Western Australian Education Policy and Neo-classic Economic Influences.

Iain W.P. Browning
M.Ed.(Hons), B.A.
This thesis is presented for the degree of Doctor of Education of Murdoch University 2002. I declare that this thesis is my account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

Iain W.P. Browning
# Table of Contents

<table>
<thead>
<tr>
<th>Chapter One</th>
<th>Introduction</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter Two</td>
<td>A Condensed History of Western Australian Education.</td>
<td>19</td>
</tr>
<tr>
<td>Chapter Three</td>
<td>The Global Origins of Neo-classic Economics</td>
<td>30</td>
</tr>
<tr>
<td>Chapter Four</td>
<td>Education Policy in the UK and US</td>
<td>44</td>
</tr>
<tr>
<td>Chapter Five</td>
<td>Neo-classic Economics in Australia</td>
<td>59</td>
</tr>
<tr>
<td>Chapter Six</td>
<td>Commonwealth Education Policy 1975-1986</td>
<td>75</td>
</tr>
<tr>
<td>Chapter Seven</td>
<td>Commonwealth Education Policy 1987-1996</td>
<td>90</td>
</tr>
<tr>
<td>Chapter Eight</td>
<td>Education Policy in Victoria</td>
<td>108</td>
</tr>
<tr>
<td>Chapter Nine</td>
<td>Neo-classic Economics in Western Australia</td>
<td>118</td>
</tr>
<tr>
<td>Chapter Ten</td>
<td>Western Australian Education Policy 1985-1992</td>
<td>135</td>
</tr>
<tr>
<td>Chapter Eleven</td>
<td>Western Australian Education Policy 1993-1998</td>
<td>152</td>
</tr>
<tr>
<td>Chapter Twelve</td>
<td>Conclusion</td>
<td>169</td>
</tr>
</tbody>
</table>
Acknowledgments

This thesis represents four years worth of work for me but it would not have been possible without the generous assistance and encouragement provided by a number of people whom I would like to openly acknowledge. Professor Don Smart from Murdoch University, acted not only as my principle supervisor throughout the research and writing of this thesis, but also continues to inspire me with the depth and breadth of his knowledge on educational policy and history. Don was kind enough to supervise me through this thesis and my Masters thesis which equates to about six years of him having to put up with me. I doubt whether I would have made it through either Degree without Don’s consistent, ethical and calming advice over the years. I also, of course, need to acknowledge the moral support provided by my wife Sarah who has over the years patiently put up with my studies. She has inspired me by regularly informing me that I need to do ‘more earning and less learnin’. Finally I would like to acknowledge my many and various colleagues who put up with me throughout the research and writing of this thesis. Their patience and understanding is genuinely appreciated.
Abstract

This thesis is primarily an historical examination of how neo-classic economics influenced WA education policy formation from the mid 1980s until the release of the Curriculum Framework (1998). It first aims to examine and explain the context and origins of neo-classic economic influences globally, and then explores the process and impact of its introduction to WA policy-making in general, and to education policy in particular.

Within the thesis some fundamental propositions put forward by other theorists are built upon. The most significant is the view that between 1983 and 1998, there has been a distinct and well documented shift in the primary ideological forces driving education policy throughout the western world. This is attributable to a strengthened link between education and national economic goals which has resulted in an economic imperative and the use of an economic discourse to describe educational aims. From these understandings this thesis explores whether neo-classic economics has played a significant influence in shaping education policy in WA, as it has done in many parts of the world.

The methodological approach principally involves the textual analysis of major policy documents preceding and including the Curriculum Framework (1998). The focus is on primary and secondary sources, essentially to discover, analyze, and demonstrate how neo-classic economics had influenced education policy in WA by 1998.

Taking a pragmatic approach, this professional doctorate makes a specific contribution to research through synthesizing the impact of neo-classic economics on WA schools policy via a range of principally secondary sources. In particular, it explores how neo-classic economics influenced WA education policy by seeking to answer four fundamental research questions:
1. Was the influence of neo-classic economics evident internationally, and if so did it impact on education policy?

2. How did neo-classic economics influence Australian Commonwealth Government schools policy?

3. Were there clear neo-classic economic influences evident within other Australian states, and, if so, did they influence schools policy?

4. In whose interests were neo-classic economic education policies?

*Neo-classic* economic approaches were espoused widely as a solution to the apparent failure of Keynesian economics from the early 1970s onwards. Beare (1995) argued that in many countries policy perspectives for education and other welfare services changed in a number of ‘profound’ ways. The most significant was the use of an economic rationale to justify almost every significant policy initiative.

 Within the Anglo-democracies, specifically the US and UK, the pursuit of neo-classic economic policies involved the adoption of initiatives allowing the ‘market’ to dictate what should or should not occur within the economy. As a part of the neo-classic economic drive, governments endeavored to improve efficiency within the public services. Consequently, education policy became driven by an economic imperative often to the detriment of educational aims.

This study demonstrates that neo-classic economic policy came to dominate government decision making in Australia following the election of the Hawke Labor Government in 1983 (Dudley and Vidovich 1995). This was similar to neo-classic economic patterns in the US and UK. By 1985 neo-classic economic trends at the Commonwealth level were clearly evident and became more overt and robust with the passage of time. Under Minister Dawkins Commonwealth education policy was firmly linked to national economic goals.
An examination of the Victorian context demonstrates neo-classic economic trends within the other Australian states' education policies. Under the Kennett Liberal Government the shift to neo-classic economic education policy resulted in reductions in educational spending, staffing cuts and school closures. The prime motivation for the reforms was the reduction of costs and the aligning of education through a focus on vocational subjects and employment related skills.

Concomitant with the rise of neo-classic economics was a commensurate growth in the attention of Australian business and industry to education policy. Business and industry groups increasingly promoted the notion of human capital theory by linking education and economic growth. This can be partly attributed to employers’ growing interest in having schools produce individuals suitably prepared for positions in the workplace, a phenomenon which has been reflected in WA secondary schools through a shift to a vocationalised curriculum (Browning 1997). In effect business was able to defray expending capital on training workers through hiring school leavers tailored for workplace positions. From at least the early 1980s there was accelerating evidence of a more active and open involvement of business in the major education inquiries which also contributed to policy formation dominated by neo-classic economics.

The exploration of the global and national context of neo-classic economics confirms that neo-classic economic influences within WA did not occur in isolation. From at least 1987 it is evident that neo-classic economics influenced WA education policy. The consequence was a curriculum shaped predominantly by economic interests as opposed to educational concerns.
Chapter One

Introduction

Orientation

Public schooling reform in Australia has been the subject of numerous studies by educational theorists such as Apelt and Lingard (1993). They question whose interests are served by the reforms. They note that competing interest groups including parent, business and political bodies, often have conflicting motivations. Apelt and Lingard (1993) argued that during the 1980s and early 90s the motivations driving educational policy reform became increasingly linked to business interests.

In recent years WA educators have often expressed cynicism when discussing policy reform in their state schools. They sometimes liken reform to re-shuffling policy deck chairs on the sinking ship ‘Education’. Marginson (1991) suggests one reason why educators have become cynical can be found in the notion of competing discourses. There are fundamental dilemmas for state schools as they attempt to deal with the competing discourses of government policy rhetoric. On the one hand, schools are expected to respond to the basic principles of equity in the interests of social justice. Simultaneously though, it is expected that schools will embrace the often contradictory discourses manifested in the state’s demand for a devolved and decentralised competitive education system, a system which may have very serious negative consequences for equity and social justice.

In recent decades Australia has seen its governments deliberately connecting education and national economic goals (Birch and Smart 1990, Marginson 1991). This approach to Commonwealth and state government policy formation has resulted in an increasing focus on economic imperatives and the use of an economic discourse to describe educational aims. There has also been a distinct and well documented shift in the major ideological forces driving
education in WA. The goal of my study has been to examine and explain how the now dominant neo-classic economic approaches have shaped and influenced education policy formation within WA.

This thesis is primarily an historical analysis of the emergence of neo-classic economics as a significant influence in education policy generally, and more specifically in WA state education policy formation. It aims to examine and explain the context and origins of neo-classic economics and as such explores the educational rationale and politics involved in its introduction to WA.

Harman (1974) argues that because education policy is under the direct control of governments, inevitably, various political factors unrelated to education exert significant influence on the shape and evolution of educational policies. For the purpose of this thesis, Harman’s (1974) broad political science definition of ‘politics’ will be used. That is, politics is:

The exercise of power, rule and authority in society and the making of authoritative decisions about the allocation of resources and social values. (Harman 1974)

Many analysts assert that largely because of the rise of neo-classic economic influences in the 1980s and 90s, the control of education policy progressively moved out of the dominant influence of educators and into the hands of politicians and business interests (Marginson 1991, Birch and Smart 1990, Dudley and Vidovich 1995). This thesis seeks to explore whether or not the above view is consistent with what happened within WA curriculum policy during the period.
Aims

The nature of the Professional Doctorate dictates a pragmatic approach to my topic. This thesis seeks to answer one fundamental question:

How did neo-classic economics influence WA education policy formation from the mid 1980s until the release of the Curriculum Framework in 1998?

However, four prior questions need exploration to ascertain whether any neo-classic economic influence which might be evident within WA was part of a larger phenomenon and not simply an isolated occurrence. These questions are:

1. Was the influence of neo-classic economics evident internationally, and if so did it impact on education policy?
2. How did neo-classic economics influence Australian Commonwealth Government schools policy?
3. Were there clear neo-classic economic influences evident within other Australian states, and, if so, did they influence schools policy?
4. Whose interests were served by neo-classic economic policies?

It will be argued that from the early 1970s onwards, neo-classic economic approaches were increasingly espoused as a solution to the apparent failure of Keynesian economics. Such approaches gained prominence both internationally, and locally in Australian, in government policy formation. The term ‘neo-classic economics’ refers to a belief in competition, free markets and minimal governmental intervention (Barcan 2001). A more detailed definition is provided later in this chapter. According to Down (1993), during the 1980s Australian business and industry increasingly focused its attention on education policy. This shift in focus accompanied the rise of neo-classic economics.
When examining the 1980s and early 90s in retrospect, Beare (1995) concluded that within western nations, government policy perspectives on education and the other social services changed in a number of profound ways. Most significant, was the growing use of an economic rationale to justify almost every significant policy initiative. According to Dudley and Vidovich (1995), in Australia this approach dominated government decision making following the election of the Hawke Labor Government in 1983 and especially once John Dawkins became Minister for Education.

Business and industry groups increasingly promoted the notion of human capital theory by linking education and economic growth. This might be attributed to business’ vested interest in schools producing individuals suitably prepared for positions within the workplace. This particular interest has been reflected within WA secondary schools through a shift towards a more vocationalised curriculum (Browning 1997). School leavers who were already prepared for a workplace position enabled business to avoid expending large amounts of extra capital on training workers. From at least the early 1980s onwards, there is evidence of a more open involvement of business in many of the major Australian education inquiries leading to policy formation.

Methodology

This thesis is primarily an historical analysis which explores how neo-classic economics influenced WA state education policy. It principally involves the textual analysis of major policy documents preceding and including the Curriculum Framework (1998). As such, the methodological approach largely restricts its focus to primary and secondary sources, essentially to discover, analyse and demonstrate how neo-classic economics influenced education policy in WA.
The study utilizes an historiographic synthesis and analytical approach which begins with a broad examination of neo-classic economics and its influence on education policy on a global scale. It then narrows that analysis to the Australian national level, followed by the state level, finally focusing on the local WA state level. The intention is to search for and confirm broad patterns and to then look for those patterns emerging within WA education.

The thesis's general approach to analysing the impact of neo-classic economics can be represented diagrammatically as follows:

![Diagram](image)

**Significance**

Various scholars have argued that from the 1980s onwards government education policy in Australia became increasingly driven by the ideological forces of neo-classic economics which incorporated concepts such as productivity and efficiency. In particular, it has been argued, there has been a growing focus on making the education provided to students 'relevant'. We might easily debate exactly what it is that government education should be 'relevant' to. Currently it is apparent that relevance applies to employment prospects and as such, business and industry groups have exerted influence on Commonwealth and state ministers pressuring them to make
education, or ‘skills training’ in their parlance, more relevant to the specific needs of employer
groups. The influence of neo-classic economics, then, is reflected nowhere better than in this
vocationalisation of education largely resulting from employer groups making demands about
the specific skills students should attain at school (Browning 1997).

Arguably, Kuhn’s theory of scientific revolution became a profoundly influential landmark in
intellectual history (Van Gelder 1996). He argued that science was not a steady cumulative
acquisition of knowledge but was, instead, a series of relatively peaceful interludes punctuated
by intellectual revolutions. Within these revolutions, one world view was replaced by another.
Specifically, he wrote of intellectual paradigms, claiming that new paradigms could not build
upon those preceding them but could only supplant them.

This thesis is located within an existing paradigm as it supports and builds upon the work of
other scholars who have written in the fields of educational policy development and education
history. As such it provides a contribution through the synthesis of secondary sources. That
paradigm perceives education policy development as constantly shifting between differing
influence groups but in doing so, continuing to move towards the production of an idealised
curriculum. The paradigm might be characterised as critical education history. Consequently the
thesis is significant as it examines what others have written about neo-classic economics and its
influence on education policy. This understanding is used to analyse a neo-classic economic
policy approach within WA education. I would argue that this thesis does not challenge the
existing paradigm but rather consolidates and builds upon the work of those writing within it.

As this thesis is within a paradigm, it builds upon the intellectual body of work within the field
of WA educational history including that of Mossenson (1972). He produced a comprehensive
study from first settlement in 1829 until the 1960s. Neal (1979) edited another history of
education in WA during the state’s 150 year celebrations. His work contained contributions from academics including Stewart. Within Stannage’s work *A New History of Western Australia*, Fletcher (1981) contributed a chapter on education in WA. Each of these histories was relatively ‘traditional’ and focused on the ‘progression’ of education in WA from first settlement until the contemporary era (about the 1960s or early 70s).

Other researchers have produced critical studies which examine particular contemporary developments in WA education. These have tended to focus on particular issues and as such might be considered as policy analyses. However they have also contributed to an understanding of WA education’s historical evolution. Goddard (1992) examined how change was managed within the Education Department of WA between 1983 and 1989, incorporating an analysis of the ideology behind that change. Bamblett (1991) undertook an analysis of the initial introduction of ‘devolution’ into WA education. Because it involves the reduction of the central bureaucracy, devolution can be viewed as a ‘double edged sword’. It can easily be perceived as a ‘tool’ of neo-classic economics yet it also enabled participative decision making. Down (1993) produced a critical history of state secondary schooling in WA after 1945. His study supports the assertion that education policy in WA has been subjected to economic influences and favoured the interests of certain groups. Others have also produced single focus studies into WA education. This thesis is a further contribution to this tradition of analysis of education policy in WA.

In examining the influence of neo-classic economics on WA education, this thesis draws upon, synthesises and contributes to other significant works within this policy field. Researchers such as Smart and Alderson (1980) have contributed through the examination of policy making decisions within WA education. In particular Smart (1980, 1982, 1986, 1990) has made significant contributions in education policy analysis, producing numerous works. He has also
worked in conjunction with others in policy analysis such as: Harman (1982), Dudley (1990) and Wilson (1991).

Harman’s work (1974 and 1991) provides this study with a helpful definition of politics and valuable insight into the restructuring of school management within government schools. Similarly, Dudley and Vidovich’s (1995) analysis of the politics of education in Australia is also drawn upon by this study. Beare’s analyses (1991 and 1995) of the restructuring of schools and education systems (as well as changing management patterns within government school systems) are also drawn upon. This thesis builds upon the work of these researchers. It achieves this within the context of explaining how neo-classic economics impacted on the development of education policy.

In particular, this study draws upon the work of Marginson (1989 and 1991), examining economic influences on Australian education. Marginson argues not only that Australian education has been subjected to neo-classic economic pressures but that neo-classic economic tools such as measures of efficiency and effectiveness, are poorly suited to developing policy in education and similar social services. This thesis uses Marginson’s claims to support the perspective that the dominance of neo-classic economics in WA education policy was not primarily in the interests of students, but rather, served predominantly the interests of business and the major political parties.

A study of the influence of neo-classic economic influences on WA education policy is significant as it substantiates the work of others elsewhere in Australia by demonstrating that WA education was subject to the same influences as elsewhere in the nation. The study also contributes to an understanding of the history of WA education and the development of the state’s education policies. It provides evidence for, and develops the argument that, during the
present era, economic and political interest groups have gained the ascendancy while educators and the political left, whose proponents seek to promote liberal egalitarian ideals, have been largely defeated. This is the contribution which I seek to make within this thesis.

**Neo-classic Economics**

Since neo-classic economics is a conceptual tool within this study, a clear definition of the term is essential. It will be argued that this economic approach dominated government decision making from the early 1980s onwards. Whilst others such as Pusey (1993) and Carroll (1992) have described a phenomenon which they identify as ‘economic rationalism’, the term ‘neo-classic economics’ is used interchangeably by writers such as Barcan (2001). Neo-classic economics is used within this thesis (as it has been internationally) to describe what is generally accepted to be economic rationalism in Australia. As a consequence, where commentators such as Pusey have used the term economic rationalism, this writer has taken it to be synonymous with neo-classic economics.

Neo-classic economics within Australia has been defined by a number of theorists. Carroll (1992) simply describes it as ‘laissez-faire’. Pusey (1993) though, claims that it is the doctrine which perceives markets and prices as the only reliable means of setting values. Proponents believe the market will always deliver better outcomes than bureaucracies. Within a metaphoric discussion, Pusey (1993) notes that neo-classic economists perceive a need for the economy to ‘drive society’-as opposed to society ‘applying the brakes to the economy’. He carries this metaphor further, arguing that neo-classic economists view society as ‘a form of stubbornly resisting sludge through which the economy must be driven’.

Hughes (1994) is less cynical, stating that neo-classic economic ideology is based on assumptions which include a belief that individuals can best judge their own economic interests.
Furthermore, private markets are efficient and there needs to be minimal governmental interference for the market to operate efficiently. The fundamental concept behind a neo-classic economic model is a belief that the primary economic problem is the government. According to this belief, only by reducing the size and influence of government, and allowing the markets to decide, will economic health return. Consequently, there is a focus on productivity and efficiency within the provision of government services, with minimal regard for the effect this might have on the quality of that service.

The rise of neo-classic economics within Australian policy formation was attributed to the earlier work of international theorists such as Friedman and Hayek who were writing in the 1960s (Emmerton 1993). The pressures which provided the catalyst, though, have at least two points of origin. Firstly, the world-wide recession of the early 1970s (largely caused by the international oil-shock), concentrated attention on the need for economic reform. Secondly, there was a growing belief that Keynesian economic models, with their focus on governments maintaining tight control over the economy were not suited to contemporary national economies within an era of increasing economic globalisation. As a consequence, neo-classical economic models, which focused on loosening governmental control over the market, gained wider acceptance.

Pusey (1991) observed that whilst the scope of change varied from one nation to another, in every case they followed liberal conservative maxims. This resulted in the shifting of the coordination functions of nations away from central state bureaucracies to economies and markets. Rhetoric justifying the need for a significant shift emphasised: the elimination of waste and inefficiency, saving the taxpayer dollars, streamlining the public sector, and so on. This was evident in the economies of the US and UK which respectively adopted economic policies that became popularly known as ‘Reaganomics’ and ‘Thatcherism’.
According to M. Keating and Dixon (1989), Australia’s poor economic performance in previous decades was attributable to a number of significant factors, one of which was high rates of population growth absorbing capital for housing and social infrastructure. An inability to take advantage of economies of scale and low productivity of capital investment was another factor. Hughes (1989) identified at least two further factors which had long term deleterious economic consequences: industrial protection through tariffs on imports which stifled the development of self-reliant industries; and wage arbitration, resulting in wages being based predominantly on need instead of productivity.

The groundwork for fundamental economic change, which was to occur under the Hawke Labor government, was laid by the preceding Fraser Liberal-National Party coalition (Carroll 1992). Following the 1983 election, neo-classic economic policies were designed and pursued by the Hawke Labor Government, influenced to some extent by the dismal economic reputation of its predecessor Whitlam Labor Government and by the apparent success of economic policies pursued by the Thatcher and Reagan governments. As business orientated policies had traditionally been pursued only by the Liberal Party, this resulted in the neo-classic economic agenda receiving bipartisan support.

During the early 1980s neo-classic economists argued that economic reform was essential if Australia was to continue to compete within the contemporary world. They claimed competition sharpened productivity and efficiency, creating more employment at higher incomes. Labour market reform was also necessary as it provided an effective response to the challenges of a more competitive market. The detractors argued though, that the social costs in the form of reduced welfare and other social services, as well as increased unemployment, far outweighed the benefits of neo-classic economics (Carroll 1992).
Neo-classic Economics and Australian Education Policy

For neo-classic economists in the 1980s and early 1990s, the education system represented a problem. This was because it was not specifically attuned to the needs of the labour market. Neither was it seen to be sufficiently relevant to the needs of business and industry as it was insufficiently attentive to research, development and skill formation in high tech and other industrial fields with export or import replacement potential. The education system was perceived by these critical neo-classic economists as primarily a means to producing human capital. Furthermore, education was viewed almost exclusively in terms of its relationship to the economic system.

Increasingly during the 1980s and 1990s we see the emergence and growth of ‘business style’ corporate managerialism within the public services. However this form of administration was usually less willing to pay the cost of maintaining the welfare state (Connell 1997). Instead it was more willing to use market discipline to achieve goals. Within capitalist economies such as the UK and US, governments pursued similar agendas. Woods et al (1997) examined how this impacted on educators, while Morely and Rassool (1991) offered a critique of corporate managerialism. Many critics argued that for education, this implied the evolution of a system which was narrow and unjust (Pusey 1991, Smyth 2001).

Yeatman (1990) argued that [then] recent public policy changes used the rhetoric of social/political reform to disguise administrative reforms which were primarily in the interests of middle and upper managers rather than in the interests of workers or the client groups. From this position it can be asserted that educational reforms inspired by neo-classic economists were, and are, not necessarily in the interests of either students or educators. According to Marginson (1995), the development of market relations was a striking feature of Australian contemporary education and comparable countries. However, he also asserted that markets in education are not
the same as markets in sausages or company stocks. Education has different characteristics and as such the analytical tools suited to measuring efficiency in other markets are not suited to education.

Internationally, education became increasingly linked to national economic objectives. Economic difficulties confronting the US from the early 1970s onwards, led to a growing belief that public education was at least partially responsible for the economic downturn, through inadequate preparation of students for positions in the workforce. The President’s task force report, A Nation at Risk (1983), reinforced this view and was used by the Reagan administration to push public education policy towards economic goals.

There were similar patterns in the UK. The Thatcher government endeavoured to manipulate public education with programs such as the Technical and Vocational Education Initiative – a program which Thomas (1993) argued was a move to simultaneously strengthen central control by ‘steering at a distance’. This helped to ensure a match between educational provisions and the needs of the economy but also contradicted neo-classic economic arguments for deregulation. What is clear internationally, is the existence of distinct patterns whereby governments increasingly pushed public education policies and practices towards economic goals. This pattern was repeated within Australia (Birch and Smart 1991).

The linking of the Commonwealth government’s education policies and national economic objectives became evident as early as 1979 with the Fraser Government’s Williams Report. Australia’s economic crisis and high youth unemployment were directly linked with the future of economic policies by that report (Down 1993). Williams ‘connected’ education and the labour market. By 1985 the response by the Commonwealth government was more concerted, with the report from the Quality of Education Review Committee (QERC). This report reflected the
Hawke government’s preoccupation with attaining ‘value for money’ from Commonwealth expenditure and aligning education closely to labour market needs (Smart and Dudley 1990). Primarily it was concerned with comparing financial and educational inputs with clearly identifiable educational outputs. This was followed by a number of reports such as In The National Interest (1987) which placed an emphasis on behaviour that was predominantly suited to the workplace and acknowledged that government secondary schools should specifically provide students with knowledge and skills relevant to work.

The membership of Australia’s national educational review committees is of further interest as, increasingly, we see the influence of industrial and business interests within them. The Finn Report (1991) placed the concept of competency firmly within the educational debate and then closely tied it to the concept of employability. This was also one of the earliest occasions where the notion of competencies was to emerge. The Carmichael Report (1992) provided a staged strategy for meeting the nation’s vocational training needs and was perceived as part of a broad educational structural reform. The Mayer Report (1992) noted that Australia’s economic success was dependent on a competitive workforce and work environment and that the way to achieve this was through the use of competencies within education.

