 7.5 per cent of their total household spending ("Household real income," 2010).[20] The expenditure per student averaged 241 000 Won (US$208) per month with households with incomes greater than 7 million Won per month (approximately US$6000) spending more than double the average. It is important to note that these amounts are conservative and subjective as the recording of undeclared lessons and cash deals is not accounted for in the statistics (ibid).

With Bray and Lykins' (2012) analysis showing 90 per cent of Korean children take extra lessons, and a separate survey in 2009 by the *National Statistics Office* finding that 77 per cent of all Korean students were depending on at least one private lesson a week (Yoon, 2009), there is a high probability that a minimum of 80 out of every 100 elementary child's parents are paying for extra private education.

12.10 Global market expansion

With a global financial crisis in 2008, and tighter regulations curtailing many historical or less-than-transparent activities in the financial markets, investors and private equity companies have been turning their attention to non-traditional markets such as education. In 2002, just four years before his death, Friedman commented on a market comparison and the potential size an education industry in America might be if his vision for reform eventuated.

> Total expenditures of elementary and secondary education in the United States are in the neighborhood of three hundred billion dollars, that's as much as the worldwide industry of computer chips. (Friedman, 2002, p. 27)

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[20] The Ministry of Education, Science and Technology (MEST) and the National Statistical Office released these results from a survey of private education expenses taken from a sample of 44 000 parents from 1012 elementary, middle and high school students.

Seven years later, Claudia Zeisberger (2009) of INSEAD, a major global research facility, confirmed the increasing size of the education industry, noting her belief that, "The US has the largest for profit education sector in the world with an estimated value of approximately $95 billion" (p 24).[21] According to Zeisberger, (2009) countries targeted by equity investors in 2009 showed "an estimated US$40 billion market for private institutions" and, "Over US$300 million has been invested in Education ventures since 2006" (p. 4) and that more than US$800 million investment was planned for 2010.

Bray and Lykins (2012) warn of the dynamics that occur when commercial activities move inside state schools and the potential this has to compromise the quality, relevance and cost efficiency of a 'traditional' state-provided 'free' education. In this respect, the dramatic increase in just two decades of the shadow education industry in Korea, its infiltration into Korea's state school system, and its impact and costs to Korean students and their parents, aptly validates Bray and Lykins' concerns.

Diane Ravitch (2012), an American education historian, publishes a steady stream of articles that warn of the growth of a shadow education industry and commercial activity that she claims is increasing in America's public schools.[22] In America, government policy in recent years – such as the *No Child Left Behind* legislation in 2002 – has allowed school districts to contract and fund commercial and private tutoring agencies to provide additional classes for students in schools deemed to be failing under the legislation guidelines.[23]

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[21] INSEAD website retrieved from http://centres.insead.edu/global-private-equity-initiative/research-publications/articles.cfm

[22] Diana Ravitch blog website retrieved from http://dianeravitch.net/about/

[23] Under the *No Child Left Behind Act* (2002) children from low-income families who attend schools in need of improvement for two or more consecutive years can receive free supplemental services – such as tutoring and other academic services provided outside the regular school day – from a variety of state-approved providers. Parents have the opportunity to choose the provider that best meets the needs of their children. Many types of organisations are eligible to be supplemental service providers, including faith-based organisations, for-profit companies, school districts, private schools, charter schools and other community groups. Retrieved from http://www2.ed.gov/nclb/choice/schools/choicefacts.html

Investment transactions in the K-12 education sector market have been steadily increasing in recent years, with a record $389 million invested in 2011, up from $13 million in 2005. Ravitch (2012) likens the situation to another new frontier, where hedge fund and equity companies are already circling public education looking for access to the public schools. Simon (2012) similarly notes there is considerable optimism among investors that a 'golden moment' has now arrived with private equity and venture capital being moved into scores of companies that aim to profit by taking over broad swaths of public education.

In August 2012, Rob Lytle, an American education consultant, told potential investors at a private conference in New York that the roll-out of new national academic standards for public schools in America would result in many schools looking bad and needing help (Simon, 2012).[24] Lytle was quoted in a news article relating to the conference that he foresaw that the new standards will create a "crisis situation" that will in turn provide a "really, really big" market for vendors to sell lesson plans, educational software and student assessment packages (ibid).

Asian countries with fast growing shadow education industries, such as Korea, are now common targets for investment. *The Economic Times* of India writer, Dibyajyoti Chatterjee, reported in 2010 that education has emerged as one of the most lucrative sectors in India with a declared US$80 billion plus education industry that was offering tremendous potential for foreign investment (Chatterjee, 2010). Simon (2012) reported that venture capital firms have recently invested more than US$9 million on '*Schoology'*, an online learning platform that promises to take over the writing and grading of quizzes, providing feedback to students about their progress, and generating report cards (Simon, 2012).

'DreamBox Learning' received US$18 million from investors to refine and promote software that drills students in mathematics with students in the non-profit-

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[24] Rob Lytle is a partner at *The Parthenon Group*, a Boston consulting firm. The conference at the University Club was billed as a 'how-to' on private equity investing in for-profit education companies. Parthenon Company website retrieved from http://www.parthenon.com/Industries/Education

based charter school chain *Rocketship* already using *DreamBox* on a daily basis and, therefore, being able to pay its teachers more because it needs fewer of them (ibid).

12.11 The World Bank and PPPs

Since approximately 2008, there has been an upsurge in debate around the use of public-private partnerships (PPPs), particularly in the West. Originally planned in 2008, the World Bank document, *Learning for All* (2011), contains a focus on supporting education system reform in all countries "whether they are provided or financed by the public or private sector" (World Bank, 2011, p. 5).[25] The 2011 release of the World Bank's *Education Sector Strategy 2020* carries within it an endorsement of public-private partnerships and private sector involvement in state schools. A number of World Bank commissioned publications have investigated government partnerships with private business in recent years.[26] One such report *The Role and Impact of Public-Private Partnerships in Education* by Patrinos, Barrera-Osorio and Guáqueta (2009) advises on how to undertake PPPs and construct new, and reform existing education systems.[27]

The World Bank (2013) states that the main rationale for PPP programmes in education is the potential role the private sector can play in the expansion of equitable access and improvement of learning outcomes in low income countries – such as happened in Korea in the 1960s. It also adds that in high income countries, a

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[25] "The new strategy lays out strategic directions, priorities for investment, technical support, and policy assistance for the Bank's work in education over the next decade, within the context of global shifts and internal Bank changes"(World Bank, 2011, p. 20). The downloadable document *Learning for All* can be retrieved from http://siteresources.worldbank.org/EDUCATION/Resources/ESSU/Education_Strategy_4_12_2011.pdf

[26] The World Development Report (WDR) is just one small part of World Bank's publications which include books, book chapters, working papers, and articles in peer-reviewed scholarly journals, with professional journals being the most common vehicle for Bank publications. In comparison with top universities in the world and focusing on just the economics of education, with respect to the number of journal articles, the World Bank is the world leader in terms of the number of published articles on education policy, with only Harvard University in America coming close (Ravallion and Wagstaff, 2010).

[27] Refer to further details on the World Bank policy in general on http://wbi.worldbank.org/wbi/about/topics/public-private-partnerships and in education on http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:20756247~menuPK:2448342~pagePK:210058~piPK:210062~theSitePK:282386,00.html

‘differentiated’ demand exists as sophisticated clientele now demand different kinds of schools, and that this market can be helped in the following privatising manner.

> By providing demand-side financing and contracting private organizations to provide support services, governments can provide better choices to parents and grant them an opportunity to fully participate in their children’s schooling. (World Bank, 2013, Public-Private Partnerships in Education, para. 2)

12.12 Industry pathways in New Zealand

The drivers of Korea’s education shadow industry (section 12.7) do not appear at this time to have a direct application to New Zealand; however this situation has the potential to change if competition and education privatisation reforms increase. This notion of trade competition coupled with other regulatory changes to education legislation in the 1990s has already provided for the self-managing of state education facilities and effectively opened up the potential for state-education in New Zealand to operate as an *industry* – thus education in New Zealand could become industrialised.

The New Zealand *Commerce Act* (1986) provides a common regulatory regime that covers all trading activities of the public and private sectors which, therefore, includes education. Don Brash, former treasury official and Governor of the Reserve Bank of New Zealand, states that the *Commerce Act* provides for general and ‘light-handed’ industry regulation that predominantly places both the private and the public sectors on an equal footing and minimises market dominance by any particular party (Brash, 1996). Brash confirmed that all policy under the *Act* is informed by a notion of contestability that recognises the efficacy of *potential* competition rather than imposing *actual* competition (ibid). With all schools in New Zealand already having the capacity to conduct business operations under the *Commerce Act* (1986), it is inevitable that more ways to increase commercial operations and ‘trade’ will evolve – in addition to the enrolment of foreign fee-paying students.

The World Bank’s (2013) endorsement of PPPs as being an effective use of public resources, and enabling governments to step back from directly managing

education while also providing school choice to parents, has already resulted in PPPs becoming a reality in New Zealand – with the first official PPP school built under a 25-year construction and maintenance contract opened in February 2013.[28]

With charter (partnership) school legislation becoming official in 2013, many new choices of school provision became possible, as did openings for private investment in education ventures from either domestic or foreign sources. With private equity firm Waterman Capital recently announcing its 24 per cent share investment in New Zealand's Academic Colleges Group (ACG) – which already operates three international colleges in Auckland, and schools in Vietnam and Indonesia – it would appear change is already on the way.[29] With the speed of privatisation development thus far in New Zealand, the New Zealand Government may once more become a proud leader in global education reform, as it was in the late 1980s, as it brings about 'school choice' and public private partnership ideological pathways in its education sector – as envisioned by Milton Friedman over fifty years ago.

12.13 Summary

The proliferation of PPPs inside Korea's tightly controlled state education system provides an excellent example of how practical cost-saving policies for one era can go badly awry as political, economic and societal environments change over time. Therefore, an understanding of how industry drivers in Korea have already created a shadow education industry in Korea, and how generational, societal and geopolitical aspects have exacerbated and expanded markets in Asia in general, should provide a base-line model for other countries, such as New Zealand, to assess their potential risk (or vulnerability) for shadow industry growth – both good and bad.

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[28] Retrieved from http://www.beehive.govt.nz/release/new-primary-school-opens-hobsonville-point

[29] ACG is also the exclusive provider of Foundation Studies courses at The University of Auckland and AUT University and also delivers intensive academic English courses. Retrieved from http://www.waterman.co.nz/news/2013/2/1/waterman-invests-in-academic-colleges-group.aspx

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The next chapter investigates the transnational Korean shadow education industry that operates between Korea and New Zealand. It assesses the aspirations and motivations of those within this market; questions why various parties have acted as they did; examines how and why situations have occurred; and how these situations have been interpreted and/or misunderstood by the New Zealand government and citizens. It examines how a restrictive educational environment, lack of school choice, and general insecurity within Korea, has resulted in many Koreans undertaking a transnational lifestyle and how this practice has become a 'normalised' strategy for increasing Korean family social capital.

Chapter 13

Korea's transnational education market

This thesis has argued that the schooling crisis in Korea, discussed in detail in Chapter 7, had its genesis within Korea's unique geopolitical history and furthermore, that it is symptomatic of a collision between a number of political and social factors, each one independent of each other yet able to exacerbate or gain strength from the other. Weber (1949) argues that in order to identify the causality of any event or action, one must take into account the meanings and motivations that participants attribute to their interactions. Using Korea's experience as an example, I argue that, when the traumatic war period ended in Korea, there was settlement and healing phase as citizens embraced the euphoric period of peace and security. For the surviving Korean people, vivid memories of trauma, subjugation and poverty triggered what I view as being a 'survivalist gene' – a tenacious drive to stave off any future adversity. In this mode, four dominant foci occurred:

- A strengthening of nationalistic/cultural pride
- A yearning for self-security
- The unleashing of a tenacious competitive spirit
- A desire for societal advancement and education.

An enduring fear of a war between the North and South of Korea has resulted in, what I argue has been, a prevalence for each new government to maintain dogmatic thinking and implement pragmatic solutions. Many of the planned (or failed) education reforms can, in hindsight, be seen as being reactionary, impulsive and without comparative debate. The schooling crisis in Korea is also deemed to be symptomatic of a confluence of personal ideologies, values, and nationalistic economic agendas that created a school-age education diaspora from Korea in approximately 1999. This crisis is seen as having a direct connection to the school-age market of Korean FFPS beginning in New Zealand in 1999 and an accompanying Korean shadow

education market. After a decade of operation, this diaspora, and the societal phenomenon it created, has now become normalised in Korea.

The growing propensity for Korean citizens to lead transnational lives has changed and challenged the functions and thinking of Korea and the destination countries.[1] Although research in relation to globalisation, neoliberalism, and societal change in Western countries is readily available, very little Western research appears to have been undertaken that has focussed on culturally different and non-English speaking families, such as the Koreans. A previous study by Innes (2006) noted the dearth of research about New Zealand's resident Korean community, and the lives and education of Korean school children in New Zealand. A very recent search of the literature reveals little has changed. An assumed lack of problems, general disinterest, and a lack of market information has exacerbated this situation. Due to this scarcity of research and minimal information concerning the shadow education market surrounding the Korean FFPS in New Zealand, I now offer some of my own anecdotal experiences in this chapter to substantiate situations, or to add to information available.

13.1 Understanding transnationalism

Definitions of transnationalism vary, but generally they centre on exchanges, connections, practices and the establishment and maintenance of connections across geopolitical borders. Vertovec (2005) regards transnationalism as occurring when citizens belong to two or more societies at the same time. Transnational living has fitted well with how the Korean people have needed to construct 'manoeuvrable' homeland choices in order to acquire or maintain security in times of adversity, unemployment, and/or to gain vital social resources such as education. Far from being an accidental or random phenomenon, Cho (2007) believes that this pattern of

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[1] The 2008 World Migration report published by the *International Organisation for Migration* defines Diasporas as "individuals and members of networks, associations and communities who have left their country of origin, but maintain links with their homelands. This concept covers more settled expatriate communities, migrant workers based abroad temporarily, expatriates with the citizenship of the host country, dual citizens, and second / third- generation migrants" (p. 493).

transnational movement is a deliberate strategy, one that serves as a long-term risk minimisation strategy and a hedge against precarious political conditions and uncertainty in Korea.

Prior to the arrival of democracy in 1987, transnational living was generally undertaken for employment reasons such as when Korean men were sent to work on industrial and construction projects in countries such as in the Middle East. When travel regulations were lifted in 1989, Koreans could now readily explore what had been for many an unknown outside world. A trend developed for young Koreans to go backpacking, whilst emigration became an exciting new option for many. With New Zealand's immigration doors thrown wide open to Asia in the early 1990s, gaining residency to an overseas Western country became fashionable among Korean professionals and white collar workers who saw considerable benefits in going to a country that had a strong welfare system, free hospital care, a free education system, and English as a first language (Koo, 2010).

In the five years between 1992 and 1996, over 13 000 Koreans reported their emigration to New Zealand to the Korean government (Koo, 2010). According to Koo, by coming to New Zealand Koreans "changed the concept of traditional immigration" and created a "new phenomenon" as almost all emigration had been to America prior to that time (p. 3). The main reasons for the immigration noted by Koo (2010) was not to settle in the host society but to obtain symbolic capital such as English language and an education experience in an advanced foreign country that would then enhance status and social standing back in Korea. Although able to gain residency in New Zealand, settlement and employment for the new Korean settlers became increasingly problematic in the late 1990s, as Yoon and Yim (1997) observed:

> Over half had no paid employment in New Zealand, and among those who were currently employed, less than half had been able to obtain jobs related to their previous work experience and skills. Those who wished to do business were dissatisfied with the lack of information about business investment opportunities and with the tax system because of high compliance costs and high taxes. As a result, even

> though the Korean community in New Zealand grew rapidly due to the influx of new immigrants from Korea, the scope of Korean businesses and occupations could not penetrate the mainstream society. (pp. 7-8)

In 2006, a *Migration Issues* study undertaken by Chang, Morris and Vokes noted a replication of Korean city life happening inside New Zealand with assimilation or integration into New Zealand society not actively sought. Many Koreans made no secret of the fact that they did not intend to settle permanently in New Zealand, even with residency status. In terms of settlement, the majority of Korean immigrants appear to have simply established their resident Korean communities as enclaves that were part of a transnational social settlement that enabled them to live dual lives in both Korea and their resident country (Koo, 2010). According to Koo these immigrants:

> [A]dopt transnational and cosmopolitan identities to maximise their opportunities in this social field ... This social field has been used by Koreans to access membership of another nation state which has a well-equipped welfare system and to gain entry to the education system in an English speaking country. (p. iii)

The 1997 economic crisis in Korea and its consequences exacted a heavy toll on all Koreans worldwide, due not only to the transnational business connections established during the *Segyehwa* years, but also to the emigration period following democracy in Korea when money and business could move more easily across borders. Many of the first immigrants into New Zealand were forced to return to Korea due to a dramatic reduction in the viability of their Korean businesses in New Zealand. Tourism businesses were most affected with Korean tourist numbers declining 92 per cent from 110 300 in 1996 to 9 300 in 1998 (Koo, 2010).[2] These years were exceedingly stressful and financially difficult for many of the new immigrants who had built their lives and businesses around a booming tourist trade and the selling of English language courses.

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[2] These statistics were quoted by Koo and referenced to Statistics New Zealand (2001).

13.2 Market growth

The schooling crisis that took hold in Korea, along with a surge of anxious and ambitious parents wanting to send their children out of Korea, provided the catalyst for new transnational business opportunities and joint ventures. Aiding the entrepreneurial new market ventures was the first-time availability of credit cards in 1999 and an easing of foreign currency transaction regulations.

At this time, New Zealand's Korean community comprised mostly middle-class workers who had previously been university graduates and businessmen back in Korea. With the schooling crisis escalating inside Korea and foreign children no longer allowed to enter American state schools after 1996 (as noted in the Introduction), New Zealand's free public school system became 'ripe' for market exploitation. Soon websites were established to assist Koreans to do business overseas, emigrate from Korea, or to help interested 'wild geese' parents access schools and education services. These websites offered tips on everything from real estate, banking and schools, to practical advice on how to handle the stress of family separation. Information was readily exchanged about education, 'good' and 'bad' overseas schools, and comparative visa advantages (Moon, 2001).

In Korea, agents and hagwon owners quickly began promoting winter get-away English camps of three to four weeks for children to attend during New Zealand's summer holiday period. Sales were brisk in the early boom years of 2000 and 2001 as air travel was cheap due to favourable currency exchange rates. For the cost of a four week camp in Korea, parents could alternatively send their children to a four week camp in New Zealand.[3] New Zealand schools were advertised as being either English immersion and study camp vacation destinations or as intermediary destinations for

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[3] The Korean Won was pinned against the US dollar after the 1997 crisis. In 1999–2000, the Korean Won, was 400–600 Won to NZ$1 – effectively half the price of the American dollar. The typical price charged for a 4 week camp in Korea was 4 million Won. Parents were paying 4 million Won to fly their child to New Zealand and to live in a home stay situation at no or minimal cost to the Korean company. With bulk airfares, free accommodation with New Zealand families, and Korean supervisors arriving with the children, the profit margins to sell New Zealand camps were excellent in 2000–2002. However, by 2003–2005, the value of the Won had declined and profits decreased.

students who would then return to university in Korea or advance to further study in America. With Korea having opposite seasons to New Zealand, the harsh winter of the school vacation period in Korea was the perfect time to sell 'sun, fun and English' language experiences in New Zealand.