Other later Commonwealth reports such as: the Schools Council study The Role of Schools in the Vocational Preparation of Australia’s Senior Secondary Students (1994), maintained this neo-classic economic perspective within the educational reform debate. The Commonwealth report Literacy at Work (1996) recommended rewriting the literacy competencies into specific industrial terminology and even went to the extent of suggesting that desired educational outcomes should be written in terms of an individuals’ ability to interact with others in a ‘warehouse situation’. This indicated the extent of neo-classic economists’ intervention in educational policy as the desired outcomes had changed from being predominantly educationally
based, to being industrially based. Consequently education was increasingly seen as providing outputs which could be directly utilised in the workplace and these were in the interests of business groups. These illustrations from some significant Commonwealth government education reports contribute to the argument that a neo-classic economic agenda has driven Commonwealth education policy since the mid-1980s. How this occurred will be explored within this thesis.

Neo-classic Economics and Western Australian Education Policy

It can be argued that within WA government education policy, a similar trend was evident, with neo-classic economics increasingly driving policy. According to Leggett (1995) Better Schools (1987) represented a new era within government education. This report was produced in comparative secrecy and involved the dramatic streamlining of administrative structures, placing greater control of many functions in the hands of individual principals and local school communities. The report treated schools as management units rather than educational units and asserted the need for them to be more responsive and accountable to community priorities. Utilising neo-classic economic concepts by focusing on efficiency and effectiveness as opposed to educational outcomes, this report can be seen as something of a watershed from which neo-classic economics began to dominate WA education policy. Within this report too, the discourse of financial accountability began to emerge routinely in WA education policy and documents.

The Review of Education and Training (1993), or Vickery Report, acknowledged that government-provided education needed to reflect the needs of the state, and so it linked education with the state’s economic needs. It became increasingly evident that a broad neo-classic economic agenda constrained educators, forcing them to become more cost effective and to meet the perceived needs of the community by providing students with vocational skills and knowledge which were directly transferable to the workplace environment.
based, to being industrially based. Consequently education was increasingly seen as providing outputs which could be directly utilised in the workplace and these were in the interests of business groups. These illustrations from some significant Commonwealth government education reports contribute to the argument that a neo-classic economic agenda has driven Commonwealth education policy since the mid-1980s. How this occurred will be explored within this thesis.

**Neo-classic Economics and Western Australian Education Policy**

It can be argued that within WA government education policy, a similar trend was evident, with neo-classic economics increasingly driving policy. According to Leggett (1995) *Better Schools* (1987) represented a new era within government education. This report was produced in comparative secrecy and involved the dramatic streamlining of administrative structures, placing greater control of many functions in the hands of individual principals and local school communities. The report treated schools as management units rather than educational units and asserted the need for them to be more responsive and accountable to community priorities. Utilising neo-classic economic concepts by focusing on efficiency and effectiveness as opposed to educational outcomes, this report can be seen as something of a watershed from which neo-classic economics began to dominate WA education policy. Within this report too, the discourse of financial accountability began to emerge routinely in WA education policy and documents.

The *Review of Education and Training* (1993), or Vickery Report, acknowledged that government-provided education needed to reflect the needs of the state, and so it linked education with the state’s economic needs. It became increasingly evident that a broad neo-classic economic agenda constrained educators, forcing them to become more cost effective and to meet the perceived needs of the community by providing students with vocational skills and knowledge which were directly transferable to the workplace environment.
Coinciding with the shift to neo-classic economic education policy in WA was the emergence of devolution. There were mixed benefits as it enabled participative decision making within schools. However, it could be utilised as a neo-classic economic tool through increasing efficiency whilst reducing the size and influence of the central bureaucracy. Hanson (1991) argued that the central policy thrust behind devolution was to force schools to become more responsive to community demands. These demands however were dominated by business groups who insisted students develop transferable workplace skills.

The neo-classic economic influence in WA education policy remained evident with the release of a series of documents which utilised essentially economic discourses and linked education to national and state economic goals. These documents included the Strategic Plan for 1996-98 which utilised the discourse as strategic planning per se is an essential part of corporate managerialism which is a component of neo-classic economics. This thrust was continued within later documents such as the Plan for Reporting School's Performance (1996) which utilised neo-classic economic concepts through focusing on improving accountability by establishing quality assurance mechanisms.

This brief foray into some government education policy documents illustrates that neo-classic economics played an increasingly influential role in shaping policy. This thesis explores at length how neo-classic economics shaped education policy.

Structure of the Thesis

This chapter has primarily discussed some of the concepts involved within the thesis and provided a brief insight into neo-classic economics, the central issue for examination. The second chapter presents a brief historical outline of government education policy in WA from 1829 until about 1983. The purpose is to establish the prior historical context out of which neo-
classic economic-dominated policy began to emerge within the state. Chapter Three continues the contextual theme and examines neo-classic economics from an international perspective, concentrating on the economic reforms of Thatcherism and Reaganomics in the UK and US. This establishes the existence of a trend in the influence of neo-classic economics on government policy formation and implementation. Later chapters link to this, demonstrating broad similarities with neo-classic economics in Australian policy formation and implementation.

Chapter Four overviews neo-classic economic influences on international education policy. The intent is not to provide a comprehensive understanding of education policy development in the UK and US but rather to demonstrate similarities between educational policies. It is argued that there are striking similarities between educational policies and that to a significant degree these can be attributed to neo-classic economic influences on government policy.

The evolution of neo-classic economics in Australia is examined in Chapter Five. This key chapter explores the origins and impact of neo-classic economic policies in Australia. It critically discusses, and analyses the views of major critics and proponents. Neo-classic economic policy involved: connecting services to economic demands whilst also making them accountable to the community; a preoccupation with efficiency and productivity over everything else; and the restructuring of management systems. The intention is to use these patterns to establish how particular educational policies were influenced by neo-classic economic convictions.

Chapters Six and Seven extend the examination of the influence of neo-classic economics to Commonwealth education policy. These chapters link the influence of neo-classic economics on international education with Commonwealth education policy and then provide a path to link WA educational policy (in later chapters) with both international and Commonwealth policy. The chapters begin with a contextual examination of Commonwealth education policy and then
classic economic-dominated policy began to emerge within the state. Chapter Three continues the contextual theme and examines neo-classic economics from an international perspective, concentrating on the economic reforms of Thatcherism and Reaganomics in the UK and US. This establishes the existence of a trend in the influence of neo-classic economics on government policy formation and implementation. Later chapters link to this, demonstrating broad similarities with neo-classic economics in Australian policy formation and implementation.

Chapter Four overviews neo-classic economic influences on international education policy. The intent is not to provide a comprehensive understanding of education policy development in the UK and US but rather to demonstrate similarities between educational policies. It is argued that there are striking similarities between educational policies and that to a significant degree these can be attributed to neo-classic economic influences on government policy.

The evolution of neo-classic economics in Australia is examined in Chapter Five. This key chapter explores the origins and impact of neo-classic economic policies in Australia. It critically discusses, and analyses the views of major critics and proponents. Neo-classic economic policy involved: connecting services to economic demands whilst also making them accountable to the community; a preoccupation with efficiency and productivity over everything else; and the restructuring of management systems. The intention is to use these patterns to establish how particular educational policies were influenced by neo-classic economic convictions.

Chapters Six and Seven extend the examination of the influence of neo-classic economics to Commonwealth education policy. These chapters link the influence of neo-classic economics on international education with Commonwealth education policy and then provide a path to link WA educational policy (in later chapters) with both international and Commonwealth policy. The chapters begin with a contextual examination of Commonwealth education policy and then
explore significant Commonwealth documents such as the QERC recommendations in 1984. They highlight the special role of the economist John Dawkins, Labor Education Minister from 1987 to 1991, in implementing neo-classic economic dominated education policy.

Chapter Eight briefly explores the development of neo-classic economics in Victoria, focusing particularly on its impact on education policy. This Victorian case study enhances our understanding and enables useful comparisons with WA state education policy. Chapter Nine analyses the emergence of neo-classic economics in WA focusing on the use of this approach in the formation of most government policy. The patterns established within preceding chapters are utilised to demonstrate how neo-classic economics influenced policy development.

Chapters Ten and Eleven deal specifically with the impact of neo-classic economics on WA education policy. The first of these two chapters covers the period 1987-1993 under a Labor State Government, and the second covers 1994-1998 under a Liberal/National Party Coalition Government. These chapters draw together the threads of the study to demonstrate how neo-classic economics shaped WA government education policy through the analysis of significant policy documents produced during the period.

Chapter Twelve concludes the thesis through discussion of the policy implications and lessons from this study. Both the positive and negative implications of a neo-classic economic approach to education policy formation are discussed. The emergence of accountability mechanisms associated with a neo-classic economic approach are also examined. Finally the main findings of the study are drawn together and potential future directions for government education policy and research are considered.
Chapter Two

A Condensed History of Western Australian Education.

Colonial Schooling

Substantial studies of WA’s educational history have already been undertaken by scholars such as Mossenson (1972), Fletcher (1981) and Down (1993). The brief overview in this chapter is simply designed to background the development of educational policy and governance in WA and demonstrate some early economic influences on state education.

The first government school in the Swan River Colony opened its doors in July 1830 with John Cleland as its first teacher. Mossenson (1972) argues that a great deal can be implied about these formative years of WA education from the career and qualities of Cleland. It appears that prior to his appointment, he tackled a variety of other jobs. After spending a period of months in the teaching position, Cleland returned to his trade as a carpenter. Later he returned to teaching for short periods in Fremantle and Guilford. Mossenson (1972) dwells on Cleland’s dismissal from other government posts for drunkenness and his diversity of occupations and uses this to illustrate the poor standard of WA’s original government schools.

By 1839, government support for schooling had been withdrawn, leaving a vacuum which was filled by the Catholic Church with the provision of a private school conducted by six nuns. Stewart (1979) suggests that after 1850, with the opening of the convict establishment, there was economic and demographic growth which increased demand for government provided schooling. 1893 saw the replacement of the Board of Education with an Education Department under the control of a Minister of the Crown who was responsible for the appointment of teachers and attendance of students (Hyams 1972). By 1895 there was unprecedented expansion created by the discovery of gold which created a dramatic increase in enrolments, shortages of teachers and classrooms and pressure on the new Education Department.
Formative Years

WA education historians such as Stewart (1979), claim that there was a fortunate choice of educational leadership in the formative years of the WA Education Department in the form of Cyril Jackson who was Inspector General from 1897 to 1903, followed by Cecil Andrews (1903-1929). There is general agreement that Jackson provided firm foundations for the emergent WA Education Department and this was built upon by Andrews who was also an Oxford graduate. Educational expansion was only possible through improved economic conditions brought about by the discovery of gold.

Following the establishment of a government secondary school, Andrews proceeded to change eight of the largest existing elementary schools into central schools. A central school offered classes to the standard year seven students and former year seven students from neighboring schools. These schools offered a number of vocational programmes for both genders and catered for those who did not gain entrance to Perth Modern School (established in 1911). By the end of Andrews’ period of administration (1929), WA government education had developed significantly from a series of colonial schools loosely linked together to a reasonably complex education system which dealt with primary and secondary students as well as teacher education. However, again the economy proved influential-this time in the form of the Great Depression which brought this period of rapid unprecedented expansion to an abrupt halt.

Depression to World War Two

All state-provided education was adversely affected by the Depression. Desperate to reduce expenditure, the WA Parliament sought to reduce the surplus of teachers by closing Claremont Teacher’s College in 1931. The college remained closed until 1934 (Mossenson 1972). Public works were dramatically reduced, resulting in classrooms and school grounds becoming dilapidated. Simultaneously though, enrolments steadily increased.
In 1937, the state government established the Wolff Royal Commission to investigate the position of youth unemployment in industry and training as well as ways of absorbing youth into industry. Essentially, though, the Commission was used as a political platform to directly link education and industry. The Wolff Report (1938) laid the blame for youth unemployment firmly at the feet of educationalists—not the last time that education would be a political ‘whipping boy’. Clearly, as early as the late 1930s, government drew a direct connection between economic performance and state education in WA.

By 1939 education was just beginning to recover from the Depression. However World War Two quickly reversed this. According to Stewart (1979), the war prolonged difficulties through staff deficiencies and shortages of buildings and equipment. Education would continue to stagnate until the end of the 1940s as a result of a shortage of materials and equipment, accompanied by rising costs. The later effectively diluted the increased funding which had been allocated to education.

1950s: Prosperity Finally Arrives

For WA state education, the 1950s directly contrasted to the preceding two decades. Education expanded both rapidly and extensively. The primary cause of the expansion was a population increase brought about by growth in the birth rate and migration. This translated into increases in student enrolments which, in turn, caused an expansion in the number of teachers and classrooms.

In the prosperous decade 1950 to 1960, two thousand classrooms were built and teaching numbers climbed from 2597 to 4097 while overall student numbers increased from 68 327 to 119 931 (Mossenson 1972). The most significant area of growth was in secondary education with the numbers increasing from 11 936 in 1951 to 27 552 in 1960. The Education Department
responded by introducing a number of ‘comprehensive senior high schools’, beginning with John Curtin Senior High School in 1954.

Within a study which examines the impact of economic factors and ideologies on state education, the decision to develop comprehensive high schools is significant. It was not based primarily upon educational factors. Rather, democratic ideology played a vital role because these schools opened up access to a comprehensive education system and they were also firmly embedded in an economic ideology. The underlying economic principle behind comprehensive senior high schools was that they could offer a broad range of courses which ideally catered to the whole student population within a district. The resulting economies would be in the efficient use of staff and facilities. For the comprehensive senior high school to operate at optimum economic capacity though, according to Down (1993), they had to attain enrolments of at least 1000 students. As usual, this innovation was to generate a new series of difficulties for educators.

The 1960s

For WA state education, the 1960s saw an acceleration and expansion of the preceding decade’s growth. The state continued its rapid economic growth whilst increased birth rates and migration continued. The decade also saw three major new investigations into education. The Neal Report (1964) proposed methods for refining the organisation of students within secondary schools through ‘streaming’. The Martin Report (1964) (a Commonwealth report) dealt principally with tertiary education on a national level, but did emphasize the necessity to realign education with the needs of industry and equated education to an investment (Harman and Smart 1982). This was a clear example of human capital theory being applied to education. Increasingly state education was being perceived in terms of economic goals as well as educational goals.
The Dettman Report (1969) introduced the Achievement Certificate for students at the end of Year 10 and allowed for the creation of the Secondary Education Authority (which was to later evolve into the Curriculum Council) to administer and promote uniform standards of achievement. This report also represented one of the earliest attempts by the WA government to make provision for the non-academic student in education. The solution to this dilemma became more imperative as post-compulsory retention rates increased and the economic recession of the 1970s began.

Observers such as Mathews (1974) note that all governments have a number of policy demands placed on them by pressure groups. Over time, within WA education, there have been numerous pressure or influence groups which have been able to exert pressure so as to influence the shape educational policy. Two of these pressure groups are identified by Smart and Alderson (1980). They argued that in the 1970s the two most significant pressure groups to influence the Department of Education's policies were the State School Teachers Union of WA (SSTUWA) and the WA Council of State School Organisations. Successful pressure groups, though, have varied over time. We shall see that in the later decades of the twentieth century, in conjunction with the rise of neo-classic economic ideology, the business sector became extremely influential.

**Early Business Involvement**

The involvement of business in WA education is evident from at least the 1960s. This early involvement largely took the form of providing funding so as to forge closer links between schools and industry. By 1975, however, business was no longer interested in merely passively providing funding support and became committed to active education policy involvement in shaping the curriculum. In that year, the WA Chamber of Commerce expressed concern that state provided education was isolated from the 'real world' and students (especially secondary students), urgently needed to develop better understandings of the workplace.
By 1978 there was growing acknowledgement of this pressure. An EDWA survey (1978) examined the attitudes of employers to school leavers and revealed a strong view amongst employers that students needed to improve their literacy and numeracy skills. In March 1983 during the economic recession (and an era of high youth unemployment) the Confederation of WA Industry exerted direct influence through the Commonwealth funded WA Employment Summit. Guest speakers dwelt on the relevance of the curriculum to [current] students' employment prospects. Interestingly, an address by Colin Barnett (then Executive Officer of the Confederation and later to become the WA Minister for Education from 1996 until 2001), titled *Learning and Earning: An Employer Reaction*, maintained that within government schools it was vitally important for the curriculum to adequately prepare students for the workplace through trade training. Increasingly, over the decades, business endeavored to exert influence on the shape of the curriculum in WA government schools and this revolved primarily around economic interests rather then academic interests.

**Beazley Report**

The *Beazley Report* (1984) was the direct consequence of a pre-election promise by the Burke Labor Government. According to Birch and Smart (1990) this new government questioned the relevance of existing patterns and provisions for all compulsory education. As a result reform attention was focused on secondary education with a special emphasis on technology, the employment of young people on completion of their education and the plight of students from minority groups. The report concentrated on the relationship between government education, employment, and life for students after school. This report was the product of a growing neoclassic economic trend in education as it focused on improving the economy through macro economic reform which involved a better equipped and skilled workforce.
Although educators were heavily represented on the committee it is significant that two members (Michael Perrott from the Confederation of WA Industry and Doug Timms the Managing Director of P.C. Timms and Associates) represented economic interests in WA. Wilson and Smart (1991) argue that whilst the Beazley Report (1984) was conducted along traditional public inquiry lines with a focus on curriculum reform, the consultative nature allowed many interest groups to feel involved in the change process. This confirms that when the curriculum was restructured, broader interests, beyond purely educational ones, were considered -such as the interests of business.

Down (1993) argues that the fundamental assumptions underlying the Beazley Report (1984) were that the solution to the nation's economic crisis was through educational reform. A part of this involved allowing students to develop skills necessary to survive within the workplace. He argues that the report was in favour of realigning state schools with the needs of business through the development of attitudes [by students] consistent with those required by the workplace. The Beazley Committee also pointed out that the upper secondary curriculum was too academically orientated and needed to be altered so that students developed skills more relevant to the workplace.

**Politization of Education**

Changes to the way that the WA state government conducted its affairs produced further pressure which had an effect on government schooling. A cynic might conclude that during the late 1970s and 1980s, with the onset of recession, both state and Commonwealth governments appeared more interested in reducing the statistics on unemployed youth than on education per se. Increasingly the state government began to resemble private enterprise in the way it carried out its functions. Following the election of the Burke Labor Government (1983-1988) it is possible to perceive a greater involvement of government in areas previously considered as the sole
domain of private enterprise. The era of ‘WA Inc’ had arrived (Peachment 1995). Paralleling this, management techniques and structures were modified so that many ministries increasingly mimicked the language and practices of private enterprise. Beare (1995) examines this phenomenon from an international and national perspective. He claims that policy perspectives changed profoundly for education during the 1980s. This was largely as a result of neo-classic economic ideology being used to justify almost every major policy initiative. Government policy became increasingly influenced by the perceived need to compete globally in the international market place and this ideology subordinated many other important considerations. This issue is the crux of this thesis and is carefully analyzed in the chapters to follow.

According to Beare (1995), neo-classic economic policies increasingly dominated because there was simply insufficient capital to operate government schools in the ways which the community had grown used to during the preceding boom decades. Furthermore this also meant that government education reforms occurring from the early 1980s onwards were increasingly driven by the political and economic concerns of politicians and businessmen, rather than educators.

Peachment (1991) argues that within WA from the early 1980s onwards, approaches adopted by state government Ministers resulted in a greater focus on having senior advisers and departmental managers respond positively to the political demands of Ministers (the ‘Ministerialisation’ of departments). He suggests that increasingly political appointees (rather than career bureaucrats) were placed in senior departmental positions and used as a means to influence bureaucratic actions. Wilson and Smart (1991) concur with this and add that from at least 1983 onwards (with the election of the Burke Government) the political context shifted within WA. These changes were also carried into the Dowding (1988-90) and Lawrence (1990-93) Labor governments, as well as the Court (1993-2001) Liberal/National Coalition
Government. This explicit shift led to the traditional civil service bureaucracies being restructured so that they began to closely resemble the corporate structures of the private sector.

Political change was also generated through greater use of the public inquiry into differing governmental functions to gain consensus. From the late 1970s onwards as the global economy struggled, there were greater demands placed on the state government to demonstrate a return for expenditure and consequently financial accountability gained importance at all levels of government. Birch and Smart (1990) argue that within Australia, politicians at both Commonwealth and state levels became increasingly involved in day-to-day educational policy resulting in educational professionals losing much of their traditional control. Politicization of education policy became increasingly evident at the Commonwealth policy level from 1987 with the appointment of John Dawkins as the Commonwealth Minister responsible for education. He skillfully shaped educational reports and committee memberships (such as Skills for Australia 1987) to achieve his political aims of harnessing education more directly to the economic goals of the nation.

Similarly it is possible to identify educational policy documents at the state level such as Better Schools (1987) increasingly ‘steered’ to serve political purposes. Historically the various Directors General of Education within each state had been able to exercise fairly strong control over government education policy and were able to put in place long term policy directions (Harman and Wirt 1980). However, this was becoming less the case with the increasingly turbulent political and economic environment and the involvement of politicians in fundamental policy decisions. For example, following the election of the Burke government in WA the growing practice of selecting political appointees to head many state government departments was to have particular significance for state education.
Following the unprecedented forced resignation of the permanent head of education, Dr Bob Vickery in 1986, future Directors General of Education in WA were, on occasions, political appointees who were increasingly subjected to a multiplicity of influences which were not always directly connected to educational concerns. Wilson and Smart (1991) suggest that Dr Vickery and the Directors General preceding him were professional educators who had risen through the educational ranks. As such, unlike some later politically appointed Chief Executive Officers as the new corporate managerial language would style them—they usually had sound educationally driven views of where state education should be heading. From about this time it is possible to discern the development of state education policies which were more economically driven, such as Better Schools (1987), and less concerned with human/social concerns. A definite shift in policy emphasis was occurring (Leggett 1997).

It is particularly important to note that the majority of Directors General of government education in WA prior to 1986 remained within the position for comparatively long periods of time. The result was that many were able to develop broad visions of the potential direction for state education and could see the development of that vision through to fruition (Smart and Alderson 1979). This realization allows the generalization that most Directors General preceding Dr Vickery were in greater control of their Department, allowing few other influences to intrude upon them. The use of shorter term, often political, appointees, and the wholesale restructuring of government departments which began under the Burke Government, rapidly led to government education becoming more reflexive in WA as it became progressively more influenced by external non-educational forces (Leggett 1997).

As the Chief Executive Officers (previously Directors General) following Dr Vickery tended to be increasingly political/managerial appointees, their futures were strongly linked to the differing state Ministers for Education. For WA government education, this [arguably] would have serious
consequences as successive Chief Executive Officers became preoccupied with short term responses to difficulties which arose within education. Unlike the Directors General preceding Dr Vickery, there seems to have been a distinct lack of long term planning. This meant that it became increasingly more responsive to short-term political pressures. Thus the changes in, and to, the role of the Director General/Chief Executive Officer contributed to the pace with which neo-classic, economically, driven policy could be implemented into state education (Chadbourne 1990).

The intention of this brief foray into the history of state education in WA has not been to provide an in depth examination. Rather the intention has been to establish some broad economic and policy trends which existed by the mid-1980s when neo-classic economic ideology began to deeply permeate educational policy. It is evident that the Beazley Report (1984) was partially motivated by neo-classic economic concerns and it was followed by less liberal reports such as Better Schools (1987) which would be more overt in their neo-classic economic inclinations. This is significant because Unit Curriculum was developed from the recommendations of the Beazley Report (1984) and this was in place until replaced by Student Outcome Statements under the Curriculum Framework (1998). The next chapter examines the global origins of neo-classic economics.
Chapter Three

The Global Origins of Neo-classic Economics.

Introduction

Vickers (1995) notes that even to the casual observer it is a relatively simple task to identify examples of overseas policy being cited to justify similar policy changes in Australia. Whilst Vickers (1995) focused on the OECD organization itself and its influence on educational policy, it is similarly possible to identify UK and US influences on Australian policies in education and in other fields.

Commencing the process of exploring whether the influence of neo-classic economics was evident internationally, this chapter explores the international origins of neo-classic economics within government policy formation. These findings will enable comparisons to be drawn with the neo-classic economic experience in Australia, particularly WA. This chapter focuses on economic reform in the UK and US as these nations have traditionally been used by Australian policy makers as templates for potential policy direction.

Neo-classic economics originated from Adam Smith’s economic theories. According to him, a free market economy could be based on the pursuit of self interest, guided by the hand of competition to promote the common good (Pack 1991). This philosophy stressed the importance of hard work, self-sacrifice and self-denial in the quest for accumulated wealth. Governments accepted that permitting unregulated freedom in the search for economic goals would eliminate economic scarcity and, eventually, poverty. However, when market forces were allowed free-rein unhindered by regulatory practices, the ‘robber barons’ emerged, along with widespread abuses including: sweat shop practices; child labour; unsafe working conditions; starvation wages; and unchecked pollution (Morgan 1995). It was only after the Great Depression that governments saw the necessity to intervene in markets in an attempt to remedy the main
problems caused by laissez-faire capitalism. For them, John Maynard Keynes' economic theories seemed to provide the remedy.

By the 1970s though, it became evident that Keynesian economic theory and approaches were ineffective in terms of the difficulties faced by Western nations. However, those who espoused neo-classic economic theory as the solution to the failure of Keynesian economics, appeared to have forgotten, or at least disregarded, the clear lessons of the past. This became compounded as classic economic theory depended on the notions of delayed gratification and self-denial. The generation exposed to the emergence of neo-classic economics had become known as the ‘me-generation’ and these concepts were foreign to them. Instead they believed in self-gratification and ‘having it now’. From the outset, an economic approach which had been proven inadequate, appeared to be as similarly ill-fated as the generation who were to be subjected to neo-classic economic approaches were ideologically ill-suited (Hirst 1997).

**Origins**

According to economic theorists such as Smithin (1990), there have been three major waves of economic theory apart from Marxism. He argues that the first wave, before the depression of the 1930s, was a doctrine of laissez-faire. It was accepted that governments could and should do little about macroeconomic policy, except in the area of currency and prices. In contrast to this, was the second wave which endured for the twenty to thirty year period following World War Two. This period was regarded as the pinnacle of Keynesian economics. It became widely accepted that government fiscal and monetary policies had massive economic effects and, as a result, the main responsibility of government was to ensure the smooth running of the macro economy. The third wave was the conservative revolution of the late 1970s and early 1980s which is still with us today. This, in many ways, represented a swing back to the economic trends prior to the 1930s and as a result was classified as ‘new classical’, or ‘neo-classic’. 
Smithin (1990) argues that it is not possible to claim that neo-classic economics was a specific response to the empirical difficulties confronting Keynesian theory. However, it is possible to claim that the apparent rapid collapse of Keynesian approaches, played a significant role in the acceptance of this theoretical approach to economics. Neo-classic economic theory viewed the government as the fundamental economic problem and argued that only by reducing the size and influence of government in the economy, could economic health return.

The impetus for a change in economic approach which resulted in the adoption of neo-classic economic approaches within Western nations was caused by a dramatic increase in the difficulties confronting governments. According to Gamble (1994) this was illustrated by their growing inability to solve problems through normal political means. Their political authority was becoming substantially weakened as a consequence. Western prosperity had been predominantly built upon the twin foundations of cheap energy and stable money. The collapse of fixed exchange rates in 1971-72, followed immediately by the quadrupling of oil prices in 1973, and then a general world recession, forced the realisation that the foundations of Western prosperity were unstable.

It was evident by the mid 1970s that economic systems based on Keynesian theory were facing serious obstacles which, if left unresolved, could ultimately lead to their collapse. The predominant problem was the development of double digit inflation which emerged as an apparently intractable problem. Accompanying this was stagnant growth and rising unemployment. When these circumstances were combined, a new phenomena known as ‘stagflation’ emerged and assisted in eroding confidence in Keynesian models to combat the dilemma. Confronted with these difficulties, governments were forced to adopt similar responses to deal with stagflation, as it undermined confidence in political systems dependant on Keynesian theory to maintain prosperity. The problems of the 1970s signalled a need to make
significant changes in political and economic organization within Western nations (Smith in 1990).

**Initial Responses**

Because of the long term decline of its relative economic strength during the 1970s, it became evident that the US was becoming increasingly incapable of exercising undisputed international leadership. According to Gamble (1994), it had held a hegemonic position within global economics for a relatively short period [1945-1973]. The predominant cause of the hegemonic erosion was the rapid reduction of the productivity gap (from the 1960s onwards), between the European community, Japan and the US. In some cases this gap had disappeared by 1970. The collapse of the gold exchange standard in 1971 brought an end to fixed exchange rates which had been an important barrier to inflation and this further eroded the US economic pre-eminence.

However, neo-classic economic approaches were not limited to the US alone. They were clearly evident in the formulation of policy in the UK as well. It has been argued that Margaret Thatcher was economically and politically significant because she pioneered neo-classic economic policies and consequently provided models for other political leaders who followed (Toye 1992). As the first of the new breed of conservative Western leaders to secure power in mid-1979, her government's economic management decisions were viewed widely as a crucial experiment to test the validity of neo-classic economic theory. A constant feature of these policies were attempts to control inflation with little regard for the effects which these policies would have on other social service objectives such as welfare programs.

A key component of the Thatcher government's appeal was a promise to reduce the level of government intervention into the lives of the individual. Its policies aimed to get the government 'off people's backs' by allowing them greater freedom to pursue their self interest and making
them assume responsibility for their own welfare. This was seized upon by individuals who saw the potential of market forces to allow them a chance of securing their economic future. It is, perhaps, ironic that this government passed more laws affecting the lives of private individuals than any peace-time UK government. There were controls on strikes, pickets and restrictive trade practices which were justified as anti-monopolistic. There was an extension of the ‘nanny state’ with the introduction of laws on subjects as diverse as drink-driving, noise abatement, video nasties, foreign wives, gay rights, historic buildings, late night parties, rural trespass, contract tendering and health and safety at work. Each, according to Jenkins (1995) involved limiting personal or corporate freedom. The Thatcher government thus gave the appearance of being a proponent for personal freedom while simultaneously extending government nannying.

Jenkins (1995) asserted that Thatcher wanted to return to Victorian virtues but without the Victorian value of non-intervention by government. Significantly, on coming to power, Thatcher’s government was confronted with much the same set of difficulties as those facing the leaders of other Western nations. These problems included: increasing inflation, reduced growth, and increasing unemployment. As a consequence, the four key priorities for the Thatcher government were to cut inflation (to zero if possible), contain and reverse the growth of public expenditure, deregulate the economy and curb the power of the trade union movement.

Thatcher’s approach to policy formation had severe consequences for government-provided education. Her approach resulted in the politicisation of government education so that it was reorganised in such a way so as to serve the ideology and vested interests of the government rather than the interests of parents and students who were the consumers of the service (Brown 1990). Education policy became linked to national economic policy, resulting in a reversal of traditional priorities such that economic goals came first and educational goals second. It is
debatable whether this was in the best interests of students or ‘education consumers’ as they were rapidly becoming known.

These priorities correlated with the economic priorities of the US and there was a similar shift to neo-classic economic driven policy within a number of other Western nations. The pattern originated in the UK and was used by other nations to combat the effects of the global recession. Hirst (1997) points out that the UK electorate was not economically literate and could not see the potential difficulties with the monetarist policies presented by the government. To the electorate these policies would cure inflation whilst restoring full employment and growth. Unfortunately, as we shall see, the policies were fundamentally flawed. All that voters wanted was effective economic management without rigidities and controls and this was what the Thatcher regime appeared to offer.

Monetary Policy

By understanding monetary policy we gain a more complete understanding of neo-classic economics. The monetary policies developed by Thatcher and Reagan indicate the extent to which governments were willing to permit the market to dictate the direction of government policy. The willingness of policy makers to let the market dictate is a clear indication of the desperation felt by them when confronted with apparently intractable economic difficulties.

The most serious economic problem to confront the US, UK and other nations in the 1970s was inflation. The cure for this (it was believed), was a tight monetary policy. Consequently, there was experimentation with monetarist policies which had serious ramifications through a dramatic rise in interest rates. The monetarist policies adopted by the Thatcher government to battle inflation originated from theorists such as Friedman and Hayek from the University of Chicago (Emmerton 1993). Hirst (1997) claims, though, that whilst the policies involved controlling
inflation by restricting the growth of the money supply, the concepts involved were arcane when formulated. As the theory originated in the US it is not surprising that monetarist policies were a common experience in both nations.

According to Toye (1992), both the Thatcher and Reagan governments’ monetarist views were based on three key propositions. These were: that the control of inflation was the paramount economic objective, the regulation of the money supply was both a necessary and sufficient condition for the control of inflation, and finally, the government could exert influence over the money supply. The key strategy was to set targets for different categories whilst also reducing budgetary deficit. However, the economy was already moving towards recession and these policies quickened that process instead of slowing it.

Although monetarist policies had some limited success in fighting inflation in the UK it peaked at 19.7% in 1980, reduced to single digits in 1982 and reached 5% in 1983 (Smithin 1990), other consequences negated the benefits. One repercussion was an increase in unemployment. In the UK it rose rapidly from 1.2 to 3 million between 1979 and 1982 with a commensurate decrease in industrial output of around 11%. Concurrently, there was a rapid rise in the exchange rate. All of this seriously impacted on UK manufactured exports. The severe recession which followed was widely perceived to be the result of monetarist policies. In the US a similar recession was attributed to these policies, with interest rates rising to unprecedented levels. By late 1982, the US economy was suffering the worst recession since the 1930s forcing the abandonment of monetarist policies (Smithin 1990).

The ‘monetary experiment’ (as it was labelled by a number of economic theorists such as Smithin, 1990) had other serious ramifications including the undermining of both the US dollar and the strength of the international monetary system. A further result of the experiment was
record levels of imports accompanied by decreasing exports, leading to unprecedented trade
deficits. After this series of shocks however, confidence slowly returned, largely because of the
implementation of new political approaches involving neo-classic economic policies. Many on
both sides of politics welcomed the new political space created by the recession and the
possibility for refashioning institutions and redesigning policies in comparatively radical ways
(Gamble 1994). Thus, policy experiments such as those of Thatcher and Reagan motivated
policy makers to experiment with other areas of government policy which (up until this point)
had been considered sacrosanct. The way was left open to experiment with educational policy.

Privatisation

Privatisation was one significant policy development inspired by neo-classic economics. Within
the UK, this policy became prevalent because the government was heavily involved in the
 provision of utility services. In contrast, the US government was not so heavily involved in
providing utilities, leaving this up to private organizations. The transfer from public to private
ownership had significant benefits according to Ergas (1993), which included productivity
improvements and a shift in the risk involved with these organizations away from taxpayers onto
private individuals. There was also a greater willingness and ability to improve the corporation’s
performance within privatised services. Finally, the opening of markets to competition, when
accompanied with privatisation, led to significant gains in infrastructure efficiency.

The shift towards privatisation in the UK was motivated by government’s desire to correct the
failings of state owned industries and utilities. Many had become economic burdens as a result of
their poor performance and most operated at a loss resulting in a need to support them through
annual taxpayer provided subsidies. State industries tended to be both inefficient and over-
manned. According to Childs (1992), the justification for privatisation was simple. Those
running privatised concerns would be freer to decide their strategy, unconstrained by government
directions and the usual financial strictures placed upon them by the treasury. Customers would
benefit from the effects that a reduction in monopoly power and increased competition would
have through prices and choice. The most important benefit though, from a government
perspective, was that government was able to divest itself of some serious liabilities. The UK
government had in the past ‘bailed out’ industries by nationalising them, but this had led to it
becoming burdened by serious economic liabilities. Consequently government was subsidising
industries such as aircraft manufacturing, motor vehicle manufacturing and steel production.
There were also subsidies for service industries which European governments had traditionally
been involved in such as electricity, telephones and postal services.

The emergence of privatisation in the UK highlights the direct link made between government
services and economic goals. This became especially important when education became directly
linked to national economic goals. Privatisation was [arguably] one of the more profound
legacies of the Thatcher era. It changed forever the public sector and also altered UK industry.
Furthermore, it altered the way in which public service organizations related to their workforce
and customers. Whilst the intent of privatisation was to ensure that public sector organizations
were run along more efficient and business-like lines the human costs were enormous and
included increased unemployment and alienation for some as well as a loss of a sense of
community.

Although privatisation removed a number of liabilities and provided government with surplus
funds to pursue other projects, the widespread extent of the privatisation had broad social
consequences which often negated the superficial and transitory gains. The issue raised by
privatisation was whether the state got a good return. The answer seemed to be ‘no’ when one
considers the social costs. Privatisation made sense only if the profits could be ploughed back
into other social projects. This unfortunately did not seem to occur. Ironically, whilst government
endeavoured to decrease its activity in people’s lives, privatisation bred regulation. Consequently large numbers of regulatory bodies emerged to oversee the major industries because utilities could not simply be let loose on the public as unchecked monopolies according to Tiratsoo (1997).

**Unemployment**

The most significant effect of neo-classic economic policies within the UK (and to a lesser extent elsewhere) was the dramatic increase in the number of unemployed. One feature of this unemployment was that the north of the UK was more affected than the south. This was probably because the north was the location of most manufacturing industries which felt the full impact of neo-classic economic policies as they were forced to become more efficient by laying workers off. A number of industries also closed down because they could not compete in a free market. The consequence was large numbers of long term unemployed. Conversely the south tended to have more service orientated industries which were not as radically affected by economic policy as the north.

Ashton (1990) argues that the primary cause of the high levels of unemployment was employers cutting back on labour costs. This had a deleterious impact on youth, resulting in a disproportionate increase in their unemployment rates. In addition, older workers were encouraged to take redundancy payments and retirement packages. This rise in unemployment differed from past periods because employment in the manufacturing industries did not pick up. Instead as output ‘bottomed out’ and began to increase, employment in manufacturing continued to fall. Whilst there were many jobs created, the majority of these tended to be in part-time positions.
endeavoured to decrease its activity in people’s lives, privatisation bred regulation. Consequently large numbers of regulatory bodies emerged to oversee the major industries because utilities could not simply be let loose on the public as unchecked monopolies according to Tiratsoo (1997).

**Unemployment**

The most significant effect of neo-classic economic policies within the UK (and to a lesser extent elsewhere) was the dramatic increase in the number of unemployed. One feature of this unemployment was that the north of the UK was more affected than the south. This was probably because the north was the location of most manufacturing industries which felt the full impact of neo-classic economic policies as they were forced to become more efficient by laying workers off. A number of industries also closed down because they could not compete in a free market. The consequence was large numbers of long term unemployed. Conversely the south tended to have more service orientated industries which were not as radically affected by economic policy as the north.

Ashton (1990) argues that the primary cause of the high levels of unemployment was employers cutting back on labour costs. This had a deleterious impact on youth, resulting in a disproportionate increase in their unemployment rates. In addition, older workers were encouraged to take redundancy payments and retirement packages. This rise in unemployment differed from past periods because employment in the manufacturing industries did not pick up. Instead as output ‘bottomed out’ and began to increase, employment in manufacturing continued to fall. Whilst there were many jobs created, the majority of these tended to be in part-time positions.
The three major processes which altered the labour market in the UK were the extension of global markets, industrial concentration and the introduction of new technology. The government needed to change public perception of the unemployed by reducing the numbers recorded. This was achieved not necessarily by fashioning job creation schemes but instead by making a series of changes to the unemployment register. Whilst there were still recorded increases in the levels of unemployment, Ashton (1990) argues that these structural manipulations resulted in the increase not appearing as serious as it was. The response of the government was firstly to refuse to recognise the importance of the unemployment and to then claim that it was the result of attempting to improve the operation of the market.

Significant increases in unemployment which can be attributed to neo-classic economic policies were also mirrored in the US. Unemployment would be the cost which ‘society would have to bear’ in order that free-market forces could ‘solve’ national economic problems.

Accountability

A direct consequence of neo-classic economic inspired government policy and a shift towards privatisation within the public service was a growing emphasis on the notion of accountability. Whilst there had always been an acceptance of accountability, the concept (especially financial accountability) gained growing importance with the shift to neo-classic economic approaches in policy directions. There were demands that public services become accountable to their political masters for expenditure and the use of resources. Politicians demanded ‘value for money’ for their public service dollar. The growing importance of accountability within the UK public service can be seen within the UK police service. Under the Thatcher administration the police service experienced increases in pay and resources. But the cost which the service had to bear was tighter accountability connected to expenditure and a move away from regionalised control towards stronger central control (Jenkins 1995).
The changes made to the UK police service are chronicled by Jenkins (1995) who observes that as the allocation of resources was increased there was a commensurate increase in the accountability for expenditure. This reached the stage where regional police forces were not permitted to hire more officers unless it could be proven that this would improve effectiveness. After permission for the hiring of new staff had been granted, evidence of value for money had to be demonstrated for at least three years. All works which cost over a million pounds had to be approved by the government. Even minor expenditure had to be approved and shown to provide value for money.

Jenkins (1995) cites the absurd situation of a computerised fingerprinting service to demonstrate the extent of central control and accountability measures. This computer service was necessary for computer investigations but approval for its purchase was delayed by the central government for a decade, as it was not convinced that the expenditure would be cost effective. The result was a significant rise in burglary rates and an erosion of confidence in the police service whilst they were denied vital technology which was a key to curbing burglary. On the local level, senior police had to demonstrate the effectiveness in their local community. They had to identify problems, set objectives, and demonstrate the effective use of money and equipment in attaining those objectives. This information was used to determine future grants.

The example of the police force is significant for the examination of education systems as it demonstrates a government’s pre-occupation with making the public service accountable for expenditure and the use of resources. This type of accountability was also mirrored within the US. With the police service in the UK, what became important was the demonstration of cost effectiveness through demonstratable performance indicators. This would be at the expense of other areas which could not have performance indicators so easily applied. In education a similar situation would arise not just in the UK but in other nations as well. Within the UK the nation’s
poor economic performance would be linked to a perceived decline in educational standards (Brown 1990). This along with the politicisation of education allowed the development of educational policies which were based more on neo-classic economic ideology than on educational principles.

Conclusion

The intention within this chapter has been to briefly explore the development of neo-classic economic approaches to government in both the UK and US. From the understandings achieved it is evident that the influence of neo-classic economics was widespread internationally. Economic policy in the UK has received most attention as the Thatcher government was the first conservative government in power in the Anglo-American sphere during the period and it provided models for conservative governments which followed. It will be demonstrated in this thesis that the UK and US policy approaches were utilized by Australian policy makers as templates. As a result the rise of neo-classic economic approaches was mirrored within Australian policy-making shortly after their Anglo-American predecessors.

There are several key generalisations which can be made about economic policy in the UK and US during the late 1970s and 1980s. These generalisations are significant as they reveal a definite neo-classic policy pattern which was repeated in various other nations. There were policy initiatives which allowed the market to dictate what should, or should not, occur within the economy. This is evidenced in policy initiatives which encouraged the expansion of business such as ‘tax breaks’. There was also a drive to make government-provided services more efficient via privatisation. A number of nations began to perceive education policy in more pragmatic economic terms—especially as a means to provide a better equipped workforce which would also allow for increased competition in the international market place. It is especially these vocationally orientated and globally competitive initiatives which seem to be at the heart of
poor economic performance would be linked to a perceived decline in educational standards (Brown 1990). This along with the politicisation of education allowed the development of educational policies which were based more on neo-classic economic ideology than on educational principles.

Conclusion

The intention within this chapter has been to briefly explore the development of neo-classic economic approaches to government in both the UK and US. From the understandings achieved it is evident that the influence of neo-classic economics was widespread internationally. Economic policy in the UK has received most attention as the Thatcher government was the first conservative government in power in the Anglo-American sphere during the period and it provided models for conservative governments which followed. It will be demonstrated in this thesis that the UK and US policy approaches were utilized by Australian policy makers as templates. As a result the rise of neo-classic economic approaches was mirrored within Australian policy-making shortly after their Anglo-American predecessors.

There are several key generalisations which can be made about economic policy in the UK and US during the late 1970s and 1980s. These generalisations are significant as they reveal a definite neo-classic policy pattern which was repeated in various other nations. There were policy initiatives which allowed the market to dictate what should, or should not, occur within the economy. This is evidenced in policy initiatives which encouraged the expansion of business such as ‘tax breaks’. There was also a drive to make government-provided services more efficient via privatisation. A number of nations began to perceive education policy in more pragmatic economic terms—especially as a means to provide a better equipped workforce which would also allow for increased competition in the international market place. It is especially these vocationally orientated and globally competitive initiatives which seem to be at the heart of
neo-classic economic inspired policy and it is this pattern which was repeated in other nations, such as Australia, pursuing similar economic strategies.

The increased use of neo-classic economics within government policy formation would have serious ramifications for government provided social service industries such as policing, health and education. Within a neo-classic economic model of education there would be an increased focus on efficiency with the adoption of practices which resembled practices used in private businesses. Education would also become linked to national economic goals through a focus on the need for schools to provide better equipped workforces which would then allow increased competition in the international market place. The propensity to allow the market to dictate would result in the development of educational policies which gave the appearance of greater choice being given to the consumers of education [students and parents]. Within Chapter Four we examine education policy which developed within the US and UK.
Chapter Four

Education Policy in the UK and US

Introduction

On a global scale, the 1980s and 1990s saw wholesale restructuring of school systems. Old patterns of management were ‘wiped out’ and replaced. Even a different corporate management language and imagery was introduced to describe educational practices. Beare (1995) argued that in retrospect it was obvious that an economic rationale was increasingly being used to justify most major educational policy initiatives in a number of nations and that this level of justification was used both at the national and local level. Within the US, UK and other western nations, educational policy was increasingly being driven by the need to compete in the international market place with aggressive newly industrialized economies such as Japan, South Korea and Taiwan.

The preceding chapter established that there was a neo-classic economic influence evident internationally. The intent of this chapter is to build upon this and demonstrate that neo-classic economics had an effect on education policy within those nations. It had become evident within the western nations that there was simply insufficient money to maintain government schools in the ways in which the community had grown used to (Beare 1995). Schools became increasingly self conscious and began looking outward so as to base their curricula on international ‘best practice’. These international standards were increasingly based on economic ideology. This resulted in economic data being used to measure student performance. These then became political tools which could be utilized to demonstrate the need for educational reforms. Traditionally, educators had been uncomfortable with the use of economic measures to describe or justify their practices but the power of this economic imperative forced them to use economic concepts to justify reforms (Beare 1995).
According to Beare (1991), changes in both the UK and US had long been unofficial guides for educational reforms elsewhere. He argued that educational writings and policy initiatives in these two countries have been closely scrutinized by educators, policy analysts and policy makers across the globe. Politicians, in particular, used policies developed in these nations as guides to their own policy endeavors. Beare (1991) argued that U.S and UK government education policy had a powerful influence on Australian educational policy.

**UK Educational Policy Prior to Thatcher**

During the mid 1970s there was debate within the UK surrounding the future of government schooling. It was believed that government schools were failing the nation and that the nation's poor economic performance could be directly linked to the failure of the curriculum (Gordan et al 1991). A determined attempt was made to reform the education system and to wrest control from local authorities and the teaching profession. Prior to the election of the Thatcher government, UK education was influenced by Labour ideology originating from the political left. During the 1960s and early 1970s doubt and uncertainty carried over into teachers’ thinking about the purpose of schooling. In the eyes of Thatcherites, Training Colleges and Universities were committed to ‘dangerous fashionable’ theories which called into question traditional practices within schools. This resulted in Conservatives believing that schools were chaotic and teachers lax. It was popularly accepted by the political right that the classroom was being used for subversive political activities (Lawton 1994).

McCulloch (1997) observes of the same period, that the alleged excesses of progressive education sanctioned in documents such as the 1967 *Plowden Report* were increasingly blamed for an alleged decline in standards. Lawton (1992) argues that right-wing ‘scare mongers’ highlighted concerns over the direction of government education. There was a popular
perception that schools were turning away from their economic responsibilities to students by inadequately preparing them for the workplace (Gordan et al 1991).

From 1963 onwards, Labor’s education policy of a comprehensive high school system had prevailed. These schools were attacked by Conservatives. They stressed the failure of the education system and emphasized the negative aspects of including the absence of early selection and lack of separation of academic students from technical and less able students. They also criticized disruptive students, high truancy rates and inadequate teaching. The result was an undermining of confidence in the existing government schooling system (Lawton 1992). One of the first actions of the new Thatcher government was to repeal Labour’s 1976 Education Act.