13.3 Wild geese and penguins

Chang, Morris and Vokes (2006) noted that a number of major stresses and societal problems have existed in New Zealand's Korean community but they had not been adequately identified nor understood by New Zealanders. They noted that, for many Korean families, their travel to New Zealand had been undertaken in the face of adversity and involved considerable financial pressure and self sacrifice.

The growth of transnational 'wild geese' families departing from Korea soon reconstructed the traditional patterns of family life. Children were separated from their fathers, wives from their husbands, and mothers frequently had to sacrifice their own happiness, jobs and security in order to accompany and live with their children in an overseas country where they needed to speak English. Fathers who financially struggled to send their children abroad or needed to work in Korea became known as 'penguins' – just as penguins cannot fly, these fathers could not visit their wives and children and had to endure the loneliness of not seeing them for many years. Cho's (2007) research revealed that 'wild geese' parents and 'penguin' fathers frequently lived alone for up to ten years with numerous reports of these separated fathers committing suicide or divorcing.

By placing their children in a different country, Korean families established transnational kinship networks that would help other family members to migrate and join them if needed. Just as Koo (2010) argued that the primary reason for travelling to New Zealand was not for permanent settlement, Cho (2007), analysing the situation from the Korean perspective, noted that, "The separation of wild geese families is undertaken not out of necessity for imminent physical survival, but rather for deliberately designed long term social advancement" (p. 55). The short-term goal has always been to provide an alternative social and economic mobility track that linked educational aspirations with an advantageous position at an early stage. The longer-

term strategy, Cho concluded, was to then strengthen social and economic advancement for both the children and the parents.

Reflecting upon the suicide of the Korean mother and her two daughters in Christchurch in 2010, as discussed in the Introduction of this thesis, it appears the father may well have been a 'penguin father' as he flew from Korea to organise the family's funeral prior to committing suicide himself. If the main reason he remained in Korea was to provide the finances for his children's education, then his family's deaths and the public exposure of the family's predicament probably led him to believe that he also had no future.

Korean parents subjugating themselves for the sake of their children's education has not been uncommon in recent years. Cho (2007) reports the situation where a father moved his family to a rural area of America to enable his daughters to attend an American school. He gained work on a chicken farm and, although the work was hard, he was prepared to sacrifice himself for his children's education and a better life. In 2005 I observed first-hand how stress factors can impact on family life when a Korean family lived next door to me in New Zealand.

> *The Korean father came to New Zealand, signed the lease for the house, stayed one month, then went back to Korea and never returned. The eldest daughter (18) and the local Korean church took responsibility for the two younger children aged 15 and 12. The church pastor took the children to and from school and supervised their after school studies. The mother never came to New Zealand; instead she remained in Korea with the father so that both could provide the financial support for the children. Knowing my connection to Korea, the eldest daughter confided to me of the fears she had, but that she could never speak to other Koreans of their tenuous situation. As neither parent was in New Zealand, at 18 she was the legal adult 'head of house' and responsible for her siblings and everything in New Zealand, as well as studying hard enough to get into medical school. (M. Innes, memoirs of Korea)*

Korean parents who entrust the care of their children to overseas caregivers maintain an incredibly brave and stoic demeanour. A deep sense of fear is always present, especially if a family member does not have the correct visa to be living in the

host country. Of greater concern is that children are always at the mercy of the ethical and moral behaviours of those entrusted with their care, and are not able to declare situations that may be inappropriate as authorities may become involved, thus exacerbating matters further for their family. I witnessed the following situation in December 2006 that poignantly illustrates this parental worry.

> *In 2006 I was a guest at the reception of Korean President Roh held at New Zealand's Parliament buildings. As the Korean dignitaries departed the room after President Roh's speech, a Korean lady quickly went to the front, took the microphone and made a quick emotionally-charged plea asking for all New Zealand people to look after and care for their children as the mothers worry about them. New Zealanders in the audience looked around very confused not understanding why this had happened. The microphone was quickly taken off her and she departed the room in tears. (M. Innes, memoirs of Korea)*[4]

13.4 Understanding the students' background

With ENZ promoting an Asian FFPS market to schools and yet not undertaking suitable research on market differences, school staff and caregivers were unaware of potential cultural differences and problems. Situations have occurred in New Zealand schools that remain unspoken of to this day as Korean children believe they cannot speak for themselves or bother their caregiver with their school problems. When one New Zealand high school failed to understand their Asian FFPS's backgrounds, I became involved as follows:

> *A Korean parent I knew well asked for my help when his seventeen year old son (a FFPS) was suspended from his New Zealand school for the second time for fighting with fellow students. The father had not declared his son had previously been expelled from 2 schools in Korea. The son had been left unattended in the small study room with two other fee-paying Japanese boys who had recently been expelled from another school in New Zealand. Their nationalistic pride, inner aggression, alongside lingering family hatred of each other's nation from war events over fifty years earlier, kept 'boiling over' into*

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[4] Details on President Roh's visit to New Zealand in 2006 retrieved from http://www.scoop.co.nz/stories/PA0612/S00044.htm

physical fights when the three boys were left together. The school had no idea all three boys had previously been expelled, nor did they take account of the historical animosity between their two nationalities. (M. Innes, memoirs of Korea)

13.5 Controls, barriers and sanctions

Extra barriers and rule changes, as described earlier in this thesis, have occurred many times particularly in relation to immigration, trade and border control. In Korea, new policies and/or penalties frequently take centre page in the media, and have a history of being announced almost at random by political parties and public officials. Often by the time a new rule is due to be imposed, it will have moved out of favour and be abandoned, only to be replaced by another 'good idea' policy, which may not necessarily be implemented either. The Korean public, foreigners, including myself, and businesses, have constantly had to be aware of these ever-changing rules. In juxtaposition, the New Zealand government has appeared throughout the time period of this thesis to have incrementally implemented or adjusted regulations to support policy or to patch flaws and loopholes in relevant legislation as needed, such as when passport birth scams operated. Often these fixes have occurred without overt public attention in order to smoothly resolve a particular issue or problem.

A wide array of barriers, laws and rules regulate how school-age children of one nation can enter and exit their own education system, or enter the education system of another nation. For the Korean families, transnational education pathways have not always provided the respite that has been sought. Domestic stresses have often been replaced by more stressful or complicated international, political and environmental situations that need to be navigated around or solved. An example has been when two major earthquakes in Christchurch in 2010 and 2011 had a major impact on all the resident Korean students, their families, and the supporting Korean shadow industry business network in and around Christchurch.

There have been numerous times when unexpected government controls have occurred or an existing regulation has been suddenly tightened. An example of a more recent change is the Seoul Metropolitan Education Office's mandate that no child could miss their own Korean state curriculum for more than three months. Therefore

if a child is overseas, the parents must ensure they arrive back into their Korean school within a three-month time frame, as if delayed, the child may not be able to advance to the next class level in their Korean school or may be required to pass a re-entry examination (Kang, 2008).

This educational penalty is acknowledged by ENZ, mentioned in the *South Korea Market Profile 2011,* and may have been a catalyst for the New Zealand government to alter visa legislation that consequently provided Korean parents greater flexibility in planning their children's short-term entry into a New Zealand school (Education New Zealand, 2011). Minor adjustments in 2010 to clauses in the *Immigration Act* (1987) and the *Education Act* (1989) brought about the introduction of a new foreign student study status in New Zealand called the *Limited Purposes Permit* (LPP) (New Zealand Ministry of Education, 2010).[5] The permit provides entry options for Korean parents and agents – as essentially a foreign student can become a domestic student. In turn this allows export dollars from the short stay fee-paying young students to continue flowing into the state schools, yet be unrecorded in 'export' statistics. The permit also enables Korean businesses dependent on the income from the short-stay school-age market to continue to operate and seek out new business opportunities. While in New Zealand the children are expected to stay abreast of the Korean curriculum, whilst studying the English language and attending other after school classes and Korean community activities.

A fear of detection and deportment or embarrassment affecting societal or personal pride may be sufficient to control behaviours. The suicide of the family in Christchurch in 2010 is a probable example of embarrassment, stress and fear becoming overbearing. Because Korean cultural behaviours are fundamentally different from those found in Western societies, the understanding of an action, such as suicide, depends entirely on cultural positioning. In this case suicide was possibly

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[5] Changes to the *Education Act* (1989) in 2010 redefined *foreign* students and what a '*course'* was. Many foreign students became entitled to be *domestic* students for the period of time indicated on their status documents.

seen by the family as better than being interviewed by immigration for their visa status, or better than exposure within the resident Korean community.

13.5.1 The visa games

In 1999 the New Zealand government relaxed the immigration regulations it had tightened just three years earlier with the introduction of a temporary Long-Term Business Visa (LTBV) scheme. This visa was quickly sought after – between 1999 and March 2002, 39 per cent of the 6421 applicants taking advantage of this scheme were Korean (Koo, 2010). No doubt the New Zealand government regarded this new LTBV scheme as innovative and facilitating the establishment of new businesses into the country. However, as circumstances later showed, implementation showed it did contain a serious flaw – that of holding a Western view of how businesses operate, assuming that all operators of a business would be striving to make a profit or at least 'break even' financially.