**Thatcher’s Education Policies**

The Conservative Thatcher government brought to education a strong right wing, free market and economically driven ideology (Beare 1991). Accompanying this, politicians themselves took over and implemented new education policies which would previously have been the responsibility and prerogative of educators. A series of policies which sought to ‘redress the economic decline of the UK’ was the result. Following the repeal of Labor’s 1976 Education Act the new Conservative Government introduced its own 1980 Education Act which brought revised powers and responsibilities for school site councils in government schools. Paradoxically, although Thatcher's education policies have been seen at the macro-level as interventionist, at the micro-level (classroom) they did result in local teachers gaining some additional freedoms (but at the expense of greater external accountability and testing).

The predominant triggers behind the development of Thatcher's education policies appear to have been global economic competition and unacceptably high levels of youth unemployment. This led to the development of a series of policies which sought to guarantee training positions
for youth if they were unable to gain places in higher education. Lawton (1994) points out that there were Conservative moves to make the curriculum more ‘relevant’. To achieve this, industry and other employer groups would have a greater input into educational measurement and curriculum objectives. The aim was to make information about the skills and capabilities of potential employees more accessible to future employers.

There was a growing belief that government education was in crisis. The consequence, according to Brown (1990), was the reorganization of the government education system in such a way so as to serve the ideology and vested interests of the government. There was an assumption by government that the interests of consumers were out of tune with national interests. This resulted in Thatcher reorganizing education along neo-classic economic lines. It was argued that there had been a decline in educational standards and this contributed to the nation's poor economic performance. The spirit of competition and excellence had been sacrificed to make the government educational system conform to a socialist notion of social justice (Brown 1990). There was a perceived need to defend standards and achievement against those who had promoted mediocrity in the name of social justice. The centre-piece of the Thatcher government’s educational policy was the notion of an independent education for all modeled, on the autonomous private schools. This meant that the local education authorities would no longer be the sole providers of education. Schools would be thought of as separate educational firms subject to the incentives and discipline of the market.

National legislation in the UK between 1986 and 1988 dramatically reordered school decision making. These reforms are significant as they were driven predominantly by market based ideology. As a result there was a general perception that markets, not government, should be given priority in society's efforts to improve the value of school quality (Wirt 1991). It was argued that the market mechanism should be focused upon local schools, empowering them to
create choices for parents who wanted the most effective education for their children. It is perhaps ironic that these reforms gave the appearance of local empowerment whilst also signifying a contradictory shift to centralized control over government education through the use of a series of control mechanisms such as the use of performance indicators, the measurement of outputs and centralized testing. It can reasonably be claimed that this represents an attempt by a government to ‘steer at a distance’ as discussed by theorists such as Ball (1993).

The result of this restructuring was a series of structural changes which included: a national curriculum, national testing, grant maintained schools which could opt out of local education authorities, the creation of city technical colleges and finally, the dissolution of the London education authority into 13 smaller learning areas. A local school management scheme was developed which involved: open enrolment in every school, formula driven resource allocation, setting priorities at the school site for using resources (empowering a board of governors to hire and fire staff and educators), and provision of information to parents on the schools performance. These reforms are a clear indication of the pervasiveness of neo-classic economic theory within UK education.

The 1987 election saw education as a major issue with Thatcher subsequently ensuring that her promises were converted into action. The 1988 Education Reform Act sought to ‘return to basics’ by endeavoring to focus on skills which were perceived as essential within students’ education. Lawton (1994) argues that, essentially, right wing Conservatives shaped the creation and focus of a National Curriculum. Industry, as a consumer of education, influenced the ‘back to basics’ movement through indirect political pressure to gain more suitable future employees. The pervasiveness of a neo-classic economic doctrine was clearly evident with moves to use the market to restructure education through a proposed voucher system. These vouchers were intended to enable parents to exercise choice in deciding which school their child was sent to and
through this ‘market power’ they would be capable of influencing the running of the school and the shape of the curriculum.

According to Tiratsoo (1997) the 1988 Education Act imposed a baroque and unworkable national curriculum on state schools. Subsequently there was a need to slim it down and revise it. Thatcher talked about getting the state ‘off peoples backs’. But whether it was deciding in the tiniest detail what was taught in classrooms or how much local voters could spend on local services, the state seemed firmly in control. It appears that despite attempting to give the appearance of ‘steering at a distance’ through the rhetoric of local control over education, Thatcher was in fact micro-managing education. There was a shift to establish a national curriculum with the core subjects of English, math and science. These would be supplemented by seven foundation subjects. All would be compulsory and there would be national assessment at the key ages of 7, 11, 14 and 16.

Within the UK the shift towards a standardized education system was promoted as a means of empowering classroom educators as it provided them with freedom within some constraints to shape educational activities around the specific needs of their students. This freedom though, was largely illusory, as educational control remained firmly centralized.

A result of the Thatcher Government's education policies, was education became more politicized with control over policy formation placed strongly in the hands of politicians. The consequence was that educators lost control over the education agenda. It is also evident that education had become firmly linked to national economic aims through the use of neo-classic economics in policy formation and as a result, education became linked to national economic aims instead of pursuing educational objectives. This pattern would be mirrored elsewhere and it could be argued that UK provided a template for educational policy formation elsewhere.
The locally controlled, US education system is fundamentally different from the state provided education systems within the UK and Australia. Because of the tighter local control in the US, its system is closer to a neo-classic economic structure (that is, controlled by market forces), than other forms of government education. Essentially, it is a decentralized system with local education districts being funded through the collection of local taxes. The districts are comparatively autonomous but are accountable to a state education department. There is a relatively weak federal education department which is capable of indirect influence through the federal judiciary and the provision of funding for specific projects. The structure of the system means that it is virtually impossible for the federal government to centralize control over government education which means it can only indirectly influence school districts (Boyd and Smart 1987). Nevertheless, during the mid 1960s, there were definite efforts by the federal government to influence local school districts in the direction of equity and social justice.

The ten years following 1965 was a decade of unprecedented turmoil within US schools according to Ravitch (1983). It was a period which saw the authority of school administrators being undermined by political action groups who made a wide range of demands including the removal of specific books from classrooms and libraries and integrating differing minority groups of students. Beare (1991) notes that the period saw twin forces putting pressure on schools: these being the Coleman Report of 1966 and the Jencks Study in 1972. Both dealt with educational inequalities and reached the conclusion that school progress was determined by the student's home background and only marginally by the school. An outcome of this was a series of federally funded programs aimed at social justice for minority and disadvantaged students, resulting in innovation in the curriculum and its delivery within the classroom. All of this was stimulated by strong federal government intervention through the use of the judiciary and the provision of funding for specific projects.
Reagan’s Education Policies

There was a reaction though, to what was perceived as federal interference in a constitutional matter which was considered to be primarily a local responsibility. Ravitch (1983) observes that there was vocal criticism, by the mid to late 1970s, of federal intervention into the affairs of local school districts. By the early 1980s, it was widely believed that government education was partially responsible for the economic downturn because it was generating students who were not properly prepared to take up positions in the workforce. It was popularly understood that the schools were responsible for the breakdown in discipline and this was the greatest problem faced by them. Added to this was a belief that educational decisions should be made by local school boards and not by federal or state authorities. The conservative Republican, Ronald Reagan’s, response was to criticize the social engineering of the Democrats and to promise to significantly reduce federal regulation of education.

The primary driving force in US government education in the 1960s and 1970s was Democrat inspired programs which were specifically aimed at gaining educational equity for minorities, the poor, the handicapped and women. By the more politically conservative era of the 1980s, this was no longer the case (Clark and Astuto 1987). Instead popular concern shifted direction to a belief that schools lacked discipline and were not adequately preparing students to take up positions in the workforce. Burke (1990) asserts that from the 1980s onwards, the US experienced a ‘youth crisis’ with excessive youth unemployment as one symptom. A major contributing factor was the failure of urban schools to prepare city youth for either jobs or further education. The response to this was the rise of the effective schools movement. This movement asserted the primacy of government schools and placed an emphasis on the need for a common curriculum which particularly valued literacy and numeracy. It was also a response to falling test score averages over the preceding two decades. Furthermore, it can be convincingly argued that the movement was a result of new international economic rivalry, with US industry looking to
recruit a well educated workforce which could compete with economic powerhouses such as Japan (Beare 1991).

Within the US during the early 1980s there were similar concerted moves to reform education. The impetus for this was predominantly economic. Observers such as Murphy (1991) claim that individuals throughout society felt that the US was on the verge of being displaced as a world economic power. As with the UK this economic failure was linked to education and resulted in calls to reform the curriculum. A Nation at Risk was the response to perceived falling standards. This report warned of the ‘rising tide of mediocrity’ threatening US schools (Koppich and Guthrie 1993). The report triggered a wave of educational reform. In particular, A Nation at Risk suggested that government schools contributed to the US’s poor economic performance and educational reform was necessary to prepare future workers for the future workplace and thus protect the nation’s economy.

It can be argued that the shift to the use of economic approaches in government education in the US is not quite as obvious as in the UK, partially because the US government education system was already strongly orientated towards a market based approach. However, there were definite attempts on a national basis to shape the curriculum using a neo-classical economic approach. By the late 1980s, business leaders were endeavoring to encourage government schools to guarantee a well trained, properly motivated and disciplined workforce. They were clearly acting in their own self interest. There was concern over the type of student produced by the government schools and a desire to ‘return to standards’.

Although there was no definite centralised national government policy to shift government schools towards neo-classic economic based approaches, there was use of the ‘Bully Pulpit’ by the President following Nation at Risk in 1983 (Koppich and Guthrie 1993). Furthermore, there
was a distinct move by industry to indirectly influence government education to gain a better prepared workforce. The result was the use of neo-classic economic approaches in government education, originating locally, but spread nationally. The perceived need for a better educated workforce was a consequence of the need by industry to remain competitive on international markets. A Nation at Risk claimed that government schools had contributed to the nation’s poor economic performance. It argued that educational reform was necessary to prepare future workers for the future workplace. This report was used by Reagan to force the reform of government schooling in the US (Koppich and Guthrie1993).

The 1980s saw the thrust within UK and US schools shifting to the promotion of measures aimed at excellence, and outcomes being measured. School improvement plans were developed to make efficiency and effectiveness popular. The instructional program of the school was given the highest priority. The period became a decade of right wing, free market, economically driven ideology within education. Employment, and in particular youth employment, along with making the nation economically competitive became the motivating factors driving educational reform within both nations (Peterson 1992).

A Nation at Risk spread a sense of national malaise and ‘kicked off’ an enormous state response. There was also growing concern that there was a decline in the quality of US workers in an increasingly competitive market (Peterson 1992). A further stimulus was the budget shortfall of many states as the economy moved towards recession. By 1990 governors and legislators wanted new ways of schooling which were cost effective. This was less risky than a costly strategy which involved raising taxes. The first set of reforms in the 1980s focused on the value of quality in education. There was an emphasis on changing the quality of graduates from schools by providing enrichment programs, raising educator certification, and revising testing standards. The second wave of reforms occurred after 1989 and the main thrust was in the value
of choice. Thus the market mechanism was used for educational reform through decentralized decision making and the UK 'choice method' was used as a model (Hanson 1991).

Choice proposals took several forms which included: a voucher system, magnet schools that focused on a particular subject, freedom to select schools rather than the closest one, and freedom to select a school outside of the immediate area. It is evident that these reforms were driven by neo-classic economic ideology. The motivation for school based management was the belief that centralized bureaucratic control of schools must be abolished. Effective local leadership was crucial. Every school was to be given the freedom and flexibility necessary to respond creatively to its educational objectives and above all to the needs of students (Hanson 1991).

Efforts to empower educators within the US were designed to improve schooling by professionalising their work. The goal was to move away from treating educators as hired hands or assembly line workers to a situation in which change was educator driven not authority driven. This involved providing educators with formal decision making authority so as to redesign their work. In particular there were thirteen steps sponsored by the Education Commission of the States and National Governors Association in 1990 which policy makers could take to facilitate school restructuring. These constituted an excellence framework for policy makers. The first of these steps was the development of a vision of desired student outcomes and a vision of a restructured education system. The fourth step involved providing flexibility, encouraging experimentation and the decentralization of decision making (Murphy 1992). These factors were also evident within the development of neo-classic economic education policy in WA. Much of the rhetoric revolved around empowering educators and decentralizing decision making to the classroom level where those decisions would have ramifications for students.
The use of economic imperatives within education policy resulted in increased accountability for the effective use of resources at all levels. In the 1990s most states, and education communities in the US were faced with the twin challenges of dramatically improving the educational results of all students and operating in a tight fiscal environment. Consequently educational accountability and improvement were glued together. There were increasing demands for greater efficiency and effectiveness for tax dollars appropriated for education (Peterson 1992). This focus on educational accountability was to be mirrored within educational reform in Australia.

The OECD and Education

Cross national exchange and education policy formation is explored by Vickers (1995). She notes that there has been a dearth of studies which examine the use of international developments to justify policy changes within Australia. However, she convincingly argues that even a casual observer is able to easily identify instances of policy developments outside Australia being used by Australian policy makers to alter policy direction. Vickers (1995) focuses on an examination of how educational policy decision makers at the Australian Commonwealth level drew on overseas sources so as to frame key policies during the 1980s. She focuses specifically on the influence of the OECD organization.

It is Vickers' (1995) view that the OECD played a critical role in the sphere of Australian Commonwealth education policy during the 1980s and early 1990s. She argues that from the 1983 National Economic Conference to the 1988 Higher Education White Paper and beyond, there was extensive reference by Australian policy makers to OECD statistics which pointed to the gap in education participation rates between Australia and other member nations of the OECD. In particular, she examines the role of John Dawkins, participating as the chair at a conference on Education and the Economy in a Changing Society. He also participated in
other OECD conferences and drew upon OECD policies and statistics to justify the Commonwealth educational policies which he adopted whilst holding the position of Commonwealth Minister responsible for Education. These policies had very clear neo-classic economical leanings and are examined in a later chapter.

Within the area of youth policy, the links with the OECD have been important according to Vickers (1995). She notes that in 1983 the Australian Commonwealth government invited an OECD group to review Australian youth policy. The group recommended that the curriculum and assessment practices of secondary schools be reformed. This would allow for increased rates of high school completion and permit the nation to better compete in the international market place by having an adequately prepared workforce. Higher completion rates, according to the group, could be achieved through limiting access to unemployment benefits and providing economic incentives for young people to remain at school.

There is a contrast, however, between the professional activities of teachers and administrators. Vickers (1995) cites Pusey (1981) to argue that this situation generated tension. Educators are preoccupied with the individual child and the unique conditions of their classroom, whereas administrators are concerned with improving the system through the evaluation of performance and standardization which allows for the efficient allocation of resources. Both are means to improve educational outcomes. The problem for Australian education, according to Vickers (1995), lies in the strengths of the OECD which is in economic expertise. Consequently when the organization was used, there was a focus on education and the economy. Within Canberra the result was the selective use of the OECD's agenda to emphasize the economic functions of education and thereby promote educational policy which was firmly based in neo-classic economics.
Conclusion

Both this chapter and the one preceding it have explored one of the fundamental research questions outlined within Chapter 1. That is the chapters have sought to explore the influence of neo-classic economics internationally and the impact which this had on education policy. The intent is to firmly establish that neo-classic economics did not develop in WA alone, but was instead, part of a wider pattern.

Neo-classic economic approaches to policy formation have played an influential role in the shaping of government policy within the UK and US. It is also evident that both nations used neo-classic economic approaches in the formation of government education policy. In both nations (and elsewhere), educators became self conscious of economic imperatives and began basing initiatives on international ‘best practice’. Semi-economic measures of student performance became devices for demonstrating the need to bring about further reform, according to Beare (1995). At the forefront of this reform movement was the spectre of international economic competition. An economic rationale was used to justify almost every policy initiative both locally and nationally.

Furthermore, it is significant that within both countries there were very definite moves to politicize state education. A form of this politicization is evident within the moves to force education to meet economic imperatives. Both nations adopted new policies within their government education systems and it can be argued that these policies were strikingly similar as a result of the influence of neo-classic economic approaches.

Beare (1991) asserts that educational changes in the UK and US have been ‘unofficial guidebooks’ for reforms in other places. At the very least, the writings and policy initiatives in those countries have been well perused and drawn upon by educators. Vickers (1995) also
examines how educational decision makers drew on overseas sources (particularly OECD nations such as UK and US) to frame some of the key policy ideas of the 1980s and early 90s. The influence is also apparent within the transfer of specific programs. An example is seen in the development of prevocational qualifications in schools for 16 year olds to gain entry to vocational courses. This program was cited by Marsh and Parker (1991) as a potential model for use within WA state schools. Further direct influence of external educational programs on Australian education are seen through such events as John Dawkins chairing an OECD conference on Education and the Economy in A Changing Society. It can be argued that Dawkins was influenced both at the conference, and through discussions with UK educationalists. He then used that information in an attempt to restructure Australian education in a similar manner (Dudley and Vidovich 1995). In the next chapter we examine the emergence of neo-classic economics in Australia.
Chapter Five

Neo-classic Economics in Australia

Introduction

A detailed analysis of neo-classic economics in Australia is beyond the scope of this study. Substantial investigations of the phenomena have already been undertaken by scholars such as Emmerton (1994), Carroll and Manne (1992) and Pusey (1991). This overview of neo-classic economics is simply designed to ‘set the scene’ by briefly exploring the phenomenon within Australian government policy.

To better grasp the influence of neo-classic economics (or economic rationalism) on WA government education policy, an understanding of the circumstances surrounding the phenomenon’s development within national government policy is essential. Previous chapters have sought to briefly examine the global emergence of neo-classic economics and its impact on UK and US education policy. This chapter seeks to build and expand upon this by providing a background of the predominant political and economic circumstances surrounding the emergence of neo-classic economics within Australia. Consequently, this chapter, along with the two chapters following it, seeks to explore how neo-classic economics influenced Australian Commonwealth government schools policy.

Background

Australian interest in the condition of the national economy is a relatively recent occurrence. Theorists such as Hughes (1994) emphasize this by claiming that the election of the Whitlam government in 1972 had more to do with ending conscription, Australian involvement in the Vietnam War and broader social issues than with economic policy. There has been a significant change since then though, to the extent that the nation has become almost obsessed with the
condition of the national economy. The result was a preoccupation during the 1980s and 1990s with unemployment, taxation, balance of payments and the value of the Australian dollar.

The international oil price shock of 1973 which resulted in a world wide recession is viewed as marking the origins of Australia’s modern economic woes. As Australia was predominantly a commodity exporter it was particularly affected (Keating and Dixon 1989). Between 1950 and 1970 Australia’s economic performance was impressive. A comparison of annual growth rates (GNP) illustrates this with Australia (4.7%), ahead of Canada (4.5%), the US (3.7%) and the UK (2.8%). During the period unemployment was at 1.25% per annum. The population increased by 5 million, real GNP jumped by $5 billion and output per person rose by 80%. There were also impressive increases in acreage under crop, iron ore production and employment in manufacturing (Carroll 1992). Consequently the 1960s was viewed as a period of extraordinary economic growth in Australian history. Inflation was stable and low with a better record than Japan, France and the UK.

According to Carroll (1992) however, by the 1970s Keynesian policies were losing their efficacy. A key part of the policy had become impossible to apply. When the economy boomed because of high private demand the government was meant to cut back on its own demand to balance the aggregate. The vast new central bureaucracies became so geared to welfare, education, health and defence, though, that they could only achieve this with difficulty.

Keating and Dixon (1989) ascribe Australia’s poor economic performance in the 1970s and 1980s to a number of factors which include:

- high rates of population growth absorbing capital for housing and social infrastructures.
- an inability to take advantage of economies of scale.
- an inability to shift resources out of agriculture.
• low productivity of capital investment.
• low investment in research and development.
• the difficulty of achieving rapid growth in GDP per head.

The Commonwealth government’s response was to endeavour to deal first with the nation’s economic woes by tackling high rates of inflation. This was only partially successful however, with inflation dropping from 15% in 1975 to 8% in 1978. Unemployment became an additional problem in the second half of the 1970s and Hughes (1979) notes that the Whitlam government used up a great deal of time arguing over appropriate solutions to the mounting economic problems. These problems were to be inherited by the Fraser government.

The nation’s economic problems were perceived by the Fraser government to stem from a number of factors. There was excessive real wage growth in relation to productivity, as well as uncertainty generated by high inflation and depressed investment which impacted on consumer confidence. High inflation and wage growth also reduced Australia’s economic competitiveness. It was felt that by suppressing inflation and reducing real wages, demand could be stimulated, output increased and inflation reduced. (Davis 1989).

In addition to the more immediate causes of the nation’s economic woes, Hughes (1989) identifies five further elements which had long term deleterious economic consequences. These included:

• the ‘White Australia’ policy resulting in missed economic opportunities in Asian markets.
• industrial protection through tariffs stifling the development of self reliant industries.
• wages being based on need (as opposed to productivity) through arbitration.
• state paternalism resulting in comparatively greater government involvement in the economy.
• a national predilection for attachment to great and powerful friends leading to insularity.
Arguably then, Australia’s economic problems predated the 1970s oil shocks. The root of the nation’s difficulties was the heavy export reliance on primary and mineral products with volatile prices. The consequence of these factors was that by 1982-83 Australia’s main economic indicators told a sorry story with the country experiencing negative real GDP growth of 2%, an annual inflation rate of 11.5% and an unemployment rate of 9% (Keating and Dixon 1989). By the time the Hawke government came to power in 1983 there was a definite need to take drastic economic action.

**Australian Neo-classic Economic Origins**

From the late 1970s, a number of nations allowed public sector reforms to become dominated by an essentially conservative agenda. Pusey (1991) claims that whilst the scope of change varied between countries, in each case they followed liberal conservative maxims. The result was a shift in the coordination functions of nation-societies away from central bureaucracies to economies and markets. Rhetoric justifying the need for radical change dwelt on the ‘elimination of waste and inefficiency’, ‘saving the taxpayer dollars’, ‘streamlining the public sector’ etc. Pusey (1991) draws a clear correlation between the conservative agenda controlling the Australian economic policy and similar agendas in the UK and US.

The solution to Australia’s economic woes lay in a choice between two fundamentally opposed approaches to economics. For the newly elected Hawke government, these choices were between the Keynesian approach, which had historically influenced governments, and a neo-classic economic approach. The Keynesian model advocated government action through the budget. Consequently there was an attempt to control (or at least ameliorate), the business of boom and bust by budgeting for a surplus or deficit. Under this model government gained importance in the economy through the extension of welfare and the attempted stabilization of the economy.
Although this model had been successful in the past, the coincidences of high unemployment and high inflation (stagflation) from the mid 1970s forced a reassessment of the approach.

Increased inflation and unemployment, coupled with comparatively poor economic performance, led to a realisation that the economy was not flexible enough for the Commonwealth government to generate full employment by itself. Although the necessary groundwork for fundamental economic reform was laid by the preceding Fraser Liberal government, key neo-classic economic policies were designed and pursued by the Hawke Labor government. As business orientated policies had traditionally been pursued by the Liberal Party, the result was a neo-classic economic agenda which received bipartisan support.

Until the early 1990s, critics of neo-classic economics were marginalised to the extent that they were dismissed as ‘cranks’ according to Davidson (1992). He claimed that for much of the 1980s, neo-classic economics ‘swept’ all respectable opinion before it. Despite this however, criticism grew and was not isolated to a particular political direction, with disapproval coming from the political left and right as well as from the media and academia. The groundswell of condemnation was not necessarily based on support for a Keynesian system but resulted from the broader community suffering real economic pain and becoming increasingly pessimistic about the capacity of neo-classic economic policies to reverse the situation (Davidson 1992). The economic pain and marginalisation of weaker social groups provided proof for critics that neo-classic economic policies were fundamentally flawed and in serious need of either revision or repeal.

Pusey (1991) argues that whilst the rhetoric surrounding the change to neo-classic economic policies was similar to the US and UK, Australia possessed unique structural features. He notes that despite the infrastructure costs of a nation with a small population in a vast continent,
Australia had a comparatively small public sector, low levels of taxation and public expenditure, and very low levels of welfare provision. In addition, it was the central Canberra government which accounted for the general government outlays. These fundamental differences meant (according to Pusey 1991) that neo-classic economic policies which were being [successfully] pursued elsewhere were not necessarily suited to the unique Australian conditions.

The need to re-examine government economic policy appeared to have been almost inevitable according to Michael Keating (1993). He argued that the globalisation of markets through improved technology (especially communications), removed natural protective barriers, forcing industry to be more competitive, and influencing wage and industry policy. Concurrently, economic advisors gained prominence in policy formation. Furthermore, there was the realisation within government that whilst it could influence the business environment, it was not capable of controlling everything. Pusey (1991) argued that the increased influence of economists within the Commonwealth bureaucracy was the predominant contributing factor in the growth of neo-classic economic policies in Australia.

Pusey (1991) outlines the origins of neo-classic economics within Australia, arguing that the key to economic reforms pursued by the Hawke government lay in the senior government executives and their background which directly impacted on their decisions and impacted on government policy. The majority of these executives (he argued), came from a small number of private schools, attended similar universities, were influenced by similar economic theory and were concentrated within the Commonwealth Treasury. Concurrently, there was a generational change at the senior executive level with the new generation shaped by differing circumstances. The ‘old guard’ had been predominantly influenced by the depression and war years, whereas the new generation was shaped by a restrictive, technically orientated, neo-classical curriculum which
had gained prominence in Australian universities from 1947 onwards (Pusey 1991). By 1982 both government ministers and their executives shared this restrictive training in economics.

Criticism of Neo-classic Economics

In the transition between generations the Canberra policy makers doubly failed, according to Pusey (1993). This failure came through the geographical isolation of the nation’s capital and was exacerbated through the narrow training, life and work experience of senior policy makers. The result was the capture of the central coordinating departments by this single line of ‘new right, free-market, neo-classic economists’. In comparison the ‘hands on’ economists in the industry departments, the educationalists, the engineers and scientists, and other professional groups in differing industries who were depended upon for useful advice were demoralised and driven out of their respective departments. Pusey (1993) argued that real power in the Commonwealth public service became inversely proportional with one’s knowledge of real tasks or indeed with reality. The curriculum upon which these individuals derived their key economic concepts [arguably] imploded into ‘formula mongering’ and ‘artificial mind games’ with little or no relevance to the real world (Pusey 1993).

The primary flaw of neo-classic economics, Pusey (1993) argued, was that policies based on it created poverty and dependence. Whilst neo-classic economists claimed that the removal of tariffs, price floors or ceilings and prohibitions on entry or exit from the markets created a market which was free (and thereby beneficial to society), experience appeared to suggest otherwise. The spate of deregulation, commercialisation, privatisation and marketisation under Thatcher, Reagan, and later Hawke created a sharp upward redistribution of income. Pusey (1993) claimed that markets were not neutral or equitable. On the contrary, a so called free market, shifts life chances upwards from the ‘have-nots’ and the ‘have-a-bits’ to the ‘have-
The fundamental difficulty presented by neo-classic economic policies was the perspective that the market was the best means of measuring what is, or is not, needed within society. To this end, there was a constant shift towards making differing areas more productive, or efficient. However, there were areas which were not suited to concepts such as productivity or efficiency. Marginson (1991) argued that the service industries (such as education and health) were increasingly dominated by an economic discourse and terms such as ‘productivity’ and ‘efficiency’ were used to locate these service industries within an economic framework. The problem lay in the fact that the processes associated with these industries could not necessarily be understood in purely economic terms. Whilst there was an increasing use of the key concepts of efficiency and productivity within the service industries, these were not necessarily the correct analytical tools to use. Marginson (1991) argued that economic measurement tools such as these originated within the mining and agriculture sector and were best suited in the comparison and contrast of outputs and inputs within those areas. Conversely though, the human service areas remained under-theorised by economists and continued to pose a number of theoretical difficulties to them.

Within the human services field it was particularly difficult to define the relationship between outputs and inputs. The problems associated with the relationships in the human services industries pointed to a further fundamental problem for neo-classic economic policies. These involved the difficulty of measuring productivity and efficiency in those areas which were meant to provide elementary services. The problem was that in an economy where the market dictated what was, and was not, going to occur, those non-productive elements such as health, education and social welfare could only suffer.

Bertone (1992) pointed out that whilst there were clear economic advantages associated with neo-classic economic policies through factors such as reduced government spending and staff
cuts, there were also clear disadvantages associated with the policies. These included the social costs associated with the policies far outweighing the advantages and could be measured in terms of wasted human potential. The policies also generated both industrial and individual hardships. In addition to this, the demise of centralised institutionalised mechanisms (which neo-classic economists advocate), for protecting weaker sections of the workforce, injected the potential for a rise in the incidence of ethnic and racial conflict in cities and workplaces (Bertone 1992). This factor had not been thoroughly considered by neo-classic economists.

Evidently there were fundamental flaws with a neo-classic economic approach to government policy formation. The first lay in the economic pain which was created for a large part of the nation by these policies. The very existence of their economic pain suggested that neo-classic economic policies were not suited to ‘real people’ living in the ‘real world’. Critics argued that, a nation such as Australia could not afford the long term social consequences of these policies. The second flaw lay in the serious social justice issues raised by the pursuit of these types of policies. The removal of centralised institutional bodies which were charged with protecting weaker marginalised sections of the community, indicated that [again] the social costs of these policies negated any supposed benefit. Finally, the fact that these policies were ill suited to the human services sector suggested that the costs of these policies outweighed the benefits.

Support for Neo-classic Economics

Neo-classic economists advocated the adoption of government policies which reduce the level of governmental intervention in the economy. Much of the criticism surrounding neo-classic economics centred on the recession which coincided with the introduction of many policies. Critics asserted that the high unemployment and increased foreign debt accompanying the recession were a direct consequence of reduced government intervention and regulation during the 1980s. They argued that the removal of governmental controls resulted in excess spending
and borrowing and the exposure of Australian industry to foreign competition, both of which destroyed jobs. Those who advocate neo-classic economics, such as Moore (1993) though, claim that these critics misunderstood the fundamental causes of the recession and high unemployment. The identification of the wrong culprit led to an incorrect assumption that a Keynesian approach was the answer to the nation’s economic woes (Moore 1993). Instead Moore (1993) claims that high unemployment and reduced confidence were the product of the failure of previous interventionalist government policies. The recession (according to him) highlighted a need to reduce government intervention in the economy and for Australian society to recognise that security was not synonymous with rejecting change.

Neo-classic economics produced a series of economic policy changes in the 1980s of which the demise of protectionist policies was the most significant, according to Walsh (1993). He argued that the short term impact of this policy shift was not as significant as others, such as deregulating the financial market or floating the dollar. However, it forced industry to become more competitive. Therefore, Walsh (1993) claims, the removal of protectionism under the influence of neo-classic economics was beneficial because tariffs denied Australians’ the benefits of modern technology and engineering.

Those who support neo-classic economic policies argued that until relatively recently the debate was predominantly one sided leading to fundamental misconceptions about economics and economic policies. King and Lloyd (1993) claimed that at its worst, the argument degenerated into diatribe. Furthermore (they argue), the majority of critics were non-economists such as sociologists, political scientists, business-administration specialists, journalists, educationalists and others. Consequently arguments put forth by Pusey and Carroll (sociologists), Manne and Sawyer (political scientists) and Ventila (science policy) offered little for professional economists to take seriously!
Advocates of neo-classic economic approaches argued it was significant that Pusey (1991) within his criticism of economic rationalism (or neo-classic economics as is used within this thesis), failed to clearly define his terminology and continued to do so until 1993. Brennan (1993) suggested that the lack of a clear definition by major critics of neo-classic economics (such as Pusey and Carroll) could have been strategic as a vagueness in definitions allowed the mobilisation of mistrust and prejudice in the attack on the economics profession. Consequently, a lack of clarity accompanied by the main thrusts of arguments could have been a shrewd tactic.

Neo-classic economists agreed that the term was far from self explanatory but claimed that Pusey’s 1993 definition was far from accurate. They claimed that central to neo-classic economics was the belief that competitive markets are likely to improve economic efficiency. It was this belief, argue James et al (1993), rather than some broad political aims revolving around the unequal redistribution of wealth, which was behind moves to reduce the protection of local industry from imports and decrease regulations restricting competition in banking, airlines, telecommunications, electricity and a wide range of other industries. This belief was also fundamental to attempts to corporatise and privatise government business, to shift from centralised wage fixing to enterprise bargaining and to reform the taxation system. From this Brennan (1993) simply argued that neo-classic economics made no policy recommendations at all and accordingly policy decisions and consequences could not be connected to this form of policy approach.

Neo-classic economists argued that the resulting agenda was necessary in the circumstances in which Australia found itself in the contemporary world. Competition, Brennan (1993) argued, was in the producer’s interests as productivity and efficiency were sharpened and more employment at higher incomes was generated in the economy. Labour market reform was also necessary and provided a more effective response to the challenge of competitive product
markets. Enterprise bargaining agreements, focused on productivity, ensured job security and allowed higher wages (Brennan 1993). Finally, financial market deregulation freed the financial institutions, allowing credit worthy borrowers to borrow rather than be rationed funds under a subsidised scheme. Financial deregulation led to bank margins being competed down and banks increasing their efficiency. Evidently neo-classic economic approaches allowed Australia to remain financially viable at a time when societal goals and the circumstances confronting individuals changed.

Moore (1993) argued that those opposed to neo-classic economics-inspired policies, were simply condemning the necessary cure to the nation’s economic woes. He claimed that the recession of the 1980s and its aftermath of high unemployment and reduced consumer confidence were the product of highly interventionalist government policies. Consequently, neo-classic economic policies which advocated reduced governmental intervention allowed the country to maintain its competitiveness whilst also improving individual material and cultural living standards. Similarly, financial deregulation (according to Valentine 1993) delivered benefits to the economy through a competitive banking system which improved financial services provided to customers.

**General Impact of Neo-classic Economics**

The privatisation of differing governmental functions was an obvious manifestation of the impact of neo-classic economic policies in Australia. Stilwell (1994) described this as ‘fire sales of public assets’ arguing that whilst this deferred a financial crisis, it was at the expense of relinquishing long term revenue sources and government’s diverse public social obligations. He claimed that it was these two factors which led to the establishment of public enterprises in the first place. Within the social services, the practises of ‘corporatisation’ and ‘contracting out’ of service provisions resulted in reduced costs to government but only at the expense of changing
the quality of services and throwing the extra burden onto voluntary agencies (Stilwell 1994). For welfare and other social services the impact of neo-classic economic policies was deleterious.

Carroll (1992) used case studies to highlight the negative impact of neo-classic economic policies on both government organizations and private corporations. Two of these, the Mildura orange growers and the Black and Decker Power Tool Company illustrated the deleterious impact of tariff reductions. The removal of some protections under neo-classic economics-driven policies failed to make Australia more competitive but resulted in increased unemployment according to Carroll (1992). The potential benefits of these policies were difficult to discern.

For Carroll (1992), unemployment was the greatest immediate impact of neo-classic economics. He argued that it would remain high until a manufacturing base which could produce goods to substitute for imports was restored. By 1991 unemployment reached as high as 17% when consideration was given to those who gave up looking for work, school leavers, those unwilling to extend their education and casual workers (Carroll 1992). Although this figure was reduced later in the decade, unemployment remained high. Of those unemployed, particularly hardest hit were middle level managers, experienced tradesmen, technicians and other individuals in the prime of their working life. When dismissed, these individuals had little prospect of reemployment according to Carroll (1992). Evidently one significant impact of neo-classic economic policies was significant increases in unemployment and (for those remaining within work), a loss of job security.

The Impact of Neo-classic Economics on Youth

Possibly the group most significantly affected by neo-classic economic policies has been the youth of Australia. Irving et al (1995) observed that during the 1980s and early 90s opportunities
for youth changed dramatically. When this was contrasted to their predecessors, this generation faced declining employment prospects and increased competition for entry to tertiary education. Changing patterns of employment also had an impact, with youth finding it harder to earn an independent living. Part-time work became associated with continuing education. Whilst there were proportionally fewer young people in full-time employment, extended schooling did little to improve the life choices of the working class, according to Irving et al (1995). They claimed that for many remaining in education, school was seen as a waste of time and a ‘ticket to nowhere’ merely prolonging the period when they hoped to earn an income from ‘real work’. The reality for youth on leaving education was often unemployment which was exacerbated by neo-classic economic policies.

1979 is the point when neo-classic economics were first used by the Commonwealth in education. The Fraser government attempted to deal with some problems confronting youth by acting on certain recommendations in the Williams Report (1979) and announcing a new school-work transition policy. The Report on Schooling for 15 to 16 Year Olds (1980) suggested that the curriculum needed to retain the interests of working class youth and criticised the existing school to work transition programs. It indicated a need to rationalise income support to encourage youth to stay at school and the Commonwealth government was urged to facilitate the transition to ‘actual’ work or other ‘useful’ activities (Down 1993).

Whilst addressing youth unemployment was one aim of neo-classic economics, it appears to have exacerbated the problem. Between 1983 and 1986 youth emerged as a significant policy area for the Hawke government. During 1986 it was designated as ‘priority one’ and policy direction was primarily framed around education and training rather than job creation. Consequently, the goal of full secondary education became part of the education policy of Participation and Equity (1983) announced in July 1983. The primary aim of which was
increased retention rates and extended participation beyond the compulsory leaving age. The Kirby Report (1984) also emphasised the need to shift from short term employment programs to education and training.

The outcome of neo-classic economic policies for Australia’s youth was significant. Predominantly, employment opportunities decreased significantly. In addition, the nature of available employment changed in structure. Jobs available to youth were either primarily part-time or casual. This resulted in the inability of youth to earn an independent wage, thereby forcing large numbers to remain within their parents’ homes. Finally, the policy options open to them mainly involved education or training instead of job creation schemes. Those educational opportunities which were offered became increasingly vocational in nature which in turn forced educational institutions to become more vocationally orientated.

The education policy implications of neo-classic economics policies at the Commonwealth level will be dealt with in greater detail later in this thesis. For the moment though, it is necessary to acknowledge Pusey’s (1991) observation that for neo-classic economists, the education system represented a problem. This was because it was not specifically attuned to the needs of the labour market. Neither was it relevant to the needs of business and industry as it was insufficiently attentive to research, development, and skill formation in high tech and other industrial fields with export or import replacement potential. In simple terms the education system was perceived by neo-classic economists only as a means of producing human capital and only in terms of its relationship to the economic system.

**Conclusion**

The intent of this chapter has been to begin the process of examining how neo-classic economics influenced Commonwealth government policy. This will be extended in the next two chapters
when the influence of neo-classic economics on Commonwealth government schools policy is examined. From the analysis in these three chapters it will be possible to assert that the emergence of neo-classic economics was unquestionably part of both a global and national trend, and not simply limited to WA alone.

The adoption of neo-classic economic principles in the formation of Commonwealth policy clearly represented a fundamental shift in the economic direction of the Australian nation. This shift was from an essentially Keynesian system (with its focus on strong governmental involvement in the economy), to a neo-classic economic model which perceived the market as the best judge regarding what was preferable within the economy.

Whilst neo-classic economics clearly has its defenders who look primarily to the economic future of the nation, the detractors oppose this and argue that the significant social costs of neo-classic economics (in terms of reduced welfare and other social services, and increased unemployment), make neo-classic economics too socially expensive for the nation. Neo-classic economics has particularly impacted on youth, forcing considerable numbers to either remain at home longer, or to remain in education. There has also been an impact on education (which is viewed by neo-classic economists mainly in terms of its relevance to the economy). Thus, education has been forced to become increasingly vocationalised. Chapters Six and Seven explore Commonwealth education policy which developed as a consequence of neo-classic economic influences.
Chapter Six

Commonwealth Education Policy 1975-1986

Introduction

The preceding chapters have sought to establish the background to the introduction of neo-classic economics dominated policies in Australia. The intent within both this chapter and the one following is to ascertain the prevalence of neo-classic economics within the formation of Commonwealth education policy. Grundy and Bonser (1996) cite Yeatman (1990) to claim that despite the rhetoric of ‘devolution’, ‘responsibility’ and ‘empowerment’ within ‘restructuring stories,’ the impetus originates not from below but is instead a ‘top-down’ phenomenon. Restructuring within school systems (they argue), were not bureaucratically inspired but were, instead, politically dictated.

The concepts of productivity and efficiency, Marginson (1995) argued, are economic concepts which were increasingly used within education but were also ill suited to the particular characteristics of education markets. The emergence of other neo-classic economic concepts such as corporatisation were observed by Beare (1995) who claimed the term signified attempts by government to reconfigure government enterprise so that it operated like a business corporation whilst remaining as a government instrumentality. The impact on education was the development of policies based upon neo-classic economic ideology as opposed to educational research.

The emerging new forms of managing government were also observed by Nolan (2001) who argued that whilst neo-classic economic approaches to policy formation and public sector reform occurred globally, the specific responses within nations differed. There was some resistance to these approaches but this was viewed as an acknowledgment that specific cultures and histories made a difference. Nolan (2001) dealt with what he termed ‘new public management’ claiming
that this represented a replacement of traditional models of public administration. Within the new model there were changes to inputs, a concentration on outputs, increased managerial accountability and a reduction in the scope of government agencies. Furthermore, he argued that a significant characteristic of at least one model of new public management included an increased attention to financial control with a particularly strong concern with ‘value for money’ and efficiency gains. There was also a focus on getting more for less, a strengthening of the financial functions and a growth of information systems. New public management was steeped in neo-classic economic ideology and had serious ramifications for education as it focused on financial imperatives as opposed to educational ones.

It is evident that neo-classic economics dominated government policy formation amongst many of the advanced ‘Anglo’ states globally. However, it is equally clear that there were certain locally unique characteristics to the development of neo-classic economics within each of these countries including Australia. Consequently educational policies which developed within Australia under this influence (whilst bearing a resemblance to educational policies developed in other nations under similar influences) had their own unique shape.

**Early Commonwealth Education Policy**

Since federation, Smart (1982) argues, the Australian Commonwealth government has gradually increased its influence and range of functions. This was often at the expense of the states. The increase in the influence of the central government was largely possible through its financial superiority which was consolidated through the **Uniform Taxation Act** of 1942. Commonwealth involvement in education prior to 1939 was at best minimal and incidental according to Harman and Smart (1982). Education was perceived as representing minor budgetary significance as it was viewed as a predominant concern of state governments. In 1939 however, Dr K.S.
Cunningham (the Director General of the Australian Council for Education Research) observed that Commonwealth involvement in education would inevitably increase.

The Walker Report (1943) signified the origins of an increased Commonwealth involvement in education. As a result of this report’s recommendations, the Commonwealth Labor Government established the Commonwealth Office of Education in 1945. Commencing in 1950, the long run of Menzies conservative governments, in general, resisted state pressures to provide Commonwealth finance for education. However, following recommendations from the Mills Committee in 1951, the Commonwealth Universities Scholarship Scheme was introduced. Smart (1982) claimed that Menzies was an economic pragmatist who realised that unlike schools, universities could be assisted for a minimal outlay. He was aware that if the Commonwealth government became involved in educational funding of the schools sector, it would create a huge financial strain. Consequently Menzies tended to argue that education was the constitutional responsibility of the states and as a result Commonwealth assistance was kept at minimal levels. During the early 1950s however (following pressure from independent schools lobbyists), Menzies initiated minor tax amendments which provided some assistance (Smart 1982).

The major precedent for Commonwealth intervention into schools was established in 1963 with the opportunistic election promise by Menzies to establish (amongst other things), a new Commonwealth Secondary Schools Science Laboratory Scheme and two Commonwealth Scholarship Schemes (Smart 1978). In 1969, three years prior to Labor coming to power, a scheme of general per capita recurrent financial assistance for primary and secondary independent schools was established by Malcolm Fraser in his role as Minister for Education and Science (Birch 1977). This recurrent funding initiative left the Commonwealth government open to future pressures for educational funding.
One key factor which was to influence the new Whitlam Labor government's dramatic Commonwealth intervention into education was the striking projections of expenditure shortfall by state ministers for the period 1971-75 in the Survey of Needs of Australian Education (1970). This document projected a dramatic financial shortfall and it was the position of the Labor Party that the Commonwealth government should be responsible for making up that shortfall (Beazley 1980).

**Labor Government Education Policy 1972-1975**

The election of the Whitlam Labor Government to power in 1972 marked the beginning of a revolutionary new period of relative prosperity for Australian education. Eleven days after the election, Whitlam appointed Professor Peter Karmel as the Chairman of the Interim Committee for the Australian Schools Commission. This was to evolve into the Schools Commission which became responsible for the provision of massive funding for schools. Anderson (1976) suggested that from the outset of his appointment as Prime Minister, Whitlam made it obvious that as the Labor Government had a mandate for educational change, it intended to bring about radical change within the nation's education system. By taking initiatives at all levels a sense of excitement was generated within education, along with a feeling that there were new directions for Australian education (Anderson 1976).

For the education sector the election of the Whitlam Government (1972-75) resulted in a massive increase in funding, with Commonwealth expenditure on schools quadrupling over 4 years. This was primarily to redress serious resource deficiencies identified by the Karmel Committee. Expenditure took place within seven major programs: General Recurrent Grants, General Building Grants, Libraries, Disadvantaged Schools, Special Education, Teacher Development and Innovations (Smart 1982). The period saw an increased level of experimentation within government schools because of improved resourcing. By 1975 however, the various autonomous
Commonwealth education commissions (schools, universities, CAE, TAFE) were making budgetary recommendations totalling over six billion dollars. These were completely unrealistic and demonstrated that they were out of touch with economic reality. In addition, with the emergence of serious national economic problems, the strong public support for increased education expenditure which had been present in 1972 was rapidly dissipating by 1975. The election of a conservative government in that year signified a new era within education where cost containment became a predominant concern. The Fraser Government (1975-83) soon demonstrated that there had been a decisive change of both economic and political priorities within education and social policy more generally.

**Liberal Government Education Policy 1975-1983**

The significant expansion of education under the Whitlam Government ceased abruptly in 1975. Whilst Karmel (1981) argued that this could be attributed to a number of factors, the most significant cause was the end of a period of economic growth. Accompanying this was a declining birth rate and increased supplies of qualified individuals. All of this combined to remove a fundamental stimulus to education expansion. From 1975 education also began to experience increased public resistance to expenditure on it. A final factor contributing to deceleration was the arguments used by Fraser to sweep Whitlam from power. He claimed that his leftist predecessor had allowed inflation to get out of control and the national deficit to grow too large through excessive expenditure on public sector programs such as education. The strong anti-centralist tendencies of Fraser’s government also contributed to a Commonwealth shift away from education. The consequence of this was that the Fraser Government came to power with a mandate to ‘rein in’ educational expenditure.

Although Fraser inherited the Schools Commission from the preceding Labor government, it proved problematic to dismantle. Instead, the Commission had a very difficult seven years with
its equity orientated funding being frequently rejected by Fraser who set about diluting its mediational role (Smart 1987). The result was that from 1975 the Schools Commission declined in its influence on government school funding. The economic recession which also occurred provided a further blow for education. Finally economic uncertainty meant the students were less inclined to leave school which contributed to increased retention rates during a period in which educational expenditure was being cut.

Reduced youth incomes created by growing youth unemployment and altered living arrangements made it less practical for young people to establish independent households and led to a youth crisis (Irving et al 1995). Concurrent with this crisis was an increase in criticism of schools over perceived falling literacy and numeracy standards. Consequently, there were demands for structural change. The response of the Fraser Government was to establish the Williams Committee (1979) of inquiry.

**Significant Education Reports During Fraser’s Ministership**

The Williams Report (1979) focussed on the role of Australian education systems in training and credentialing the workforce. Amongst its terms of reference was provision to examine the concept of recurrent education and an allowance to look into the role of education facilities in preparing individuals for employment. The committee was also given responsibility to examine the interaction between the labour market and educational standards as well as the role of education in providing professional employment skills.

The committee’s recommendations dealt with many areas of education including secondary, tertiary and TAFE sectors. There was recognition that the curriculum needed adjustment so as to easily facilitate the school to work transition. In particular the report contained the recommendation that whilst schools should stress general educational objectives additional
attention should be given to vocational education. There was also recognition that increased retention rates created a need for government schools to widen the curriculum to allow for students of differing abilities and motivation.