For Koreans keen to gain residency in New Zealand, the status of self employment was often more highly valued than profit, resulting in many approved visa holders 'successfully' running a business for the mandatory time frame and gaining residency status, yet never making any profit, with a number even incurring serious losses. Koo (2010) notes that some Koreans "abused the system: they used it as a way to educate their children in New Zealand with domestic student status, without doing any business, and then returned to Korea after two years" (p. 144).[6] Noticing the influx of applicants and the operational activities of the businesses being established, the New Zealand government changed and tightened entry conditions in 2002 and imposed an English test. Once again the number of applicants declined sharply. Many entrepreneurial Koreans still managed to obtain permanent residency based solely on

[6] Koo (2010) indicates that this information came from the compilation committee for a history of Koreans in New Zealand carried out in 2007.

the new entrepreneur visa entry category and the establishment and 'successes' of their businesses (Koo, 2010).[7]

When business visa opportunities ended, many began to seek residency by securing offers of full-time employment in the many newly established Korean operated businesses that required Korean to be spoken – for example, restaurants, travel agencies or education services. A requirement for employment was that an employer had to advertise a job nationally and appoint only the best person for the job; however, few applicants other than Koreans could meet the fluency in Korean language criteria. The work permit route gave the added bonus of living in New Zealand and legitimately qualifying for all medical and welfare benefits. It also meant parents did not have to pay FFPS school fees because children became domestic students. The following situation explains how a 'legitimate' work visa was often obtained.

> *A Korean man approached me to employ him in a 'paper job.' In my company it was a bonus to have a fluent English/Korean speaker as a staff member; therefore, the criteria were fluency in both English and Korean. He requested that if my company provided the Inland Revenue Dept (IRD) monthly proof of wages paid and monthly tax deduction records that validated he was employed, he would then pay me in bulk cash all the applicable tax money for my company to pay the IRD. He would then 'technically' come on site as needed and work for no wages. I refused, but was very aware this became a common scam. If he gained a work permit. his two high school children became domestic students, saving him nearly $17 000 a year in fees. (M. Innes, memoirs of Korea)*

A common practice has been the generation of extra income from the accommodation and care of young Korean students.

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[7] The entrepreneur category provided the opportunity for people who have successfully established a business in New Zealand to gain residence if the business has been of benefit to New Zealand. This category was linked to the Long-Term Business Visa (a multiple-entry Work Visa). After 20 November 2002, a Long-Term Business Visa was issued for nine months initially, rather than three years. After proving that reasonable steps have been made to establish the proposed business, a further Long-Term Business Visa was able to be issued for up to 27 months. Information retrieved from http://www.immigration.govt.nz/NR/rdonlyres/D4C58347-13E9-4D2F-A813-88F346D7A5AE/0/FactPack.pdf

> *A Korean couple I knew purchased a house in 2002 to provide accommodation for young Korean students attending local schools. While alternating student and tourist visas for themselves, they operated a lucrative cash business hosting many children they called their 'nieces and nephews'. The father told me he received NZ$320 in cash for each child each week (almost twice that paid to a New Zealand host). The parents in Korea were effectively paying for secrecy, Korean food, additional services, such as guardianship provision, church attendance, and organising private after school tutoring with Korean tutors. (M. Innes, memoirs of Korea)*

When new guardianship rules appeared in 2003 in the *Code of practice for the pastoral care of international students,* and with other loopholes beginning to close, many of the choices previously used by Korean parents, their agents and home-stay hosts in New Zealand were eliminated. ENZ had requested these guardianship visa changes when it noticed instances of alleged 'abuse' occurring. Speaking in his capacity as the director of ENZ, Rob Stevens explained that it appeared that, "the new guardianship visa, introduced in order to keep international students safe, appear[s] to be misused by guardians as a pathway to obtaining residency" (Stevens, 2006, p. 8).

At the time the media simply identified the culprits as being parents of international students rather than expose this activity as being widespread in the New Zealand resident Korean community. All known loopholes were eventually closed and new regulations put in place as of May 2006 when parents and guardians were no longer eligible for a full-time work permit, thereby no longer exempt from paying school fees for their children .[8]

13.6 Second tier destination

What is apparent throughout this thesis is that the school-age FFPS market has not been a 'New Zealand' born and driven market, but a transnational operative 'arm' of Korea's domestic shadow education industry, as discussed in the previous chapter.

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[8] Retrieved from http://news.emigratenz.org/2006/05/

New Zealand appears to only ever have been a second tier destination and generally regarded by Koreans as an inferior destination to America.[9] Despite a perception that young Korean students were 'attracted' to New Zealand's safe environment and 'clean green image', this appear to have not been the case. Instead, my belief is that the enrolment of Korean students into New Zealand schools has never been about education quality and 'added value,' but rather about the gaining of symbolic capital for personal status escalation. This line of thinking is elaborated by Bon Gui Koo, a Korean migrant himself in the 1990s, who investigated the Korean transnational settlement in New Zealand for his doctoral thesis.

Koo (2010) observed that Korean parents considered their child's attendance in a New Zealand school "not as a formal/public education course" but merely of "two or three years intensive English tutoring" (p. 165). Koo notes that in general Korean parents were not interested in their children getting qualifications in New Zealand schools. Instead, they were, "wanting their children to get sufficient English skills to distinguish them from other children in Korea" (p. 166). Koo views that there is an assumption of New Zealand's teachers being inferior to Americans for speaking and teaching the English language. In Korea, Koo noted one private foreign language institution's advertising flyer that declared "we do not have any teachers from Australia and New Zealand" (ibid, p. 166).

Koo also noted that for those students who will return to Korea, "New Zealand education was not enough and for some of them, it was too relaxed for their children in terms of strength of learning" (p. 153) with many taking extracurricular classes in English, maths, and science so as not to fall behind their school peers when they returned to Korea. Of concern for New Zealand's classroom teachers is Koo's

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[9] Anecdotally there have been numerous times when New Zealand's inferior status as a student destination was confirmed to me during the decade of my company's operation in the Korean market. The ongoing negativity I experienced in relation to the 'apparent' inferiority of New Zealand education was a prime motivation in relocating my company into the American market after 2004 and why it became very successful. Korean employers wanted to hire Americans as their first choice with Canadians their second choice. New Zealanders got offered jobs while the market was booming and demand far out stripped supply, but not when this changed in 2008 and many more Americans applied for jobs.

acknowledgement that study abroad at secondary school level is sometimes considered as a response to a child's maladjustment in the Korean education system as, "In Korea, there are few alternatives for underachieving students or for those who are ill-adapted to Korea's formal education system" (p. 167).

13.7 Summary

Throughout this chapter I have argued that Koreans in New Zealand can be seen as either avoiding or only partially committing to a 'forever' permanent settlement in New Zealand. An enduring nationalistic and familial loyalty to Korea as their homeland has remained strong, even when a family's transnational educational journey is complete. The Korean community, either inside or outside of Korea, is seen as having been the instigators, drivers, and active participants in an education industry that involves commercial activities associated with student recruitment, tuition, accommodation, and educational services. The New Zealand government is shown as having as an assumptive naivety and genuine lack of understanding as to what trade and education engagement in education with Asia has truly entailed, especially in regards to human relationships and cultural differences.

I argue that there are two ethical issues that deserve attention from this study. Both relate to other nations' regulations and border controls. First, when America, as the world's largest foreign student market, has regulations in place that prevent foreign children under Year 8 enrolling and restricts secondary attendance to one year in its state schools, why would New Zealand not chose to do likewise?[10]

Second, when the New Zealand government sells placement in its state education system to young Korean children, is it complicit in Korean citizens

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[10] At the time of writing, visas can no longer be issued to attend American public elementary or middle schools (K-8th grade). Study at a public secondary school (grades 9-12) with an F1 visa is limited to one year, and full reimbursement for the total cost of the education must be confirmed ahead of time. These restrictions went into effect on 1 December 1996 as Section 625 of Public Law 104-208. http://seoul.usembassy.gov/f_public_school.html

deliberately avoiding Korean border regulations that restrict Korean children younger than fifteen years of age (typically Year 9 in New Zealand) to exit for overseas study (Moon, 2001)?[11] This restriction appears known by the New Zealand government and was commented on in Education New Zealand's (ENZ) May 2011 publication of the *South Korea Market Profile 2011-2012* as "Korean regulations stipulate that students should complete middle school (up to Year 9) before studying abroad" (Education New Zealand, 2011, p. 2).

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The next chapter traces the origins of the overarching mantra of competition, privatisation and global standardisation emanating from America, the World Bank and the OECD. It re-examines information provided in previous chapters in regards to any neoliberal influences connected to education reform and positions present day reform policy into four distinct development stages.

[11] Education regulations in Korea state that any graduate of middle school can go abroad to study at their own personal expense but not before fifteen years: http://english.mest.go.kr/enMain.do

Chapter 14

Economic agendas and competitive forces

The 1980s in New Zealand schools heralded an era of innovation. 'Hands-on' and 'individual learning' became buzzwords. Competition was downplayed. Developmental activities added creativity, junior mathematics text books were replaced with plastic cars and coloured toys, and corporal punishment disappeared. Millions of dollars of government money was allocated to fund non-competitive 'Kiwi Sports', changing the goal of winning to the pride of participation.[1]

14.1 Creativity or competition

This idyllic environment, an antithesis of competition, was changed forever in 1989 when the New Zealand Government embarked on the restructuring of its apparently 'failing' education system by implementing a self-management model embedded with neoliberal principles that were 'made in America'. This new vision, Tomorrow's Schools, signalled the beginning of a reform journey that ultimately would restructure the operation of schools and provide legislative support for commercial activity in public education facilities. It also signalled the beginning of schools being able to market competitively in terms of student enrolments and to compete against all other similarly empowered schools. The 1989 Education Amendment Act enabled a FFPS market to develop in the late 1990s and a state-owned enterprise (SOE) trading arm, Education New Zealand (ENZ), to be established in 2003 to oversee the export orientated education market.