Irving et al (1995) argued that although the report acknowledged the growing significance of youth unemployment, its recommendations centred only on traditional solutions such as the development of vocationally orientated programs within schools. The Report recognised that expenditure on education as a percentage of gross national product was declining after having rapidly increased between 1960 and the mid 1970s. It argued that Australia’s economic crisis and high youth unemployment were directly linked to the future of educational policies and it proposed stabilisation of educational reform rather than sweeping reform (Down 1993). The Williams Report (1979) drew a direct link between education and a significant economic indicator, the labour market. This link set a clear precedent within education and that precedent was supported and strengthened by later reports and committees.

According to Down (1993) the ‘flood-gates’ for further reports linking education to the economy were opened by the Williams Report (1979). He suggests that the report was almost representative of an ideological turning point for Commonwealth education policy. Consequently we can assert that 1979 represents the origins of the use of neo-classic economics in Commonwealth education policy. The alteration in direction was further consolidated through the Schools Commission report, Schooling for 15 and 16 Year Olds (1980), which provided further justification for the alteration in policy direction. This report acknowledged the role of education in shaping individuals but also looked at the important demands placed upon schools by the economy. In examining the skills and knowledge which students should gain from their schooling, the report suggested (amongst other things) that students should acquire skills and knowledge which would prepare them to take up positions in paid employment.
Irving et al (1995) note that *Schooling for 15 and 16 Year Olds* (1980) highlighted the need to provide an adaptive curriculum targeted at non-tertiary bound students. Furthermore it was critical of existing school to work transition programs. By suggesting that a need existed to alter the education curriculum to properly prepare students for positions in the workforce, the report represented a distinct move for Commonwealth education policy as education became firmly linked to the economic needs of the nation.

The growing tendency of the Commonwealth government to endeavour to link education with economic aims such as employment opportunities can be perceived within the *Learning and Earning Report* (1982). This was prepared by the Tertiary Education Commission and was produced in an atmosphere of severe cost-cutting within education by the Fraser ‘Razor-gang’. Expenditure had to be justified in some way and [arguably] it was this atmosphere which contributed to attempts to closely link education and employment.

The *Learning and Earning Report* (1982) emphasised a need to broaden the curriculum, especially subjects offered to upper secondary students as retention rates, (at that point), were increasing significantly. There was recognition that options offered to students needed to take into account the large number who were not planning to proceed to tertiary education. However, there was also recognition of a correlation between levels of education attained and the ability of an individual to successfully gain employment. Furthermore the point was made that educational opportunities played an important role in reducing inequality of opportunity within the broader community.

Whilst there was a strong emphasis on tertiary education, this report drew a link between education and work and emphasised the growing strength of this link. By drawing this connection, the report simultaneously linked education to the well being of the national
economy. By the end of the Fraser government’s period in office in 1983, the seeds had been sown which would allow national education policy to be directly linked to the well-being of the national economy. This opened the way for the application of neo-classic economics dominated education policies.

**Labor Education Policy and Susan Ryan**

Within her case study of Australian education policy formation Vickers (1995) observed that during the first four years of the Hawke government (1983-86), the predominant objectives of Australian youth policy were significantly ‘reconceptualized’. She claimed that during the period of the Whitlam and Fraser governments there appeared to be a wide variety of differing policies aimed predominantly at bringing youth unemployment under control. However, all of these policies had one thing in common which was the underlying assumption that youth unemployment was a short term problem. The variance in policies only reflected the contrasting political ideologies of the differing parties but both assumed that the next economic cycle would ‘set things right again’ (Vickers 1995).

By the end of the Fraser government’s period in office, though, it had become evident that traditional solutions to youth unemployment were inadequate. A new approach was needed and the OECD (Vickers 1995 argued), played a critical role in assisting Australian policy makers in defining the shape of the solution. The OECD warned that the relationship between employment and education needed to be redressed. It was fundamentally changing because of changes in the internal and international economic order of member countries. Some OECD reports such as New Policies for the Young (1985), according to Vickers (1995), expressed the need to address concerns that mainstream education was failing to adequately prepare youth for life and work in the late 20th century.
By the mid 1980s Commonwealth/state resource agreements were being renegotiated (Macpherson 1990). In 1984 the Commonwealth education ministry was asked for retrospective evidence of increased quality of education which justified the 50% increase in Commonwealth expenditure per pupil between 1973 and 1983 (Smart et al 1986). This forced the new Commonwealth Minister for Education, Susan Ryan, to mount defensive inquiries, one of which was the Quality of Education Review Committee (QERC) (Macpherson 1990). This committee sought to establish ‘value for money’ indicators and to identify links between the labour market and education. Macpherson (1990) claims that the QERC process triggered a fundamental reconstruction of policy powers within education. It was also significant that this process marked the point where neo-classic economic influence became intensified within Commonwealth education policy formation.

Susan Ryan served as the Commonwealth Minister responsible for education from 1983 until 1987. Although she served for approximately the same period of time as John Dawkins who was to follow her, her overall impact on the portfolio appears to have been less. Ryan served during a period of transition for the Labor Party as it shifted from one policy paradigm to another. Dudley and Vidovich (1995) argue that between 1972 and 1985 the Labor Party viewed education as being best administered by statutory bodies. By the mid 1980s though, a major shift occurred which supported corporate models of direct ministerial control, guided by economic priorities rather than educational issues. Administration shifted so that management experts exerted control as opposed to professional educators.

Following the election of the Hawke government in 1983, youth policy was primarily framed around the issues of social justice and social equity along traditional Labor Party lines. Consequently, the goal of ‘full secondary education’ became a part of education policy of the Participation and Equity Program (PEP) announced in July 1983. This program aimed at
providing an alternative to the preceding Fraser government's school to work programs through increasing secondary retention rates. The policy aimed to replace the existing secondary curriculum with one related to future vocations. The primary purpose was to produce a skilled and productive labour force.

The vocationalisation of education was one dominant theme to emerge from neo-classic economic education policy and it reflected the influence of business interests (Browning 1997). Essentially this involved business putting pressure on government to develop education policy which aimed to provide students with skills that were transferable to employment. This enabled business to defray training costs of employees. It is evident that business was the prime beneficiary from this form of neo-classic economic policy.

Smart and Dudley (1990) argue that PEP represented the traditional goals of the Labor Party encompassing concepts of equality and access. Government schools received a substantial proportion of the funding. It was aimed at the 40% of schools with the lowest retention rates and sought to reduce the number of students leaving school prematurely. The primary focus was on reforming the curriculum so that the environment of the school changed, hopefully resulting in students choosing to remain at school. This quickly produced an increased enrolment of 56 000 students over the age of 16 in the first two years-Whilst unemployment for the 15 to 24 year olds decreased by 76 000 (Smart and Dudley 1990). By 1985 however, the economy was deteriorating. This resulted in a cut in the program's funding and the decision to use primarily financial incentives to encourage students to remain at school.

During the same period, the Kirby Committee of Inquiry into Labour Market Programs (Kirby Report 1983) was released. Irving et al (1995) argued that there were a number of similarities between the Kirby Report (1983) and OECD reviews of Australian youth policies.
Both focused on the need to shift short term employment programs to education related structural change. This example of the vocationalisation of education represented business further benefiting from neo-classic economic education policy. The Kirby Report (1983) specifically recommended that income support schemes be manipulated to actively push young people towards education.

**QERC Report**

When the Hawke government came to power there was concern about Commonwealth funding to schools accelerating out of control and becoming increasingly inequitable. Consequently during 1983/84 Minister Ryan sought to rationalise funding on a stronger needs based model. This threatened the existing funding provided to highly resourced private schools. However, Susan Ryan misunderstood the extent of the power of the private schools. During the ensuing ‘crisis’ powerful private school lobby groups held protest meetings, lobbied and gained media exposure, creating the impression that the government was unfairly attacking the democratic rights of parents who simply wanted to put their children’s education first. Hawke had to personally intervene to appease the wealthy schools with promises of support (Smart et al 1986).

Whilst Ryan was personally resistant to neo-classic economics in education policy, the ensuing ‘school settlement’ fiasco meant that she owed political favours to Cabinet which resulted in her having to accept the contentious QERC Report (1985). Consequently, although she presided over the beginning of neo-classic economic influence in Commonwealth education policy, she was personally resistant to this new direction.

By late 1984 the Hawke Government was experiencing pressures from business, industry and other interest groups over what were perceived to be falling educational standards. The Quality of Education Review Committee (QERC) which produced its report in April 1985 represented the government’s response to these pressures and the impact of the economic downturn
Both focused on the need to shift short term employment programs to education related structural change. This example of the vocationalisation of education represented business further benefiting from neo-classic economic education policy. The Kirby Report (1983) specifically recommended that income support schemes be manipulated to actively push young people towards education.

QERC Report

When the Hawke government came to power there was concern about Commonwealth funding to schools accelerating out of control and becoming increasingly inequitable. Consequently during 1983/84 Minister Ryan sought to rationalise funding on a stronger needs based model. This threatened the existing funding provided to highly resourced private schools. However, Susan Ryan misunderstood the extent of the power of the private schools. During the ensuing ‘crisis’ powerful private school lobby groups held protest meetings, lobbied and gained media exposure, creating the impression that the government was unfairly attacking the democratic rights of parents who simply wanted to put their children’s education first. Hawke had to personally intervene to appease the wealthy schools with promises of support (Smart et al 1986). Whilst Ryan was personally resistant to neo-classic economics in education policy, the ensuing ‘school settlement’ fiasco meant that she owed political favours to Cabinet which resulted in her having to accept the contentious QERC Report (1985). Consequently, although she presided over the beginning of neo-classic economic influence in Commonwealth education policy, she was personally resistant to this new direction.

By late 1984 the Hawke Government was experiencing pressures from business, industry and other interest groups over what were perceived to be falling educational standards. The Quality of Education Review Committee (QERC) which produced its report in April 1985 represented the government’s response to these pressures and the impact of the economic downturn
accompanied by changing school retention rates. The report also signified the beginning of the end for the Schools Commission. QERC (1985) recommended that it should be restructured and this ultimately resulted in its abolition in 1987 (Dudley and Vidovich 1995).

The QERC Report (1985) reflected the Hawke government’s preoccupation with attaining value for money from Commonwealth expenditure and aligning education closely to labour market needs. It was primarily concerned with comparing financial and educational inputs with clearly identifiable educational outputs. The committee was unable to conclusively prove that there had been benefits from the rapid increase in Commonwealth expenditure on schools between 1973 and 1984. However, it was clear that ‘the increased funding had produced results which were beyond those that might have occurred without funding’ (Dudley and Vidovich 1995).

Despite the findings concerning Commonwealth aid to schools, the QERC Report (1985) supported the continuation of Commonwealth funding to schools but emphasised the need to find better methods of devising and monitoring desirable educational outcomes from the funding. Specifically the report stressed the economic goals of education. This took the form of a focus on the development of a curriculum which was more in tune with the economic needs of the nation. To do this the report argued that schools needed to reform the curriculum by developing a series of competencies which were appropriate to a technological society.

Conclusion

By 1985 the neo-classic economic trends in education had become clear and would become more evident, overt and robust with the passage of time. It is apparent that Susan Ryan was in control of Commonwealth education as it shifted towards neo-classic economic policies. In August 1986
she used neo-classic economics to focus on the economic implications of increased retention rates (Dudley and Vidovich 1995).

Until the 1970’s Commonwealth involvement in education policy was limited, especially in the schools sector. But the precedent for more expansive (and expensive) involvement was established by Fraser in his role as Minister for Education and Science in 1969 via the provision of financial grants to independent schools. The Whitlam years in government (1972-75), although relatively brief, saw comparatively massive Commonwealth involvement in education through the provision of increased funding for all sectors. This period of relative educational prosperity was cut short by the Fraser ‘Razor gang’ in the mid 1970s. The Williams Report (1979) and later Schooling for 15 and 16 Year Olds (1980) and other reports established a clear link between education and the economy during the period of the Fraser Government and firmly established precedents which would subsequently enable neo-classic economics to dominate Commonwealth education policy formation.

The Hawke government came to power recognising the need to bring youth unemployment under control and realising that this needed more than short term solutions. Susan Ryan was the Education Minister in Hawke’s first two governments (1983-87). She initially attempted to bring about educational change through PEP which sought to reform the curriculum so that students remained at school. This was followed by the Kirby Report (1983) which recommended ‘pushing’ young people back into education through income support manipulation. The QERC Report (1985) strongly signalled the neo-classic economic direction of the government as it sought to align education with labour market needs. This vocationalisation of education policy enabled business to benefit. However, the shift towards neo-classic economic education policy was not occurring fast enough for some of Hawke’s Cabinet. The tempo of change towards these
types of policies though, would soon increase significantly with the appointment of John Dawkins as the Commonwealth Minister.
Chapter Seven
Commonwealth Education Policy 1987-1996

Introduction

In July 1987 John Dawkins replaced Susan Ryan as the Commonwealth Minister for Education. He retained this position until 1991 when he was replaced by Kim Beazley Jr. Although Dawkins was only Minister for Education for 4 years, he had a significant impact on many aspects of Commonwealth education policy which were to have major ramifications for state education policies. Within an examination of Australian schools policy he is significant because he is perceived as the Commonwealth Minister primarily responsible for overseeing the implementation of neo-classic economic principles within Commonwealth education policy. Furthermore, under his Ministership, various major committees inquiring into education policy had representatives from, and were chaired by, prominent members from the business community. It was hardly surprising, given this influence, that these committees made recommendations which benefited business. Consequently, any examination of education policy formation must take into account the personal impact which John Dawkins had.

Dudley and Vidovich (1995) have argued that processes of education policy formation in Australia underwent a major shift in the middle of the 1980s. They emphasized that although this shift coincided with Dawkins becoming the Commonwealth Minister, it should not be attributed to him alone. Rather, they argued that the policy shift was at a more fundamental level and was not confined to education alone. Unquestionably, Australian government practices of administration in general and policy formation underwent significant change at that time.

While acknowledging their point, the role of Dawkins was clearly influential. Certainly the scope of the new education reforms introduced by Dawkins might not have been as successful with
another political appointee. During this period he and Peter Wilenski reasserted ministerial power and control by centralizing departments and abolishing many statutory commissions. Smart and Dudley (1990) point to Dawkins’ speed and success in outmaneuvering many of his critics, including the powerful academic lobby, which poses the question as to whether someone less forceful and strategic might have been as successful.

**Influences on Commonwealth Education Policy**

Although the drift towards neo-classic economics in education policy formation occurred prior to the appointment of John Dawkins as the Commonwealth Minister responsible for education, Dawkins’ predilection for neo-classic economics was clearly evident. In 1983, within Labor Essays, Dawkins and Costello argued that a national presence in education was needed by Labor for economic and equity reasons. They claimed that a Labor government needed to take control of the economic destiny of the nation and simultaneously give expression to an equal and just society and this should shape the Labor Party’s education policies. They went on to claim that the Labor Party needed to provide new forms of national leadership in education. This meant going beyond the provision of grants and required the national government to concern itself with the objectives of education and the adequacy of the total educational effort. Lingard et al (1994) claimed that a central intent of the Labor Party was to produce a multiskilled and flexible workforce as an integral part of the national economy. This would benefit business by defraying training costs and could be achieved through the vocationalisation of education policy.

A significant document which motivated the Labor Party to bring about change was Australia Reconstructed (1987). This was a report by an ACTU economic planning advisory committee chaired by ACTU Secretary Laurie Carmichael. He would later chair both NBEET and the influential committee which produced the Carmichael Report (1992). Australia Reconstructed (1987) explored successful economic models in OECD nations as a basis for
Australia. Parts of the report were used to persuade Hawke to reconceive skills based education by encouraging the merging of education and training programs through the development of multi-skilling. Out of this document the notion of the ‘Clever Country’ emerged. The general view to emerge was that professional educators had the wrong idea. Instead of focusing on the academic (it argued) there should be a focus on competency based vocationally orientated education. The document, whilst dealing with union issues, had a strong educational theme running throughout it (Lingard et al 1994).

**Australia Reconstructed** (1987) discussed the future of Australia's economic competitiveness on the international stage and claimed that this depended on the ability of the nation to develop the skill base of the workforce. It urged the development of programs which guaranteed all 16 to 24 year olds access to education, training or productive employment.

Dawkins' appointment to Education from Trade in 1987 was described as a ‘new broom’ by Smart and Dudley (1990). They argued that he was symbolic of the new dominance of neo-classic economic approaches to government policy in Australia. A further symbol of the linking of education to national economic goals was the subsuming of Education into a mega-department called the Department of Employment, Education and Training (DEET). Dawkins deliberately placed education after employment in the Department’s title as a signal that education would be secondary to employment and used to achieve national employment goals. Whilst the shift towards neo-classic economic influences in education policy had originated under Ryan with documents such as the **QERC Report** (1985), the pace of change increased under Dawkins.

**Skills for Australia**

Within the foreword to **Skills for Australia** (1987), Dawkins clearly signaled the intent to link national educational goals to economic priorities. The opening sentence stated:
The Government is determined that our education and training systems should play an active role in responding to the major economic challenges now facing Australia (Dawkins 1987).

He went on to argue that skills formation and training arrangements were inadequate and discussed various actions required. These included increasing education participation levels, making education more flexible, connecting education to the long term needs of the economy and labour markets, improving education productivity and evaluating outputs.

The influence of Australia Reconstructed (1987) on Skills for Australia (1987) was also evident in the claim in the latter that Australia lagged behind other comparative countries in the proportion of the workforce holding post-school qualifications. School retention rates were compared with Japan and America and the claim was made that there was an overall need to boost the levels of both quality and quantity of education within the community. The document also established the neo-classic economic direction which national education policy was to follow by arguing (amongst other things) that increases in participation rates alone were not sufficient to generate the level of skills required by the nation’s economic circumstances. Consequently, there was a need to improve quality, structures and the flexibility of education. National educational goals were directed by neo-classic economic ideology and these became increasingly vocationalised. The difference between education and training became blurred with the passage of time.

Smart and Dudley (1990) argued that Dawkins’ determination to firmly link education and the economy was signaled in the two documents Skills for Australia (1987) and Strengthening Australia’s Schools (1988). They claim that Skills for Australia (1987) reinforced the dominant view within the Hawke government that education and schooling must respond directly to the needs of the economy. The document essentially urged a stronger role for schools in the
development of labour force skills. Consequently, it can be seen both as a document which was influenced by neo-classic economic ideology as well as a document which sought to vocationalise government education and benefit business interests.

**Strengthening Australia’s Schools**

Dawkins released *Strengthening Australia’s Schools* in May 1988. Smart and Dudley (1990) noted that this document was perceived by state Education Ministers as a Commonwealth intrusion into state matters. Ministers feared attempts to impose a national core curriculum which would stifle local diversity and innovation whilst also focussing too heavily on the development of vocational skills. There was fear, according to Smart and Dudley (1990), of centralized national assessment which could lead to comparisons between states or schooling sectors, based on assumptions about quality. This (it was felt) would divert efforts from genuine education in order to focus on national assessment purposes. Dawkins argued there needed to be a coherent curriculum appropriate to national social and economic needs. He spoke of allowing teachers to be well equipped with a curriculum to meet the demands placed on them and motivating students to remain within schooling for 12 years. Dawkins also spoke of systemic assessment becoming a prominent feature of schooling. This, he suggested, would ensure fairness as well as an efficient and effective approach to schooling. He further argued that such elements were important strategies within a national education effort (Smart and Dudley 1990).

Essentially, *Strengthening Australia’s Schools* (1988) was Dawkins’ proposal for a national curriculum. According to Birch and Smart (1989) it was set in the context of the Hawke Government's push to maximize effort in education in support of national economic development. Within this document Dawkins argued for a common curriculum which was orientated towards objectives such as international export competitiveness, improved productivity and the development of skill-based industries. While affirming the constitutional
role of the states in school policy making, the document defended the national government’s role in promoting national interests and demanding effective use of national resources to achieve national goals. Dawkins concluded by arguing that the fundamental role of education could only be achieved by way of a coherent curriculum which was appropriate to contemporary social and economic needs.

Birch and Smart (1989) also observe that from at least the mid-1980s onwards, education became increasingly politicized through politicians becoming directly involved in education policy formation. This was at the expense of the traditional controls exercised by education professionals and the bureaucracy. The predominant reason for this politicization, according to Birch and Smart (1989), was a dissatisfaction by politicians with education and the pace of education reform. Ministers were assailed by assertive interest groups leading to the politicians (Ministers) taking over policy control. A new generation of Education Ministers, during the mid-1980s, sought to make their mark through taking control of education policy. In doing so, they endeavored to rapidly reform a diverse range of issues such as: administrative structures, certification, performance indicators, and curriculum content and delivery (Birch and Smart 1989).

**Higher Education**

Dawkins' attempts to reform education were not limited to schooling as he also brought about significant change within the tertiary education sector. In 1987 he released *The Challenge for Higher Education* (1987) which he claimed indicated the beginning of an intensive review of the three higher education systems in Australia. This statement indicated the government's intention to link education in responding to the nation’s economic and social challenges. The 1987 document was followed by the Green Paper which addressed a number of issues. Birch and Smart (1989) commented that this paper was significant as it represented a departure from past
practices because it was written not by higher education experts but by a select group of like-minded Dawkins advisors. It was followed in 1988 by the Ministerial White Paper which, according to Birch and Smart (1989), reshaped the structure and processes of higher education allowing the Commonwealth government greater intrusion into the affairs of individual institutions. Higher education reform is mentioned here as it indicates the broad scope of Dawkins' intervention at all levels of education and demonstrates that the link between education and national economic goals was being orchestrated at all levels.

**In the National Interest**

In 1987 the Schools Commission policy statement titled *In The National Interest: Secondary Education and Youth Policy in Australia* was also released. This was one of the final documents released by the Schools Commission because it was abolished by Dawkins later that year. It revisited many of the issues which had become apparent in *Schooling for 15 and 16 Year Olds* (1980) and the *QERC Report* (1985). The policy document endeavored to define the future role for government schooling. In doing so it also attempted to deal with criticism surrounding the new policy approach of linking state education to the needs of the economy. To be able to achieve this link *In the National Interest* (1987) identified three factors which shaped the relationship between education and the economy. These were: the skills knowledge and attitudes developed by education and used by industry; the qualifications given to students and used by employers as a basis for selection; and finally, the actual requirements of the labour market.

For schools to be able to form a closer link between education and the economy, the report suggested, it was their role to create favorable conditions for economic and technological development. This meant that schools needed to develop expectations of students similar to expectations of the workplace. Down (1993) argued that *In the National Interest* (1987) placed
an emphasis on behavior suited to the workplace as opposed to a social setting. Specifically, the document acknowledged that schools needed to provide knowledge and skills relevant to work. In preparing students for the workforce the policy statement identified communication skills and collaborative decision making as desirable attributes for students.

**In the National Interest** (1987) argued that credentials were important regulators of schools' work. It went on to suggest that secondary school qualifications operated as a pre-selective device which could be utilized to screen job applicants. Within its recommendations the document urged greater agreement between the education system and economic partners about which knowledge and skills were the most valuable. It also suggested the development of better relationships between schools and their economic environment. Education policy such as this emphasized the vocationalisation of education and benefited business.

**Further Permutations**

One of Dawkins' first acts as the Minister for Education was the abolition of the Schools Commission and the transfer of its functions to the Australian Education Council (AEC). Dawkins was a member of the AEC and as such this provided a site for influence over the national curriculum. Policy tensions were generated, however, between the Labor Commonwealth government and state governments (which were predominantly Liberal by 1994) as Dawkins tried to steer education policy. Throughout his period as Minister the political situation remained delicate. The abolition of the Schools Commission also represented the end of traditional Labor Party approaches to education which involved consultative committees of experts. Instead the Commonwealth Minister and his/her department became the sources of policy. Education policy making therefore became predominantly political decisions rather than professional matters (Dudley and Vidovich 1995).
In 1988 Dawkins argued that education was an important tool with which to restructure the Australian economy. He argued there was a need to make Australian industry more competitive as a part of bringing about structural change within the Australian economy. To sustain the structural change he suggested that education played a crucial role in building a skilled and flexible workforce. He made statements which indicated the extent to which education was expected to alter to meet the needs of the national economy. Dawkins (1988) argued that state secondary schools were the foundation on which to build a skilled workforce. The secondary curriculum (according to him), needed to reflect the world of which it was a part. As such the curriculum should aim at developing in students those skills valued by employers.

In August 1990 Dawkins gave a lecture dealing with the impact of differing Commonwealth initiatives on school education. In it he outlined the neo-classic economic direction of education and provided justification for this. During the lecture he spoke of the economic imperative to modernise the Australian economy. In particular there was a need to pay attention to micro-economic reform. Improving the flexibility and skills of the workforce was a part of that reform. To achieve this Dawkins (1990) argued that all sectors of education needed to provide integrated and coordinated educational opportunities for young Australians. He went on to argue that the Commonwealth government was in a unique position to play a leadership role in generating catalytic processes which would build bridges across the ‘islands of state or territory systems’.

The Finn Report

By the late 1980s the Commonwealth government was increasingly linking education and workplace requirements. Following pressure from the Australian Education Council and the Business Council of Australia, a committee of inquiry was established in early 1991 (the final year of Dawkins’ period as Commonwealth Education Minister). In July 1991 The Young People’s Participation in Post-compulsory Education and Training Report (the Finn Report
1991) was released. It had been given the task of making recommendations concerning the education of 15-19 year olds.

The committee was chaired by Brian Finn who [at the time] was CEO of IBM. In contrast to earlier ‘open’ expert education committees, the majority of the actual members were drawn from business but several of the support staff had educational backgrounds. The membership of the committee indicated the extent of private enterprise involvement in education by 1991. Given this membership, it was hardly surprising that business would benefit from the recommendations stemming from the Report. The Finn Report (1991) was predominantly guided by the need to converge work and education as well as the need to converge vocational and general education. There was an overt push to force schools to become more concerned with the employability of their students thereby vocationalising the curriculum.

Dudley and Vidovich (1995) noted the relatively ‘closed’ style of this committee’s review process. They observed that within its six months of deliberations, the committee did not conduct open discussions but merely accepted submissions. The notions of ‘competencies’ were in the terms of reference for the review which (they suggest) indicates the agenda was firmly established from the outset.

The Finn Report (1991) helped place the concept of competency firmly within the educational debate and this (along with other documents which were pushing for a national curriculum), would be influential in the production of the Curriculum Framework (1998) in WA state education. Although the concept had been explored within preceding reports it was not given significance until the Finn Committee took up the issue. The review committee promoted six fundamental competencies as crucial elements within an individual’s education. As the competencies were so closely linked to employability, it can be argued that the Finn Report
(1991) was claiming that the fundamental purpose of education was to prepare students for the workforce.

Collins (1991) suggested there were three trajectories of the Finn Report (1991). These were: from democratic decision making to managerial decision making; a vocational trajectory and a trajectory from an egalitarian individualist rationale for education into a corporatist rationale which perceived education's purpose as being linked to the economy. Collins (1991) perceived the review as serving predominantly neo-classic economic purposes. Dudley and Vidovich (1995) argued that the plan to increase Year 12 retention to 95% by 2001 was an acceleration of processes which were already in place such as the removal of unemployment benefits to individuals under 17 and the beginning of Austudy. They went on to suggest that the review also represented the transition of schooling from an elitist curriculum to one which focused on employment and national economic goals by ensuring a more productive, better skilled and more flexible workforce.

Carmichael Report

By March 1992 the Australian Vocational and Training System (The Carmichael Report) was released by the new Commonwealth Minister for Employment Education and Training, Kim Beazley. The committee which produced the report was chaired by unionist Laurie Carmichael who was Chairman of NBEET and closely associated with Dawkins. Carmichael's background once again indicates that educators were being relegated to the periphery of Commonwealth education policy. Employer and union input was sought by the committee and these groups placed a great deal of value in the development of competency based education. Educators' concerns regarding the educational policy direction of the Commonwealth government were being eroded in favour of union and business pressures for vocationalised, neo-classic economic solutions.
Essentially the Carmichael Report (1992) built on the main thrust of the Finn Report (1991) recommendations, providing a 'staged strategy' for meeting national industry training needs by the year 2001. Instead of being a short term response to unemployment it was seen as an essential part of broad structural reform in education. The committee proposed the acceleration of the implementation of competencies. This resulted in a proposal to introduce the Australian Vocational Certificate Training System which aimed at attaining the vocational equivalent of a 90% Year 12 retention rate. The report aimed to achieve economic objectives through restructuring post compulsory education which was perceived as an essential element of economic restructuring.

It was proposed within the Carmichael Report (1992) that the development of training pathways should be encouraged through networking education providers such as schools, industry, TAFE and other private organisations. The Australian Vocational Certificate Training System was seen as a means of providing certification for the training of youth who fell outside of existing systems. The scheme allowed for a training agreement between employer and employee and proposed 'pathways' of education which would be provided through schooling, later education and into industry (Dudley and Vidovich 1995).

The justifications for bringing about the changes recommended within the Carmichael Report (1992) were almost entirely economically based. Severe balance of trade and external debt along with growing unemployment difficulties were used as the predominant defense. It is remarkable that there was little mention of educational concerns, given that the report proposed restructuring education. Evidently education was being increasingly linked to national economic goals. The fact that the Carmichael Report (1992) was endorsed by state Ministers, the AEC, business and union groups indicates the depth of support for linking education to economic goals.
Mayer Report

Following the release of the Finn Report (1991) the Mayer Committee was established and given the function of refining the Finn competencies. The report which resulted, Putting General Education to Work (the Mayer Report), was released in September 1992. The Chairperson (Eric Mayer), was formally the CEO of the National Mutual Insurance Group but a substantial number were educators. After the concept of competencies had been established the educators appear to have been given the task of putting them into practice through this committee.

The vocationalised, neo-classic economic ideology underlying the Mayer Report (1992) was made explicit within the title and introduction with the notion of ‘putting general education to work’ being explored. This was followed with an observation that Australia’s economic success was dependant on a competitive work force and work environment. The way to achieve this, it was claimed, was through the use of competencies within education. The perceived function of education had shifted dramatically, as was indicated by the use of this ideology. By 1992 it was predominantly concerned with economic aims. Education had become vocationalised and concerned with producing a workforce that was adequately prepared for positions in the workplace, a situation which benefited business.

The Mayer Report (1992) adopted the view that the competencies were essential for effective participation in work, further education and general adult life. The ability to apply them in new situations was viewed as important. It is evident that the committee saw the competencies as essential to the individual if he/she, was to survive in contemporary society. The competencies were perceived as relevant across the various subject areas and were viewed as additional to subject outcomes which were being explored through a shift towards a national curriculum. Dudley and Vidovich (1995) note that the competencies within the Mayer Report (1992)
omitted facets which might normally be associated with models of a broad liberal education and instead shifted towards a curriculum with national economic aims.

**The National Curriculum**

A significant development to come from the Dawkins period of Commonwealth education policy was the renewed focus on the development of a national curriculum. Attempts to formulate a national curriculum were examined by Macpherson (1990) who argued that there were three distinct attempts which began with the Curriculum Development Center (CDC) in 1973. The issue reemerged in 1984 but the CDC proved to be vulnerable to influential forces and was absorbed into DEET. The third attempt to create a national curriculum came through Dawkins and the AEC.

Lingard et al (1994) cite Spaul (1987) to observe that within its 50 year history the AEC was primarily a forum through which the states could respond to the Commonwealth agenda. However, this changed dramatically during the Dawkins period as he sought to pursue a national agenda in education. Lingard et al (1994) claimed that increasingly state education Ministers (who were mostly Liberal by 1994) sought to gain control of initiatives in national collaboration developments. Lingard et al (1994) also observed that the AEC was one site through which the Commonwealth Labor Government pursued the national agenda in education and training. The central intent (they argued) was to produce a multi-skilled and flexible workforce which could enhance national economic performance.

Dudley and Vidovich (1995) argued that the Commonwealth government endeavored to increase its influence in schooling policy formation in the late 1980s using neo-classic economic justification which spoke of furthering the ‘national interest’ by enhancing efficiency, coordination and the maximization of human resources. From the Commonwealth level,
education was redefined as an economic commodity, according to Dudley and Vidovich (1995). Others such as Pope (1991) support this position and claim that never before had schooling been as clearly defined in terms of the economic needs of the nation.

The significant turning points for the Commonwealth government in national policy on schooling originated from *Strengthening Australia's Schools* (1988) (Dudley and Vidovich 1995). Barcan (1996) notes that following the release of *Strengthening Australia's Schools* (1988) the AEC commissioned a survey of curriculum practices within the states which found a divergence between state systems. The survey revealed that guidelines, policy frameworks or curriculum frameworks were used in N.S.W., Victoria, S.A. and Tasmania. Schools. Within these states schools were free to interpret the relevant documents. Queensland and WA had syllabi but schools were free to interpret them. The ACT had a School Authority which approved individual school programmes. In January 1989 Federal Cabinet endorsed Dawkins' scheme for a core curriculum.

The findings of the AEC survey encouraged the adoption of the *Common and Agreed National Goals for Schooling in Australia* (1989), which were ratified by the AEC in 1989. Within this document there were 10 agreed national goals for schooling which predominantly focused on the curriculum and assessment. Barcan (1996) claimed that this document provided Dawkins with a commitment to reform schooling from State Education Ministers. Dudley and Vidovich (1995) argued that one significant implication which could be drawn from *Strengthening Australia's Schools* (1988) was that schools had failed to produce outcomes which would allow Australia to economically compete on the world market. The document argued that human capital was being wasted and consequently the nation's schools were not serving the 'national interest'.
The Curriculum Corporation argued that the benefits of national collaboration on the curriculum would enhance quality, cohesion and resource savings. It is this focus on the sharing of resources among states, territories and the Commonwealth government rather than duplication and achieving economies of scale in production which is of particular significance. The competencies developed by the Mayer Committee were predominantly employment related and perceived as aimed at post-compulsory students. The Mayer competencies according to Dudley and Vidovich (1995), focused on creating a curriculum which was primarily economic in orientation.

The national curriculum was completed for presentation at the July 1993 meeting of the AEC in Perth. It was at this meeting that the implementation of this policy received a significant setback primarily as a result of party politics and states rights arguments (Dudley and Vidovich 1995). Education Ministers from the predominantly conservative Coalition state governments decided to slow the process and returned the proposed curriculum for review. At the December 1993 meeting in Hobart the AEC was still unwilling to implement a national curriculum. Despite being rebuffed, copies of the National Statements and Profiles continued to circulate. Barcan (1996) argued that their underlying ideology of inclusiveness, catering to the special interest groups began to influence the curricula of the state and territory schools. Willis and Kissane (1997) claim that eventually they would be used by almost all states and territories although in some cases they were modified to suit local requirements.

The momentum for a national curriculum was continued by Dawkins' successor, Beazley, through the Schools Council via its *Five to Fifteen: Reviewing the 'Compulsory' Years of Schooling Project* (1993) which emphasized that the Commonwealth government could act as a catalyst for improving quality teaching and learning. Dudley and Vidovich (1995) observed that amongst its twenty broad ranging recommendations economic priorities were evident.
Conclusion

Together with the two preceding chapters, this chapter has explored the ways in which neo-classic economics influenced Australian Commonwealth government schools policy. Although Commonwealth education policy began to shift in a predominantly neo-classic economic direction prior to 1987, the tempo for change increased dramatically under Dawkins. An economist by training, he was overtly supportive of neo-classic economic approaches. As a consequence, a number of documents and reports were released during his time as Minister, all of which were crafted to firmly link education to national economic goals. These reports also favored the development of vocationalised education policy which served the interests of business. Skills for Australia (1987) was a pivotal document as it consolidated a trend instituted by the Kirby (1983) and QERC (1985) reports which established a clear link between educational goals and economic priorities. It reinforced the view that education (and in particular schooling), should respond directly to the needs of the economy. Neo-classic economics was not isolated to schools and it is possible to observe a similar influence within the other sectors of education. It is significant, though, that Dawkins viewed schools as the foundation on which to build a skilled workforce for his new Australian economy characterized as ‘The Clever Country’.

When exploring whose interests were served by neo-classic economic education policy, it is possible to claim that business benefited to a large extent through the development of vocationalised education policy. These policies enabled business to deflect the training costs of workers because government-funded students were provided with skills which were transferable to employment. Furthermore, as business interests were represented on significant committees of inquiry, it is hardly surprising that business would benefit from education policy stemming from these committees.
Strengthening Australia's Schools (1988) was another pivotal document. It was released under Dawkins and clearly indicated the neo-classic economic direction of Commonwealth education policy. It was also the document which would lead to attempts to develop a national curriculum with clear economic goals. What occurred within Commonwealth education policy formation clearly did not occur in isolation. As we have previously noted similar neo-classic economic trends were evident in other nations, especially those belonging to the OECD. In the next chapter the impact of neo-classic economics in Victoria is examined.
Chapter Eight

Education Policy in Victoria

Introduction

Within this thesis it is argued that neo-classic economic influences on education policy in WA did not occur in isolation, but were in fact part of a broader pattern. Consequently this study has examined the global origins of neo-classic economics and how it influenced education policy on an international level. The purpose of this chapter is to briefly examine Victorian education policy in order to establish whether, and if so, how, neo-classic economics influenced another Australian state education system.

It is evident that not all state governments embraced the influence of neo-classic economics in policy formation. As will become apparent, within Victoria the Labor State Governments of Cain and Kirner largely resisted neo-classic economic pressures, adopting instead traditional Labor social justice policies through Keynesian economics. The resistance contrasted with the Labor Commonwealth Government, WA State Labor Government and other state Labor Governments, which aggressively pursued neo-classic economic policies. Victoria did not succumb to those pressures until after the election of the Kennett Liberal Government in 1992 (Barcan 2001). This encapsulates how pervasive neo-classic economics were in government policy formation.

Coaldrake et al (1992) argued there was a discernible change in administrative patterns within Australian states from the mid-1980s onwards. State Ministers sought to standardise procedures and give government a strategic focus. They wanted political direction of policy issues, something which was usually enforced through an enhanced Premier’s Department and Treasury. This resulted in a strong economic focus for the restructuring which occurred.
On a national level, total expenditure per government school student grew in real terms between 1981 and 1987. In Queensland the increase was by 6.3%, Victoria 4.5% and WA 5.6% (figures by Barcan 2001). The increased expenditure placed a strain on the states which were already feeling pressure on social welfare systems. From 1987 onwards, these pressures resulted in the principles of neo-classic economics being energetically applied at the state level to rein in expenditure in all Departments (Barcan 2001).

The Victorian Labor Government

The Victorian Labor Government came to power in April 1982 in the wake of the worst recession since the Great Depression. It was ‘thrown out’ a decade later in the wake of another severe recession (Davidson 1992). The Labor Government sought to resist the use of neo-classic economic principles in state government policy formation at a time when this approach was vigorously pursued by the Commonwealth and the majority of the other states.

During their period in office the Victorian Labor Government sought to harness the cooperation of differing interest groups (Considine and Costar 1992). They also pursued what can only be described as a Keynesian approach to state economics which largely put them out of step with the rest of their ALP colleagues in power in other parts of the nation (Shamsullah 1992). Cain (1995) claimed that his government sought to establish gradual cumulative reform founded on a restructured public service. He argued that he endeavoured to resist a short-term ‘fix-it’ form of government, opting, instead, for long term strategies focusing on growth.

The adoption of Keynesian approaches by the Cain Labor Government was in direct opposition to neo-classic economic approaches adopted by its fellow Labor Commonwealth government. This led to an undeclared war between the two (Considine and Costar 1992). Their relationship deteriorated, reaching its lowest point during the 1985 Tax Summit when Cain’s Government
joined with the ACTU and welfare groups to oppose Treasurer Keating’s favoured ‘option C’ the famous option of a goods and services tax.

Taking Schools into the 1990s

The Cain Government sought to continue the restructuring of education which had begun under the preceding Liberal Government’s White Paper (1980) (Spaull 1992). This is notable as the White Paper had proposed the use of neo-classic economic concepts within education which was in contrast to the overall direction of the Cain Government. A part of that neo-classic economic approach was the decision to devolve decision making authority. As Devolution leads to the reduction of, but not loss of control by, the central bureaucracy, it can be perceived as a fundamental neo-classic economic tool. Devolution may also be conceived as a market based approach to education by involving community based groups to have a ‘voice’ in school decision making. However, genuine devolution was not practical within Victoria, since localised funding and teacher appointment proved untenable (Spaull 1992). In 1985, the then Minister for Education (Ian Cathie) attempted to implement the thrust of the White Paper (1980) recommendations within the new report Taking Schools into the 1990s. This report envisaged widening the powers of school councils to include the selection of principals and appointment of teachers. However, this brought strong protests from teachers’ and parents’ associations which prevented its implementation (Barcan 2001). As devolution was opposed, central authority and power passed from the bureaucracy to the Minister who took on an active managerial role.

The politicisation of education within Victoria occurred as a result of endeavours to improve financial accountability. Creed (1991) asserts that Cain likened his Ministers to Executive Directors which further strengthened them in relation to departmental heads. Politicisation in education was illustrated through the appointment of Ministerial advisors who, Creed (1991)
claims, were often drawn from the leadership of trade unions. Later, the names of these advisors would reappear among the names of those seeking pre-selection for safe Labor seats.

According to Spaull (1997) the decade 1982-1992 in Victoria was characterised by a distinct shift towards shared decision making between the Ministry and the unions. Although the state government largely utilised Keynesian approaches to policy formation, education policy was subjected to some neo-classic economic pressures. This direction would soon become more pronounced upon the election of the conservative Kennett Liberal Government.

The Victorian Liberal Government

The new conservative Liberal State Government led by Jeff Kennett came to power in 1992. Significant parts of its agenda were the reduction of public spending, weakening the influence of unions and the replacement of centrally determined industrial awards by local workplace agreements. Change occurred rapidly, according to Chadbourne and Ingvarson (1998). New legislation allowed the Department of Education to process 2175 ‘voluntary separation’ redundancies by the end of 1992 (Spaull 1997). This was followed by further reductions so that the first 3 years of government saw the Liberals making massive expenditure cuts in education with more than 8000 teachers and 1300 education bureaucrats losing their jobs. During the same period almost 300 schools were closed. Spending per student declined by 9% whilst staff/student ratios increased and retention rates fell. By 1998 Victoria was spending less per student than most states after being one of the highest spenders before 1992.

Wearing and Smyth (1998) argued that the Kennett Government drew many of its neo-classic economic ideas for reshaping government from concepts derived from Reinventing Government (1992) by Osborne and Gaebler. Within this work, models for new forms of administration and competitive post-bureaucracies were presented. This essentially neo-classic
economic approach sought to promote the notion that government needed to use a more streamlined, responsive and entrepreneurial bureaucracy which ‘steered rather than rowed’. The proper role of government was to ensure that public goods and services were provided through a variety of market and local communitarian means thereby allowing the bureaucracy to ‘steer the ship of state’ as opposed to simply providing goods and services on demand which was perceived as allowing the bureaucracy to ‘row’ itself.

Two of the earliest pieces of legislation enacted by the Kennett Government were the Employee Relations Act (1992) and the Public Sector Management Act (1992). This legislation established the neo-classic economic tone which would permeate the Kennett Government’s period in office (Spaull 1997). Through the legislation the state government proposed to regulate the labour market by voluntary agreements to the complete (or at least substantial) exclusion of unions and state intervention. A contract view of labour market arrangements was utilised and there was a move to abolish compulsory arbitration (Sloan 1992). As the Acts sought to substantially reduce the role of government in labour market relations they were consistent with neo-classic economic approaches.

Through the powers of the Public Sector Management Act (1992) the Minister for Education was able to revise a number of employment conditions for teachers which included increases in teaching loads and class sizes. Concurrent with this was the reduction in the size of the teaching force. Virtually overnight, the partnership in education between government and teachers, which had been established by the Cain Labor Government, evaporated.

Schools of the Future

The level of business influence in Victorian education policy was evident in the choice of the new Minister for Education, D.K. Hayward who had been an executive with General Motors
Holden for a number of years. He implemented many of Cathie’s revolutionary neo-classic economic proposals within a policy statement titled *Schools of the Future* (1993). This document led to the establishment of a framework for schools regulated by the *Curriculum Standards Framework*. Barcan (1996) cites Baker (1996) to assert that this curriculum document was little more than a ‘rehash’ of the national curriculum which had been rejected in 1993. Significantly both *Schools of the Future* (1993) and the *Curriculum Standards Framework* had been influenced by neo-classic economics either directly through legislation which was introduced, or indirectly through a connection with Commonwealth education policy which had been influenced by neo-classic economics.

School councils were also restructured as a consequence of *Schools of the Future* (1993) so that teachers could no longer dominate them. As a result parents and community representatives became more influential. Principals were given control over global budgets and staff appointments. Each school was required to prepare a charter which Chadbourne and Ingvarson (1998) described as a ‘contract’ with the state government in which the school stated educational priorities, goals and objectives for a 3 year period and indicated how resources would be allocated to achieve them. In accordance with neo-classic economic processes, schools were increasingly required to adopt corporate structures and processes. Chadbourne and Ingvarson (1998) argued this was a clear step towards privatisation. The state government’s role significantly changed from being a provider of education to that of being a purchaser of education delivered by private providers.

The *Schools for the Future* (1993) program focused on the management of staff in self-managing schools. Specific guidelines for managing staff were provided in 1995 through the *Professional Recognition Program* (1995) which allowed for a new career structure for teachers (Chadbourne and Ingvarson 1998). Principals were given formidable scope in staff
management and teacher evaluation functions related to implementing that career structure. Essentially principals were given the authority to decide who gained entry to the teaching profession, who gained salary increments as a result of compulsory annual appraisals, who was recognised as having attained advanced professional standards and who, among leading teachers and other senior staff, would be awarded various levels of annual salary bonuses (Chadbourn and Ingvarson 1998).

Principals within these self-managing schools complained that they were being forced to become business managers as opposed to educational leaders. The neo-classic economic direction of state education in Victoria continued with the Education Act (1998) which enabled schools to offer specialised curricula, expand their financial powers, strengthen the right to fire staff and offer teaching staff individual contracts. Barcan (2001) argued that the Kennett Government’s period in office saw education dominated by budgetary imperatives not educational aims. This left the government open to accusations that within education it was more concerned with efficiency than with educational quality.

Despite the alleged ‘social failings’ of the Kennett Government, following his defeat Jeff Kennett was viewed by some as a ‘good’ Premier who had restored the state’s economy (Wright 1999). During his resignation speech Kennett (1999) claimed pride in ensuring the state was left in a strong economic position with high levels of business confidence and ‘the most professional’ public service in the nation. Critics, however, claimed that whilst he was a good ‘economic reformer’, he had simultaneously destroyed the sense of community leaving only a few buildings and low public debt as his legacy (Shaw 1999).

It is evident that the Kennett Government adopted neo-classic economic approaches to government policy formation which resulted in substantial cuts to major areas of social spending
such as health and education. Policy formation became predominantly focussed on making
government more efficient at the expense of fundamentally social services.

Conclusion

This chapter has established that neo-classic economic influences were abundantly evident
outside of WA in another Australian state (Victoria). Until 1992 the Victorian Labor
Government to some extent resisted neo-classic economic influences which were prevalent
elsewhere in Australia and were dominating policy decisions in other states. However the
election of the Kennett Liberal Government in 1992 saw the dramatic shift towards neo-classic
economic driven policies in Victoria. This influence filtered into state education policy within
Victoria which resulted in (amongst other things) reductions of staffing numbers, schools being
closed and reduced education spending. The release of Schools of the Future (1993) emphasised
the influence of neo-classic economics in education policy.

According to Barcan (1996) the educational reform movement within Australian education had
its origins in about 1987 and was similar for most states. Initiatives which were launched were
similar to those introduced in other English speaking democracies and Australia was simply
following a broader international trend. The emergence of neo-classic economics carried
significant implications for government schools such as a need to compete for students with
private schools. There was also an implication that government schools needed to seek funding
from sources other than the government. Increasingly education was being viewed as a branch of
economic policy. The strong emphasis on managerial efficiency gave principals a range of new
responsibilities.

Within state Education Departments, Ministers sought to control the massive educational
bureaucracies by politicising them. Private employers expressed concern over (what they
perceived to be) educational deficiencies of those entering the workforce. This view was mirrored by recruitment officers in state instrumentalities. Parents (especially those from the middle class) expressed concern over a perceived decline in the quality of education available from state schools. This produced a drift to private schools. Criticism of state education by the media also increased. All of these trends placed pressure on state governments to utilise neo-classic economic principles in education policy formation (Barcan 2001).