The adoption of neoliberal ideology and commercial practice in traditionally social areas such as education has left an enduring confusion as to where the original concept began and with what intent did the ideology become the preferred tool to

[1] The Kiwi Sport Programme, instigated by The Hillary Commission in 1988 and undertaken across New Zealand schools, aimed to encourage non-competitive 'child-friendly participation in physical activity'. A total of 120 000 teachers and sport leaders were trained in *KiwiSport*, with 95 per cent of primary and intermediate schools involved (Hillary Commission, 1998).

reform historically traditional state education policies. A key hypothesis of this thesis is that the *Tomorrows School's* (1989) reform period in New Zealand represents just one part of a pattern of neoliberal reforms that have occurred in what can be argued as being four separate phases. These phases, when viewed over time, have incrementally allowed the infiltration of neoliberal policy along with a privatisation mantra of competition. Each phase had its genesis in America and connects its ideology and operation to a previous stage. Information provided in previous chapters indicates that, since the early 1980s, America has determinedly facilitated and disseminated this same neoliberal ideology through the international powers of the World Bank and the OECD to research, drive policy, and monitor education achievement on a global scale. The entirety of these phases is encapsulated in the acronym 'GERM', representing the recent Global Education Reform Movement, a now globally spreading opposition protest movement to 'halt' the GERM infiltrating further into state schooling.

The first three phases, all discussed in previous chapters, are summarised below, and then discussed in greater depth later in this chapter. The fourth stage, I would argue, is strongly active as of 2014 and is currently being incrementally embedded into state education policy in many countries, including New Zealand.

14.2 The four phases of neoliberal reform

1. The first phase begins in 1962 when Milton Friedman's original 1955 essay, *The role of the Government in Education* became a pivotal sixth chapter in Friedman's 1962 publication of *Capitalism and Freedom.*[2] Friedman sought to apply the principles of economics to a varied set of social problems, including education. Using these principles, Friedman provided a new model for the structure and direction of American schools that would lessen the power of teacher unions, decrease government involvement in administration, and allow

[2] According to the Preface of *Capitalism and Freedom*, Friedman states that his book was a long delayed product of a series of lectures delivered in 1956 and from various articles and books he had written. He acknowledged he drew material from a number of other writers of the time and from his teachers, colleagues and friends.

the privatisation of education and partnerships linking the government and the private sector (PPPs).

2. The second phase begins in 1980 with the publication of Milton and Rose Friedman's book, *Free to Choose; A Personal Statement,* and the global promulgation of a series of live television debates in 1981 held around the world where Friedman advocated less state control, greater privatisation, and the freedom to have personal choice. Friedman's 1962 book, *Capitalism and Freedom,* was republished in 1982, heavily publicised and widely read. When President Reagan's government came to power in 1981 Friedman was appointed a trusted advisor to him. *A Nation at Risk,* President Reagan's Government's report on education published in 1983, was highly critical of the state of the American education system and contained demands for urgent reform to be undertaken.

3. The third phase begins in approximately 1994 at the outset of the wide-brush globalisation period of newly elected President Clinton and when the *Improving America's Schools Act* (1994) was passed – requiring academic standards and tests to be conducted in America's schools. During these same years, the OECD, under America's guidance, began work on new global tests that led to the development of the internationally applied Programme for Student Assessment (PISA) tests a few years later.[3]

4. The fourth, and now most highly active, phase appears to have begun in approximately 2008 in the midst of a Global Financial Crisis (GFC), and the election of American President Barrack Obama. In 2008, *A Nation Accountable: Twenty- five Years After a Nation at Risk* (2008), was released triggering an new education reform phase. A major shift in global education policy appears to have also begun at the World Bank and the United Nations Educational

[3] The OECD began work on PISA in the mid-1990s. PISA was officially launched in 1997, with the first survey taking place in 2000 and then every third year to 2012. The nhext survey is planned for 2015. Retrieved from http://www.oecd.org/pisa/faqoecdpisa.htm#Background_and_basics

Scientific and Cultural Organization (UNESCO) with policy discussion revisiting the economic cost-benefit ratios of education (see Woodhall, 2004 and Jimenez & Patrinos, 2008)[4] and the OECD starting the *Going for Growth* benchmarking surveillance of education (OECD, 2008).[5]

14.2.1 The first phase

Beginning in 1962, the first phase appears to have been based entirely on problematic education events in America. Freidman's stated reason for writing *Capitalism and Freedom* was that he felt there was a need for "competitive capitalism" that he believed would allow "the organization of the bulk of economic activity through private enterprise operating in a free market" (Friedman, 1962, p. 4). His validation for change was twofold: Firstly, "the scope of government must be limited" and, secondly, "government power must be dispersed" (pp. 2-3). Friedman then combined the principles of the new liberal theory into education, finding that there was, in his mind, merit in using this as a model for education reform. In response to the American *Civil Rights Act of 1964*, which gave equal rights to all American citizens, a report *Equality of Educational Opportunity*, (better known as the Coleman Report)

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[4] In 2004 UNESCO supported the publication of a fourth edition of *Cost-benefit analysis in education* written by Maureen Woodhall. Earlier editions had been published in 1970, 1980 and 1992; coincidently at the start of each of the first three neoliberal reform phases that I have described. Retrieved from http://unesdoc.unesco.org/images/0013/001390/139042e.pdf

[5] Two special chapters mentioned in the Editorial of the 2008 OECD *Economic Policy Reforms; Going for Growth* presented analysis, "done in conjunction with the OECD Education Directorate, on investment in education at, respectively, the primary and secondary level and the tertiary level. The former study uses PISA scores to establish a metric for the efficiency of school systems as a whole as well as for individual schools. The results point to substantial efficiency gains to be had from schools in individual countries catching up to best national performance and from national school systems catching up to best international performance" (p.4). Retrieved from http://www.oecd.org/eco/labour/40171833.pdf

was published in 1966.[6] Coleman's research appeared to 'prove' that schools per se (and their funding) had little effect on student achievement. Contrary to popular opinion at this time, many politicians and economists began to challenge the report's findings on the grounds that the economics of education could be measured in many ways. Friedman's regular column in the *Newsweek* after 1966, discussing economic, governance and education matters, began to attract a strong public following.[7]

Other well-known economists, such as Henry Levin, began following Friedman's lead and attempted to apply economic theory to education in order to estimate the size of effects (if any) of investing in public education. The *National Bureau of Economic Research* held a conference in Chicago in June 1971, titled *Education as an Industry* that focused on the internal workings of the educational system – i.e., its production functions, cost functions, and productivity (Froomkin, Jamison & Radner, 1976). Despite strong and growing interest in the reform of education, in both pedagogical and social reform and economic analysis, the struggling American economy and the war in Vietnam occupied centre stage throughout the 1970s. Accordingly, education reform plans in America were put 'on hold' until approximately 1980 when a second phase of reform emerged during an opportune 'crisis' phase.

14.2.2 The second phase

In the early 1980s, economic insecurity on a global scale enabled the first major allowed for the implantation of neoliberal policy into many countries including New Zealand. From 1979 through to 1989 the world's economy evolved in what IMF director at the time, Michael Camdessus, has since called a *silent revolution*

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[6] This report was commissioned in response to the *Civil Rights Act of 1964* by the *National Center for Education Statistics.* Results discussed in the report were that factors related to students' home backgrounds and peer groups in their schools were major generators of achievement, whereas school quality and level of school funding had little or no impact after home and peer factors were taken into account. Retrieved from http://www.scribd.com/doc/89990298/Coleman-Report-Equality-of-Educational-Opportunity-1966

[7] A list of all 300 articles has been collated and can be retrieved from the website: http://hoohila. stanford.edu/friedman/newsweek.php

(Broughton, 2002). During this '*revolutionary'* period, detailed in Chapters 4 and 5, Friedman's privatisation policies were widely adopted. By the early 1980s, Milton Friedman and his wife Rose were networking around the world promoting and debating freedom, education choice and the role of governments.

In this second phase, New Zealand's Treasury appears to have fallen 'under the spell' of American education policy and been captured by neoliberal policy in general, including Friedman's education ideology. It is highly likely that at this time Treasury's policy was being heavily 'guided' by the newly established think tank, The *New Zealand Business Round Table* (NZBRT). Considering Roger Kerr, an ex-Treasury official for twenty years, was now fronting the NZBRT, it is not surprising that the view put forward by Treasury in its 1987 *Briefing to the Incoming Government* was strongly underpinned by the view that education was a commodity and could, therefore, be quantified in economic terms just as any other export commodity.

Treasury's 1987 Briefing reveals the close relationship being promoted between economics and education. It noted that, "the Government can afford to be no less concerned with the effectiveness and 'profitability' of its expenditure on education, in relation to the state's aims, than private providers would be in relation to their own" (Treasury, 1987, Vol. 1, Chapter 3, p. 133) and that, "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" (New Zealand Treasury, 1987a, Vol. 2, Chapter 1, p. 2). This line of thinking aligns with Friedman's theoretical position and provides a case for education to be assessed in economic terms.

In making the argument that economics and education were able to be intertwined, Treasury noted in its 1987 Briefing that there was, "very little research in New Zealand into the economics of education [and] ... There [was] also a lack of research into the philosophy of education which might throw light on the purposes and goals of education" (New Zealand Treasury, 1987a, Vol. 2, Chapter 1, p. 8). With nothing available in New Zealand to guide policymakers, much of the briefing report appears to have been drawn from overseas research, especially from America. The

spread to other countries of reform ideology was evident in Young and Levin's (1999) comparative study of the education reforms and discussed in Chapter 7.

Korea provides an excellent case study to define a time frame for this second phase of neoliberal infiltration into the Asian region with education reforms proposed in Korea in 1995 seen as having been heavily 'tainted' with neoliberal ideology and indicative of the second phase genre of reform, rather than the third phase. It is now apparent this 'tainting' may have disadvantaged Korea from successfully implementing the education reform policy, as any policy identifiable as neoliberal at that time was viewed by the teachers' unions as dangerous to Korean schools and met with strong opposition.[8]

14.2.3 The third phase

Released in 1994, the *Improving America's Schools Act* required schools to be more flexible in the use of federal funding and paved the way for the establishment of charter schools, on the grounds that such schools would encourage greater parental involvement. Clinton's major goal was to secure the adoption of national standards in reading and mathematics. He spread the concept of global standards further afield by working alongside the OECD to initiate global comparative testing. Each American state had to develop yearly assessments so that their programmes could be measured. Clinton's overall mantra was one of excellence and competition. Clinton's rhetoric of globalisation during the 1990s was imbued with metaphoric 'common sense' to convince his audiences of the sense and importance of his message. Clinton stated, "The struggle for excellence for all must be our great mission. We must demand high standards of every student; our schools and teachers must meet world-class standards" (The White House, 1997).

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[8] An education reform proposal was announced on 20 August 1996 that focused mainly on the efficient operation of the educational system. It proposed the following measures: (a) greater effectiveness of the local educational system, (b) policy renovation relating to teachers, (c) autonomy of private schools and universities, and (d) reform of continuing education. These proposals were driven by the Ministry of Education. Retrieved from http://www.unesco.org/education/wef/countryreports/korea/ rappport_1.html.

The *Department of Education* proposed that Congress authorise a set policy for national tests, that would be made available in 1999, to test every Grade 4 student in reading and every Grade 8 student in mathematics to make sure standards were met (The White House, 1997). Clinton emphasised that all parents had the right to know how their children compared with students in other schools, states and countries (ibid). The government doubled budget funding to US$100 million to help facilitate the establishment of charter schools with a goal set for more than 3000 charter schools by 2000 (ibid).[9] The new standards and promotion of charter schools soon fuelled the expansion of an education industry in America, as charter schools could now contract their education services directly and school managers could avoid teacher union barriers (Education Industry Association, 2012).[10]

The privatisation of education was pushed further in an article written by Friedman in the *Washington Post* in 1995 where he outlined his belief that the public and the state sectors should operate as partners in education, that the private business sector needed greater access to the billions of dollars of government funding, and that the government needed to inject market competition into education. By doing this, Friedman claimed the government could reduce its own expenditure and costs, and still be able to set and measure 'outputs'.

Friedman declared that such reform could only be achieved by "privatizing a major segment of the educational system" thereby enabling "a private, for-profit industry to develop that will provide a wide variety of learning opportunities and offer effective competition to public schools" (Friedman, 1995, n. p.). This call for privatisation by Friedman in 1995 occurred at the same time as the beginning of

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[9] Charter schools are public schools made accountable through a contract or 'Charter' to public bodies. In America two principles guide charter schools: first, they operate as autonomous public schools, through waivers from many of the procedural requirements of district public schools; second, charter schools are accountable for student achievement. The term school 'charter' was first coined in the early 1970s by Ray Budde in the draft of a book entitled *Education by Charter* where he sought to clarify the chartering phenomenon (Budde, 1996).

[10] EIA's Website: www.educationindustry.org.

Clinton's wide-brush globalisation mantra, which incorporated the spread of a competitive free trade model, and the establishment of the WTO, NAFTA and APEC.

Just as the Charter school movement began to gain momentum, more urgent political matters and an unsettled world outlook overshadowed its progression. The destruction of the World Trade Twin towers in New York in September 2001 refocused Americans towards security rather than reform. Also hindering ongoing privatisation reform was the steady spread of anti-globalisation and anti-neoliberalism protest movement around the world. This resulted in the temporary retrenchment of highly 'visible' neoliberal reforms and provided time for the proponents of privatisation to prepare for a next phase when the time was right.

In juxtaposition, a theme of noticeable competition entered New Zealand's education system via the 1993 New Zealand Curriculum Framework (NZCF), marking the beginning of another round of reform in New Zealand. Its introduction ominously focused teachers on preparing New Zealand's students for a competitive world economy. The introduction to the NZCF noted that, "If we wish to progress as a nation and to enjoy healthy prosperity in today's and tomorrow's competitive world economy, our education system must adapt to meet these challenges" (New Zealand Ministry of Education, 1993, p. 1).

14.2.4 The fourth phase

The effects of a Global Financial Crisis (GFC) in 2008 forced many governments to reduce their budgets and carefully prioritise their spending, thereby heralding a fourth phase of education reform. Once this fourth phase commenced, there has been an ever-increasing mantra for competition and higher achievement needed in education, which continues to this day. It is within this unsettled economic environment that, I argue, a multi-dimensional education industry has already emerged and is rapidly expanded into becoming a globally connected transnational industry – one where state education and private businesses are finally the economic 'partners' Friedman argued for them to be some fifty years earlier.

14.3 America's race to the top

Predictably, the GFC triggered a concern that educational competition threatened the prosperity of America's economic future, according to West (2012).11 A common theme emanating from America, once Barrack Obama became President in 2008, has been that America's state education system is failing and that student achievement results have been deteriorating in comparison with other countries. The 2008 report *A Nation Accountable: Twenty-five Years After a Nation at Risk* makes no secret of just how serious the situation had apparently become.

> Twenty-five years after *A Nation at Risk* we know we face greater challenges. We have made progress, but we know that now is the time to push harder. We must redouble our efforts and continue to climb the mountain to make sure that all children can reach the summit. (U.S. Department of Education, 2008, p. 15)

In comparison with America's education system, American Trade Representative, Ron Kirk, lauded the competitiveness of Korea's system in November 2009 (Kirk, 2009). Similarly, ten months previously President Obama had addressed Congress and called upon America to look to Korea when considering any sweeping reform of America's education system. He also 'bravely' called for America to have the highest proportion of college graduates in the world by 2020 – a highly ambitious goal considering the well documented academic inflation that already exists in Korea.

Despite the seemingly impossible odds of achieving this goal, Obama warned American citizens that countries that out-teach America today will also be able to out-compete America in trade in the future – declaring that education was, therefore, of vital importance and his administration's key goal was to ensure that every child had access to a complete and 'competitive' education. With this competitive thrust, it now

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appears that every American child has been challenged to 'win' a metaphorically imagined educational achievement race in the hope that America may somehow regain its lost 'educational superiority'. Obama declared:

> We know that our schools don't just need more resources. They need more reform ... dropping out of high school is no longer an option. It's not just quitting on yourself, it's quitting on your country – That is why we will provide the support necessary for you to complete college and meet a new goal: by 2020, America will once again have the highest proportion of college graduates in the world. (Obama, 2009)

Once again, Obama called for high educational achievement to become the focus in all American schools in his January 2011 *State of the Nation* address. Two years later Obama's 2013 *State of the Nation* address reiterated his call for achievement and praised Korea's teachers as being "nation builders" and called upon American educators to emulate this and seek to "out-innovate, out-educate, and out-build" the rest of the world. Situating education as a competitive global race, Obama required that America "wins the race" to educate its kids, and that:

> When a child walks into a classroom, it should be a place of high expectations and high performance ... In South Korea; teachers are known as "nation builders." Here in America, it's time we treated the people who educate our children with the same level of respect. (Obama, 2013)

The push to reform and restructure American schools, in line with the principles of Milton Friedman's privatisation and school choice ideology, appears to have gained considerable momentum following the publication in January 2012 of the U.S. Commerce Department's report, The Competitiveness and Innovative Capacity of the United States, that concluded that research, infrastructure and education were the main three pillars to competitiveness for federal support. Endorsing a call for further privatisation of state education, the report stated that: "For a variety of reasons, the

private sector under-invests in these areas so the government needs to step in to bring investment up to the socially optimal levels" (U.S. Department of Commerce, 2012, p. v). Linking education and economics and declaring them as vital for national economic competitiveness, the American government put forward a case for additional education funding to be allocated through the American Recovery and Reinvestment Act, (2012).[12]

This competitive strategy enabled an allocation of US$4 billion for a Race to the Top competitive grant programme that challenged all American States to construct their own comprehensive plans and bring about reform to their own education systems, and allocated extra funding to hasten the reform momentum. In the Executive Summary of the *Race to the Top Program* (2009, November 4) the following words of President Obama highlight the strength that would be required to spread and embed the education reform movement: "It's time to stop just talking about education reform and start actually doing it … It's time to make education America's national mission" (p. 2).

14.4 The global reform movement

In recent times there has been growing concern among some educationalists, and particularly teachers' unions, that a global education reform movement – referred to as a 'GERM' – is spreading worldwide. Pasi Sahlberg, who coined the term, argues that: "So visible is this common way of improvement that I call it the *Global Educational Reform Movement or GERM*. It is like an epidemic that spreads and infects education systems through a virus. It travels with pundits, media and politicians. Education systems borrow policies from others and get infected" (Sahlberg, 2012, para. 5).

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[12] The Recovery Act stimulus package enacted by the US Congress in February 2009 allocated US$97.4 billion for education, making this the largest investment by the federal government in history. As of 30 September 2010, the Department of Education's entire $97.4 billion in Recovery Act appropriation had been awarded. Information retrieved from http://www.ed.gov/recovery

The GERM has a commonality in its reform policies with Sahlberg (2012) noting it has three main symptoms. The first two; more competition and an increase of school choice, and the third; stronger school accountability related to the standardised testing of students. All three symptoms can be seen as aligning with Friedman's education reform ideas discussed in detail in this chapter and earlier in Chapter 12.

As the World Bank's 2011 *Education Sector Strategy 2020* global education plan moves forward, along with the concept of public-private partnerships (PPPs), it is also incorporating a SABER programme (Systems Approach for Better Education Results) to measure and benchmark students and teachers in schools around the world.[13] Since its conception under the Clinton administration in 1996, the PISA test has become a well used resource to compare the educational achievement of nations. First launched in 2000 to measure the educational achievement of 15-year-old students in only the OECD countries, the PISA has expanded to include three-yearly nationally representative samples of students in each OECD country plus to a growing number of invited and partner countries (and sub-national units). Originally given to just the 33 nations of the OECD in 2000, nine years later the number of participants in PISA has more than doubled to 74, including the city of Shanghai. Recent OECD PISA test results have confirmed that Korea and many other historically 'lesser' nations have now officially overtaken America in test results, in some cases by wide margins.

Alongside the World Bank's benchmarking and the OECD tests, private businesses are also entering the global market. American education publisher, Pearson, recently began its own Research and Innovation Network, *The Learning Curve,* designed to conduct international benchmarking on education achievement in order to help schools become more aware of their performance.[14] In late 2012, it

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[13] SABER – Student Assessment is a World Bank initiative to benchmark learning assessment policies and systems in developed and developing countries around the world. Retrieved from http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:22808581~menuPK:282391~pagePK:148956~piPK:216618~theSitePK:282386,00.html

[14] Retrieved from http://thelearningcurve.pearson.com/

published *Lessons in Country Performance in education* (2012), a comparative league table report with qualitative explanations of performance.

14.5 The enigma of public-private partnerships (PPPs)

A recent World Bank publication *The Role and Impact of Public Private Partnerships in Education* (Patrinos, Barrera & Guaqueta, 2009) provided compelling evidence that engaging the private sector can create greater competition, increase flexibility, enable open bidding processes that in turn will provide a better choice of providers, and better balance the sharing of risks between the government and the private sector.

Although PPPs could be viewed by many as a recent innovation of the Western World, as this thesis has shown, for Korea they were well used in the 1960s and 1970s to provide a practical solution to urgent state development problems. PPPs allowed the Korean government to utilise its fledgling private business sector, employ and train unemployed citizens, and create national 'stimulus' projects that ultimately would help many families out of post-war poverty. The school construction PPPs in Korea, and similar PPPs in other sectors, resulted in many Korean companies successfully expanding, gaining market knowledge, and – most importantly – providing employment for the many illiterate Koreans who had not attended school during the Japanese occupation.

Korea's use of PPPs to solve its own economic problems in the 1960s would appear to have no direct connection to Friedman's promotion of privatisation and state partnerships during these same years. However, by coincidence, both contained the same ideological underpinning of the business sector and the state working in partnership – effectively sharing the responsibilities and costs. The dictatorial leadership of President Park from 1962 to his assassination in 1979 can suitably be described as a time when efficacy and competition were efficiently infused into what was then a very restricted domestic market environment. However, once democracy became the status quo in 1987, the *Segyehwa* policy was in place, foreign funds were easily accessible, and free trade ideology rampant in global trading, the same policies which worked in the 1960s were exceedingly difficult to implement, became

uncontrollable and skewed the dynamics and economic power base of the market, thus allowing America to gain an upper hand in its trading demands.

Twenty five years ago the New Zealand *Treasury Briefing* provided the following prediction for a public-private partnership reform:

> An individual or parent seeking private educational provision will enter into a formal or notional contract with a provider. The parties to the contract will seek to balance the costs and benefits of provision in a mutually satisfactory way. Such a contract will bundle together four core elements: who chooses, who pays, who benefits and who is accountable for delivery of the service. (Treasury, 1987, Chapter 10, para. 5)

With previous reforms containing market-based solutions but leaving the administration, funding and staffing still under the umbrella of the New Zealand state school system, the proposed era of charter schools, public-private partnerships and national standards may signal just the beginning of more major changes.

14.6 Trade in education

The successful establishment of the WTO in 1995 allowed a powerful quartet of organisations, (IMF, WTO, OECD and World Bank) to join together and dominate global policy. By default, this omnipotent quartet have became the 'inspectorate' of the world, apparently neutral, yet armed with the power to compile and publish surveys and statistical reports, compose (or expose) state-of-nation reports, conduct conferences, research issues, and to ultimately provide documentation and guidance for nations to undertake restructuring and/or reforms.

The emergence in 1995 of the WTO promoted both free trade and the constitution of a Goods and Trade in Services agreement (GATS) as one of its principal treaties. The GATS endorses the progressive global liberalisation of all levels of education and the development of a new international regime on trade in education. Under GATS, countries promise to treat foreign providers no less favourably than their own citizens and agree not to place any limitation on their own education market. In

Globalisation, GATS and trading in education services Robertson (2006) commented on how GATS was already shifting education services to fit within a trading and commercial environment.

> Although GATS formalises trends already taking place in the education sector (from primary to higher education), by reframing education using the language of trade and juridifying it within the global regulatory framework, it transforms education into a legally protected industry that can be traded globally. (p. 2)

14.7 Today's reform*:* Tomorrow's industry

Since the global financial crisis of 2008, a profound fiscal stress has grown in government budgets around the world as historically state funded welfare and education budgets have been cut back and priority spending agreed upon. In such a situation, tensions are inevitable. With many governments worldwide now prepared to 'hand over' pivotal ideology aspects of their education systems to the World Bank, and let the OECD control the benchmarking of all children, and allow private enterprise in, much will change.

In 1962, when Milton Friedman wrote Capitalism and Freedom and analysed the application of his economic theories to education, little did he know the extent to which his work would so closely align with the 'new' policy promoted by the World Bank and OECD five decades later. Although much has changed in 2014, the underlying neoliberal philosophies for the privatisation and reform of education, first articulated in 1962 by Milton Friedman, have only been embedded further and now appear to be gaining momentum.

In this competitive environment, there will be enormous opportunities for private businesses. The dominant discourses of choice and charter schools are already expanding alongside keen interest from commercial enterprises. State-funded education providers are already finding themselves under increasing pressure to maximise their reputations, demonstrate higher student achievement, attract more international FFPS, and be more accountable.

Just as is already happening in Korea, summative assessments and examinations will become critical to a student's future. As has already happened in America, poor school or individual performance and/or over-ambitious parents will lead to a further surge in demand for additional services. As the employment sector and political goals further embrace information technology and the Internet, schools will need to become highly interconnected and ready to embrace new ways of sourcing curriculum content and online teaching methods, all of which are able to be provided by the private sector.

Under commercial agreements, providers of educational assessment services and testing will likely enter into contractual agreements with schools and government departments to 'help' with customised assessments and test administration, leading to an expansion of paid education services, preparation materials and resources. Leadership, sponsorship, and investment in education could come from established publishing and media companies and technology providers, many of whom already support conferences and special philanthropic programmes. 'Teaching to the test' – a common feature in Asian education systems – is a possibility, as will be the prospect of more domestic students studying for entrance examinations of other countries.

The inevitable higher test scores and standards that school children obtain, nationally and internationally, will soon provide the illusion of there being a high quality education system underpinning the results and will no doubt lead to the elevation of the highest scoring countries to the status of global superpowers and education leaders. With the 2009 PISA scores of American students providing 'proof' that American schools were 'failing', whereas students in Korea and Shanghai were surging ahead, the timing of these results has formed a perfect environment for education reform to occur. Western children, their teachers and parents are already finding themselves pulled into a competitive fray more common to Asian parents.

As the scale of global testing expands, the media obsession to publish the seemingly equally measured comparisons in the form of league tables will grow, thus further reinforcing a belief that education provision has become a nation-against-nation competition where the 15-year-old participants become a proxy for every other

15-year-old student in their own country and representative of their country's prestige and economic power.

14.8 New Zealand's position

The argument that New Zealand has its own cultural identity and is different from other educational jurisdictions in the world is, of course, partly true but it does operate in a similar milieu as other countries. I argue that currently there is not only untapped commercial potential apparent for parties outside of New Zealand to financially benefit as a result of New Zealand's liberalised education, immigration, and commercial legislation, but also a government with an 'open door' to all free trade and highly supportive of global trade in education through the WTO GATS agreement.

New Zealand has always indicated it supports further liberalisation of trade in education services and recently became a founding member of a group of seventeen countries advocating putting education service trading high on the global trade negotiation agenda. Meeting in Geneva in May 2012 the group, called the "Really Good Friends of Services", agreed in principle to begin talks on a new *International Services agreement* (ISA) that would go beyond the WTO's General Agreement on Trade in Services.[15]

14.9 Summary

I foresee a vastly different educational world may be already looming on the horizon as different countries come under pressure to adopt quantifiable generic education standards and policy frameworks on offer from the World Bank or OECD. Competitive choice may have been injected into New Zealand's state schooling system and commercial activity legislated for in the 1990s. However, in 2014 the government

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[15] New global services talks launched (08 June 2012). Education International website retrieved from http://www.ei-ie.org/en/news/news_details/2185. Members of the 'Really Good Friends' group are top global economies that account for the bulk of world trade, with the EU and the US representing 40 per cent. Besides the EU and United States, the other countries are Australia, Canada, Chile, Chinese Taipei, Colombia, Hong Kong China, Japan, Korea, Mexico, New Zealand, Norway, Pakistan, Switzerland, and recently Peru, Costa Rica, Israel, Turkey, and Panama. Retrieved from http://www.euractiv.com/specialreport-free-trade-growth/really-good-friends-mull-interna-news-515258

has still not withdrawn from significant 'hands-on' administrative control of the state education system nor fully established an employment environment for educational leaders and teachers that is characterised by benchmarking, league tables, and performance evaluations for teachers and their students' achievements, as is now common in other countries. In this respect, and reviewing wider aspects of Friedman's theoretical perspectives on the role that governments should play in education, I posit the possibility that New Zealand's compulsory state schooling education system in 2014 may only be 'half reformed' – with PPPs and charter schools being only the first steps of many more still to come.

Chapter 15

Conclusion

15.1 Aims of the research

A key area for investigation has been the past and present policies and practices of the New Zealand government in relation to how school-age education became a tradable commodity and part of an export education industry.

I sought to locate the philosophical and economic origins of market practices and economic agendas involving education reform in order to gain clarity and understanding as to the part Western-spread neoliberal ideology has played in influencing global education directions, and, in particular how this may have been manifested in education industry activity in Korea – a non-Western country.

Additionally, this thesis sought to identify the generational and societal issues Korean families have faced in relation to education, thereby identifying future issues to be taken into account in New Zealand if there is an increase of young students studying transnationally, an expansion of public-private partnerships (PPPs), or any significant development of commercial sponsorship and profit-driven programmes and services occurring within or involving New Zealand's state schooling system.

15.2 Major findings

- That the Korean school-age export education industry in New Zealand originated in 1999 through the entrepreneurship and tenacity of the Korean people themselves and that it has always been sustained by their own hard work, favourable visa laws, school availability, regulatory loopholes, and the strong support provided by the New Zealand resident Korean community.

- For New Zealand, this study affirms that, despite government funds being available or allocated to prioritise research of the Korean market, and the

school-age education market for young foreign students in New Zealand, these markets have largely been ignored and remain an enigma to this day.

- This study challenges an assumptive belief that New Zealand's 'clean and green' image has ever been a priority for Korean parents when choosing New Zealand as a schooling destination, or that the New Zealand government ever had a well-planned initiative to bring young foreign fee-paying students to New Zealand.

- This study provides credible evidence supporting the argument that powerful parties from America have been the leading long-term change-agents in global education policy and highly influential in the spread of neoliberal policy as a means of reforming education. This argument is supported by a recurring pattern of America projecting its own ideologies and economic agendas on to other willing, or at times unwilling, recipients – as detailed in this thesis.

- A key hypothesis is that the *Tomorrows School's* (1989) reform period in New Zealand represents just one part of a pattern of neoliberal reforms that have occurred in what can be argued as being four separate phases. These phases, when viewed over time, have incrementally allowed the infiltration of neoliberal policy, privatisation, and a mantra of competition into education. I have argued that each phase beginning in 1962, 1980, 1994, and 2008, had its genesis in America and connected ideology and operation to a previous stage.

- This study confirms that both New Zealand and Korea were compelled by the IMF and World Bank to implement a neoliberal-based structural adjustment programme, privatisation, and decentralisation reforms to their domestic education and economic systems. For New Zealand this was in 1984, for Korea, 1994.

- The World Bank, the OECD and America are noted as being influential and leading conduits in what I argue to have been a continuous and still active endorsement of the use of neoliberal policy in global education reform.

15.3 Limitations of the thesis

It became apparent early on that this research topic would have significant limitations in regards to time management. Despite what initially appeared to be considerable research available related to the international student market in New Zealand, much turned out to be unlinked to the aims of this study. Similarly, culturally-specific information, other than statistical, on the Korean student market was found to be almost nonexistent in New Zealand. To my detriment, as I made each new 'discovery', I allowed myself to delve deeper and search far wider than normally would be sensible in order to triangulate my findings. My research extended well beyond initial expectations and was, at times, overwhelming and laden with extraneous information.

On a positive note, the extra time allowed me to connect and piece together many more previously unrelated events and relationships that I argue will substantially increase the knowledge base of the origins of an education industry discourse. Very noticeable, over the five year period of this research, has been that my initial thinking in 2008 has been consistently strengthened in regards to the changing direction of global education reform per se and the enduring influence of neoliberal ideology.

The strength and suitability of interpretative methodology for this research is that I have been able to prioritise and portray the 'human faces', and the deep-seated attitudes, values and intentions, of all parties closely involved in the education markets and education reform. The post-positivist and interpretive aspect of this case study provided me with a flexible platform and the capacity to collate a greater variety of information from further afield and to look past easily accessible literature, politically commissioned research reports, and statistical data. This empowered me to create a reformulation of the phenomenon of education reform. While other researchers may have identified or included other themes, my findings are a collation and interpretation of what I have deemed the most relevant, but they cannot be regarded as absolute truth.

15.4 Suggestions for further research, policy, and practice

I urge the New Zealand government and fellow academics to reflect on what has been documented in this thesis and ask that political and education leaders do not ignore the already prevalent credentialist and competitive behaviours of Asian cultures, the policies of America, and the growth of an international shadow education industry.

The intensity of competition that may occur if education trade becomes global, and the unpredictability of the control of any minor markets within it, require serious consideration. Just as Korea's private education businesses are seen as having migrated to New Zealand when Korean school students arrived in 1999, I foresee similar potential for America's education industry service providers, publishers and investors to pursue fertile new grounds for investment and expansion in New Zealand, with or without international agreements being ratified.

A globally standardised education environment will have profound implications for how qualifications are delivered and assessments are made, but also on what students learn, how teachers teach and are rewarded, how schools are structured, and who will fund them. Greater debate is needed in relation to how New Zealand's state school systems may perform, and be measured, if international criteria and/or league table standards are applied. Equally important is how achievement will be able to be evaluated, measured and tabulated and how student progress and achievement (or the lack of it) will be attributed to students who move between public, private or unregulated tuition providers.

Korea's social crisis in regards to education should be a timely warning for all parents to be more pragmatic about their own children's future pathways and an impetus for fellow researchers to delve deeper into the economics of education policies. Those with an interest in education must maintain a vigilant attitude in regards to any changes occurring within or connecting to education, such as immigration and economic policies, especially if future private market expansion originates from within an immigrant-driven market, through international investment, or public-private partnerships.

15.5 The future of education

The necessity for a globalised world where all compete equally, including in education, has become the 'grand narrative' and the expected norm for how countries should operate. Korea's experience aptly demonstrates, any assumptions that free markets will be self-organising, liberating, and beneficial has not been borne out in this thesis as credible. Equally, President Obama's recent call for America to look to Korea for education excellence ignores the harsh reality of school life in Korea.

In 2014, Korea's state-funded 'equalised' school education system remains strongly egalitarian, with nearly half of Korea's high schools remaining in the hands of private business ownership as quasi-state schools, with their owners receiving government funding. This has created a stalemate situation where the Korean government can control and distort the dynamics of the market, retain old laws, and exert punitive regulations.

This situation promotes the continual growth of a shadow industry of educational services that profits from the vast sums of money extracted from those compelled to use it and makes it exceedingly difficult (if not impossible) for the Korean government to untangle the symbiotically joined state and business partnerships. The accelerated growth of clandestine education markets in Korea indicates that once a market establishes, it may be exceedingly difficult for any government to measure the full scale of market activity, impose taxes on providers, detect indirect cash-flows, or monitor unregulated or corrupt activity.

Any nation's economic malaise being fixed by education reform or students 'out-educating' another nation's students are at best utopian concepts. The idea of an 'achievement war' or what could also be viewed as 'trade war' in education services and investment between Asia and America has interesting implications for the future. I question why, following the 2008 Global Financial Crisis, American President Obama has consistently pushed young American students and their teachers into a highly competitive arena of measured achievement. Is this perhaps a disguised pathway with the potential to stimulate and/or extend American business investment, further

privatise state-funded education, or reduce the amount of state money that funds school-age education, as advised by Milton Friedman over fifty years ago?

The ramifications of a competitive global environment where school children must compete against each other is worthy of consideration, especially when Korean students are already protesting that they are little more than 'lab rats' and 'machines' and are under so much stress to succeed that suicide is regarded as a valid exit option. The reality is that already all education systems in OECD member countries, in the East or the West, are being equally measured and compared. As each government encourages students to study harder, obtain ever-higher qualifications, and receive 'top' results that their governments and media can proudly acclaim, the ensuing environment will become one with which Korean students are all too familiar.

In 2014, the original education reform ideas of Milton Friedman have not just stood the 'test of time', I would argue they have also gained support from the state and private business sectors, with many big corporations, publishing companies, and influential media now 'on board'. In this respect, any increase in the establishment of public-private partnerships, charter schooling and school choice policies in any country will be challenging to students and their parents, but a windfall to the business world.

15.6 A final provocation

I believe that a point of no return has already been reached and that there is now only a remote chance that New Zealand could (or would) retract its involvement in any of the already signed global education agreements with the OECD or the World Bank, or that any serious consideration would be given to do this. I argue that there is a strong chance that a new global 'school playing field' will slowly establish – one that may well see unregulated and disparate market operators exercising unrestrained greed, cut-throat competition, selective sponsorship, and guided philanthropy, especially if the WTO GATS in education services fails to gain an abiding trade treaty. Even with a GATS agreement in place, this study points to the likelihood that an education industry of small business, individual agents, and entrepreneurial citizens will thrive both in and out of the 'shadows', especially if welfare and employment safety nets are not easily available or are cut-back by government policy.

Over fifty years ago, American economist Milton Friedman urged governments to step back from the direct administration of schools, arguing that governments should prioritise and, if need be, subsidise the customers (parents and children) and not the producers (the schools and unionised teachers). I foresee that any transference of responsibility for a country's economic ills being placed on to its schools, or for its school children to 'out perform' all others in the world, looks set to be an 'impossible dream' – one that may ultimately result in disillusionment, frustration and a future new social or educational crisis.

Ultimately, can Korea's painful past and the present day stressful lives of Korean children become the timely warning to New Zealand, and other similarly Western-aligned countries, as to what the future of education may be like? If the Korean people's post-war dream in 1951 was for Korea's war-battered, illiterate and homeless children – the nations' flowers – to have a better future, it is vital we gain an understanding of how education became a nightmare for many Korean students, and ask ourselves; where is the finishing line for this 'race to the top'?

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