One of the pressures on education came from influential individuals who espoused neo-classic economic approaches to education. Barcan (2001) notes that Brian J Caldwell the co-author of The Self Managing School (1988) was one such individual. Caldwell increased his influence, according to Barcan (2001), when he became Reader in Educational Administration at the University of Melbourne. This was indicative of what was occurring nationally as others who espoused neo-classic economic approaches to education policy formation gained positions which would enable them to influence state education policy.

Motives for reforming education varied. Employers and economists claimed there was a need to improve standards in vocationally orientated subjects and employment related skills (Barcan 1996). Accompanying this was alarm amongst the liberal intelligentsia who wanted to see general humanist subjects retained. A further motive was the desire to save money. This resulted from the economic recession and the often disappointing results from the massive expenditures which had been ‘poured’ into education. One efficiency strategy was to devolve responsibility to schools which could produce better husbanding of resources. Educational reform influenced by neo-classic economics involved devolution of power which included developing school councils and reducing the central administrative authority. It seems clear that educational reform in Australia from the late 1980s onwards was often inspired by a neo-classic economic influence. Furthermore, this phenomenon was not limited to a few states but seemed part of a widespread
national and international trend. Chapter Nine explores the influence of neo-classic economics on Western Australian Government policy formation under both Labor and Liberal leadership regimes.
Chapter Nine

Neo-classic Economics in Western Australia

Introduction

Neo-classic economics was partly a response to the perceived economic failure of the Western Anglo-democracies which were seeking means to remain economically competitive with the rapidly emerging Asian ‘tiger’ economies of Japan, South Korea and Taiwan. In the classic early cases of the UK and US these policies emerged, as might have been expected, under the strong, conservative, right wing ideological leadership of Thatcher and Reagan.

Somewhat ironically, neo-classic economic policies came to prominence in Australia under the Hawke and Keating Labor Governments which still had some pretensions to socialist ideological leanings. The Commonwealth Labor Party turned its back on numerous traditional Labor social justice principles by adopting this policy direction. The Australian states followed similar patterns established at the Commonwealth level, adopting policies clearly influenced by neo-classic economics. However, there was variation in the timing and intensity with which the states introduced these policies and some resisted the shift. Consequently, the Victorian State Government (under Labor’s Cain and Kirner) largely resisted neo-classic economic pressures and did not succumb until after the election of the Kennett Liberal Government in 1992. Ultimately, though, all Australian states would adopt policies reflecting the strength of neo-classic economic influences and pressures. There was almost a sense of inevitability in the way governments succumbed to these pressures.

WA was, of course, no different. It was subjected to much the same international and Commonwealth pressures as were impacting on the other Australian states. To attempt to suggest that WA Government policy was not subjected to neo-classic economic influences would be to ignore the extent to which this approach influenced government policy within most of the
Western democracies. Indeed to make this assertion would be to argue that WA was in some sense an aberration.

Previous chapters have generally explored the influence of neo-classic economics internationally, nationally, and within the Australian states. Based upon this understanding it was then possible to examine the kinds of education policies which developed within these contexts. We turn, now, to examine the emergence of neo-classic economics in WA State Government policy formation in general. Since neo-classic economics largely emerged in the 1980s, this chapter focuses on WA policy development within this period.

**The Historical Context**

Between the mid 1950s and mid 1980s, WA enjoyed a period of sustained economic growth which was faster than that of the rest of the country. This was despite the post-1973 global recession caused by the first oil crisis (Kurzeja 1997). Partly as a consequence of its economic success, the WA population increased at a comparatively faster rate than the rest of the nation prior to the 1980s. In 1954 the population of WA was 639,771 almost doubling to 1,273,600 by the 1970s (figures by Kurzeja 1997). The mining boom between 1966 and 1971 in particular, resulted in a population increase at twice the national rate.

Part of this population growth constituted a significant influx of migrants into the state which impacted on the supply of land, housing and educational facilities. As the proportion of the WA population living in the metropolitan area rose steadily, Perth experienced a rapid expansion in housing, blocks of flats, suburban shopping centres and high-rise office buildings. This caused land and housing prices to rise sharply, inducing speculation. Accompanying this was a boom in mining shares which further contributed to the economic development of the state (Kurzeja 1997).
Increasingly, as the economic boom of the 1950s and 60s slowed during the mid-1970s, economics came to dominate Australian and WA politics. However, before its demise in 1974 the State Labor Government, in keeping with its social justice principles, was particularly active in social welfare spending. The Tonkin Government adopted free travel for pensioners along with free school books and equipment for primary school children (Black 1981). In addition a Department of Community Welfare was established and there were several attempts to provide for increased benefits for employees in public and private employment.

Coming to power in 1974, the new Court Liberal Government (led by Sir Charles Court, father of the later state Premier Richard Court 1993-2001), anticipated a renewed 1960s-type mineral boom. However, these hopes were quickly dashed with the halt in the growth of iron ore exports in 1975-76. This resulted in a number of significant projects being left ‘in limbo’ until the early 1980s (Phillips 1991). The economic downturn of the mid-1970s resulted in increased industrial unrest. When confronted with industrial problems and opposition from conservationists, the Court Liberal Government passed several pieces of tough legislation. The most notable of these were the Fuel, Energy and Power Resources Act (1974) and amendments to the Police Act which prohibited unauthorised public meetings (Phillips 1991). Industrial problems were dealt with by new industrial legislation restricting the power of unions.

For almost a decade the State Liberal Government remained in power and this was largely attributed to favourable electoral decisions which enabled a period of economic prosperity to occur. However, in the early 1980s global and national economic recession occurred and, in association with emerging societal shifts and problems, resulted in the WA State Liberal Government being replaced in February 1983. In common with its equally new Hawke Commonwealth Labor government counterpart, the new Burke Labor Government inherited serious social and economic problems which called for policy changes. It was these
circumstances which soon resulted in both these new Labor Governments adopting neo-classic economic policies which were at odds with traditional Labor ideology.

The Social Context

The difficulties in the period preceding the election of the Burke Labor Government impacted particularly on WA youth, pressuring the new government to introduce policies to deal with these fundamental changes. The economic decline was evident in the deterioration of the manufacturing industry. There were industry pressures demanding the alleviation of costs and calling for employees more adequately prepared for the workplace (Bureau of Industry 1994). Within State Government policy formation, the discourse of economics increasingly found its way into social service policy. This resulted in these social services often adopting economic aims instead of organisational and social aims associated with the service being provided.

For Australian youth, the two decades 1975-1994 was a period of changing opportunity. This created considerable uncertainty for them. The generations which preceded them had had comparatively far greater opportunities (Irving et al 1995). However, these dissipated rapidly as a consequence of the global economic recession of the mid 1970s and early 1980s. The most obvious repercussions for youth were dramatic reductions in job opportunities, accompanied by increased competition for tertiary positions. This occurred despite a commensurate national decrease in the under 25 population.

A major shift from predominantly full-time, to predominantly part-time employment for youth occurred (Irving et al 1995). The inability of youth either to earn an income which would sustain them, or to gain full-time employment, resulted in many remaining within education to [supposedly] improve their employment opportunities. Dramatic increases in Year 12 retention rates resulted. However, this generated new difficulties. Many of the academic subjects offered
did little to improve the actual immediate employment prospects of youth. Consequently, many students perceived remaining at school and completing academic studies as merely prolonging the period before they might inevitably join either the ranks of the unemployed or the under-employed.

State Government was confronted with the dilemma of developing policies which would deal with increasing numbers of unemployed youth whose employment prospects would [apparently] remain slim without some form of direct intervention. One response at both state and Commonwealth levels was to attempt to reduce youth unemployment rates through the use of ‘incentives’ (such as the removal of social security and introduction of Austudy to young people), to remain in education. Whilst this reduced the apparent youth unemployment statistics the exercise was essentially delaying the inevitable by momentarily shifting the problem into education.

**Labor State Government**

Brian Burke was sworn in as the Premier of WA in February 1983. When sworn in (on his 36th birthday) he was the state’s third youngest Premier. His 15 member Labor Ministry had an average age of just under 45 which was in stark contrast to the previous government which had no Ministers under 40. According to Phillips (1991) the trend towards youth at the Commonwealth and state level was partially attributable to public expectations about politicians having an ‘image’ which included presence, being articulate and ‘looks’.

During his five years as Premier, Burke significantly changed the way in which government conducted business so that it adopted a corporate managerial style. These changes were carried into the subsequent Dowding (1988-1990) and Lawrence (1990-1993) Labor Governments. By 1987 the Burke Labor Government had created 21 new Departments and 27 new statutory
bodies. Some of these were simply former bodies reorganised and renamed but others represented administrative initiatives (Phillips 1991). Whilst the changes represented innovation in WA, the Labor Governments of Burke, Dowding and Lawrence were acting as conduits for approaches to public policy formation which were similarly fashionable among other Australian Governments.

In his examination of reforms within the WA public sector, originating from the Burke Labor Government, Peachment (1991) supports the assertion that WA followed a larger concurrent neo-classic economic trend. He argues that the reforms are well documented by numerous theorists and include the use of corporate strategic planning within the public service. The reforms included the politicisation of the public service through demands placed on senior advisors and public managers to respond more positively to the demands of Ministers. The use of consensus through consultation with interest groups to instigate change by Burke was a similar strategy to that used by Hawke at the Commonwealth level (Phillips 1991). This provided the State Government with a rationale to establish numerous boards and committees of inquiry to address problem areas. Change occurred rapidly as the new government rushed to stamp its impression on WA. In the first two months the new government established inquiries at the rate of one every 2 days.

During Labor’s period in office the population grew by 2.8%. Gross State Product grew by 57% (in constant dollars). Economically the period saw increased unemployment and inflation, with the state inflation rate averaging 7.7%, and never falling below 4%. Unemployment grew to 8.6% by 1990. Youth unemployment presented a persistent social problem (Kurzeja 1997). The economic conditions in WA were further exacerbated through political deals between the state Labor Party and big business which culminated in the so-called ‘WA Inc’ scandal (Peachment
The effects of this were particularly pronounced following the November 1987 world stock market crash.

The economic downturn placed pressure on the State Labor Government to utilise public resources more efficiently. This resulted in demands on the State Government to demonstrate returns for expenditure of public resources. These demands resulted in politicians becoming increasingly involved in day to day policy decisions (Birch and Smart 1990). A further strategy was the use of political appointees to influence bureaucratic action (Peachment 1991).

In the decades preceding the Burke Government, policy development was (theoretically under the Westminster model of government) the responsibility of the relevant Minister with advice from the most senior public servant in the area. In practice, however, much policy was decided by the public service and few Ministers attempted to alter this practice. However, the Burke Labor Government, believing it was faced with an obstructive public service, decided to break the power of senior bureaucrats via political appointees (Goddard and Punch 1996).

**Functional Review Committee**

On attaining office, the Burke Government discovered it had difficulty in dealing with some fundamental issues regarding the public service such as: too many public servants and too many organizations. The Burke Government also did not know what public servants actually did during their working hours (McCullagh 1991). Perceptions of an obstructive public service, and pressures to implement neo-classic economic policies, led Burke to create the Functional Review Committee (FRC).

The Committee’s terms of reference clearly reflected the neo-classic economic direction which the Burke Labor Government intended to pursue-namely a focus on government efficiency and
decreasing the size of the public service. The FRC was given the task of reviewing all activities and services performed by the State Government and recommending how those functions, activities and services could be rationalised, modified, scaled down or abandoned so as to increase effectiveness, efficiency and economy in the use of State Government resources. The Committee was neither the first nor the last efficiency and effectiveness initiative implemented in Australia as other state governments commenced systematic reviews and refurbishment of government ‘machinery’ (McCullagh 1991).

Following the FRC, terms and concepts such as: ‘corporate planning’, ‘financial management improvement’, ‘flatter management structures’, ‘client focus’ (or orientation), ‘improved management communication’, ‘red-tape busting’, ‘commercialisation’ and ‘micro-economic reform’, became part of a common neo-classic economic lexicon utilised widely within WA policy formation (McCullagh 1991). The Committee was advanced as a process through which government expenditure could be restrained and reduced. The strategies included reductions in salaries, and contractions in the real size of the public service through a selective non-replacement policy which resulted in a 3% across-the-board staff reduction by 1986 (McCullagh 1991).

Most agencies examined by the Committee were significantly changed through ‘restructures’ with new objectives and directions established. In other cases there was a complete abolition of particular functions (McCullagh 1991). The Committee established the neo-classic economic direction for WA Government policy and implanted neo-classic economic concepts into almost every level of the public service. During the period there were fundamental changes to the perceived role and scope of government services (Wilson and Smart 1991). There was clearly a need for State Government funding to become more efficient as there were real financial constraints through Commonwealth grants and reductions in State Government revenues. These
factors generated a common belief that services could no longer be provided through extensions to the tax base, instead there was a need to make the public service ‘leaner and meaner’ (Wilson and Smart 1991).

One critical strategy for the State Government to raise revenue from other sources was through involvement in a variety of entrepreneurial, financial rescue and other risk-taking operations. This became known as ‘WA Inc’. However, rather than generating revenue, it ultimately resulted in a greatly increased state debt of about $1.5 billion. The level of involvement illustrated the extent to which the State Government was orientated towards market forces and indicated the degree to which neo-classic economics permeated policy development (Peachment 1995).

During its period in office the WA Labor Government endeavoured to improve the state’s economy through reductions in financial support needed by the state (Gallop 1998). It worked on the basis of two assumptions. The first was that the local capital market was under-developed and in need of assistance. The second assumption was that the State Government needed new sources of revenue if it was to preserve its autonomy in an environment of Commonwealth financial dominance (Gallop 1998). The FRC established the neo-classic economic direction which dominated State Government policy. It operated for 7 years conducting 97 reviews which incorporated most areas of the public service.

Managing Change in the Public Sector

Perhaps the most significant neo-classic economic document to emerge during the period of the WA Labor Government was Managing Change in the Public Sector (1986). It adopted neo-classic economic principles by recommending reductions in the size of central offices, devolution of administrative services and a focus on accountability. This document firmly
established the neo-classic economic direction which would dominate policy decisions well into the Court Liberal Government which came to office in 1993 (Barcan 2001).

Managing Change in the Public Sector (1986) was a White Paper produced in response to difficulties which the new Burke Government experienced in restructuring the Building Management Authority. The FRC had observed that within the Authority, works programmes had reduced in real terms whilst staff managing the work load had more than doubled. However when attempting to reduce staff numbers it was discovered that the existing systems were inappropriate to re-skill and reassign redundant employees (McCullagh 1991).

The financial crisis confronting most governments of the 1980s was neatly outlined in the introduction of Managing Change in the Public Sector (1986). It identified the key problems as increased demands for services by the community and declining revenue bases. The document revealed a State Government endeavouring to respond to multiple demands whilst simultaneously attempting to facilitate capital accumulation and ensure continuity of legitimation and loyalty in the provision of appropriate social services (Porter et al 2001).

The document argued that it was no longer possible to take ‘constancy and incremental growth’ of funding and state services for granted. Indeed, additional services needed to be funded at the expense of existing services and by improving efficiency. It bluntly argued that the crisis meant that the state had the stark choice of either ‘taking from Peter what it paid Paul’ or achieving ‘more for less’ (Porter et al 2001).

Effectiveness, flexibility and accountability within the public service was the underlying philosophy of Managing Change in the Public Sector (Wood and Hollier 1991). The document asserted the need to generate fundamental change within the public service in order to provide
greater flexibility and responsiveness to the needs of State Government and the people of WA. A part of this increased responsiveness required more independence for government agencies from centralised control.

Whilst one of the functions of Managing Change in the Public Sector was to reassure government employees about job security, it also sought to explore broader implications for the public service. The subtle message of the document was that real and lasting change in the public service could only be achieved by overhauling its structure, culture and operation as opposed to ‘quick-fix’ solutions (McCullagh 1991).

The document had a significant impact on culture and thinking within the public service by focusing on the process of change and generating debate about management and outcomes (McCullagh 1991). Furthermore it indicated a clear switch away from the traditional liberal-progressive rhetoric of the Labor Party to the new managerialist discourse associated with neo-classic economics (Porter et al 1990). Within it the State Labor Government clearly signalled its intent to restructure the public service along neo-classic economic lines.

Managing Change in the Public Sector (1986) proposed that the State Government respond to the state’s economic crisis through improved management of the public sector. Neo-classic economics provided the rationale for that managerialist solution and was presumed in the very statement of the crisis which the document intended to resolve (Porter et al 2001). The neo-classic economic nature of the document was clearly manifest in the product focus of the document which called for a results orientated approach to financial accountability with performance agreements which included: ‘targets for achievement’, ‘proposed strategies’, ‘levels of resource allocation’, ‘standards to measure financial performance’ and ‘organisational profiles’ (Porter et al 2001).
The document concentrated on public sector outputs and outcomes rather than inputs. This resulted in an examination of more effective and efficient means of providing services. It provided a neo-classic economic 'blue-print' for the Labor State Government. *Managing Change in the Public Sector* (1986) had a broad impact on culture and thinking in the public service by focussing on change and generating debate about management practices and outcomes. The change was reflected in later reports such as *Managing the Business of Government* (1991) which focused on outcomes rather than the level and nature of services to be delivered. For education, the shift to neo-classic economic policies would impact significantly through the focus on efficiency and effectiveness. The shift to neo-classic economic policy in WA education was signalled by the *Better Schools Report* (1987). This sought to streamline the administration of the central office using corporate managerial strategies which focused on economy and efficiency and the devolution of decision making to the schools. Whilst devolved decision making was a neo-classic economic tool however, it also opened the way for true participative decision making at the local level.

**The Liberal State Government**

Richard Court replaced Barry MacKinnon as the leader of the WA Liberal Party opposition in May 1992. During his period as leader he was able to keep the Party relatively stable. The only significant tensions came from public divisions in the lay Party organizations much of which surrounded the influential power broker, Noel Crichton-Browne, who was expelled from the Party in 1995. In 1993 (his first state election as leader), Court led the coalition into government by a comfortable majority.

Throughout his period in office Court maintained satisfactory approval ratings for long periods. It was argued by observers such as Phillips et al (1998) that Richard Court, as the fourth son of Sir Charles Court, was well prepared for the position of Premier. The Court Government gave
priority to reducing state debt which was cheerfully blamed on the Labor ‘WA Inc’ period. Court was able to restore the state’s triple ‘A’ investment rating during his first term.

Like the State Labor Government, the Court Liberal Government was concerned that the state’s revenue base had narrowed and could only be improved by enhancing the performance of the public service. The Court Government was also convinced that the private sector could be boosted by opening up public services and assets by means of ‘contracting out’. This resulted in private sector practices (particularly work practices), being brought to the public sector (Gallop 1998).

Shortly after gaining office, Court established a commission to review the Public sector. Its two volume review titled Report of the Western Australian Independent Commission to Review Public Sector Finance (1993), became popularly known as the McCrarey Report (1993). Building on previous reviews of the public sector such as Managing Change in the Public Sector (1986) and Managing for Balance (1992), it proposed neo-classic economic solutions. McCrarey (1993) focused on improving the effectiveness of the WA public service whilst encouraging flexibility. It highlighted the need for the public sector to become more ‘client focused’. From the outset then, the Court Liberal Government indicated its clear intention to continue the neo-classic economic directions established by the preceding Labor Governments.

The McCrarey Report Volume I

The membership of the McCrarey Review Commission was narrow with three of the four members being drawn from private enterprise and the fourth (McCarrey) being a former Under Treasurer and Director General of Economic Development. The narrow scope which excluded those with no expertise in management or economics, ensured that the Commission delivered findings consistent with the existing neo-classic economic direction of government policy. The
second volume of the **McCarrey Report** (1993) is examined in greater detail within Chapter 11. It specifically dealt with government departments including education and made explicit neo-classic economic recommendations which significantly impacted on education.

The **McCarrey Report**'s (1993) neo-classic credentials were evident in its determination to improve the expenditure of public monies by improving efficiency and effectiveness in the public service. The Report argued that expenditure reductions could be achieved through a management overhaul which eliminated redundant activities and achieved more efficient and lower cost delivery of services.

The Report advocated better service delivery by the public sector through measures such as competitive tendering. The Commission examined public sector productivity in comparison with standards applied in the private sector. The focus on efficiency, effectiveness and productivity as opposed to concentrating on the quality, social value, or appropriateness of services available, indicated the influence of neo-classic economics within the **McCarrey Report** (1993). This also provided a clear signal of the policy direction which the Court Government intended to continue.

The **McCarrey Report** (1993) sought to increase the quality of the public service by making it capable of responding flexibly and strategically to external changes which would support and foster the state’s economic performance. The neo-classic economic direction of the Report has been noted by theorists such as Phillips et al (1998) who stressed the narrowness of recommendations involving the commercialisation, corporatisation and privatisation of the public sector. McCarrey prescribed the same business principles and disciplines used within successful private enterprises which included the privatisation and partial and/or total sale of government businesses. It drew upon developments interstate and overseas. In particular it
utilised the neo-classic ‘new public management principles’ which were being widely adopted throughout the Anglo-democracies (Phillips et al 1998).

Further Neo-classic Economic Permutations

Peter Foss (1995), a Liberal Minister in the Court Government, argued that whilst the State Government had a responsibility to deliver services of a public nature, it did not necessarily have to do the job itself with its own staff. He argued that while the State Government must ensure that the people of the state had access to the services they needed it should be free to purchase such services from a variety of providers and this might include custodial services. This archetypical neo-classic economic perspective corresponded with that of other state governments such as the Kennett Liberal Government in Victoria. In their analysis of Victoria’s Schools of the Future (1993) Chadbourne and Ingvarson (1998) argued that, within Victoria, the movement of schools towards the use of corporate structures and processes was a clear change in the government’s role from providing education to purchasing education from private providers. The adoption of similar policies within WA indicated the clear neo-classic economic direction of the Court Government.

This direction was consolidated in the new Public Sector Management Act (1994) which focused on human resources within the public sector and was followed by the Review of the Public Sector Management Act (1996). The latter review argued that the WA public service was the most complex and fragmented in Australia and needed further measures to simplify it.

The Court Liberal Government continued the neo-classic economic policy direction initiated by the Burke Labor Government. That policy direction focused on decreasing the size of State Government and making those services which remained more effective and efficient. The State Government shifted from being a social services provider to a social services purchaser.
Deregulation, competitive tendering, contracting out, the use of consultants and reductions in government services had significant impacts, not the least of which was a decrease in the number of individuals employed by the public sector. Whether or not the social services provided under neo-classic economic policies were improved remains a contentious issue.

Conclusion

Preceding chapters have explored the origins of neo-classic economics and examined manifestations of it within Australia. It has been shown that the influence of neo-classic economics on government policy formation in WA did not occur in isolation but was, instead, part of a larger national and global trend.

The economic difficulties experienced in WA in the early 1980s were largely the consequence of a global economic down-turn. This contributed to the defeat of the Liberal Government in 1983 and caused the Burke led Labor opposition to seek election on a predominantly economic platform. The Burke Government’s decision to adopt neo-classic economic policies was evident in the speed with which it established the FRC. This Committee focused on improving efficiency and effectiveness across the public sector by systematically reviewing the refurbishment of the machinery of government. Its prime focus was to ensure long term savings of public monies, whilst simultaneously ensuring the effectiveness of the programs promised to the electorate. There was a narrow focus on cost efficiency, smaller government and the commercialisation of government enterprises. This review was neither the first nor the last such neo-classic economic initiative to be implemented in Australia. Within the next chapter the influence of neo-classic economics on WA education policy is examined.

Within an examination of neo-classic economic policy formation, WA’s Managing Change in the Public Sector (1986) is significant, as it was predominantly concerned with the consumption
of social services and economic policy. It reflected a State Government endeavouring to respond to multiple demands through concentrating on public sector reform with an examination of outputs and outcomes but with minimal attention to inputs. The Report concentrated on more effective and efficient means of providing public services and can be viewed as a 'blue-print' for the development of neo-classic economic policies within the state.

The continuation of neo-classic economic policies in WA was maintained by the subsequent Court Liberal Government. This was evidenced by documents such as the McCrrey Report (1993) which examined means to improve the expenditure of public monies. It also sought ways to enhance the productivity of the public sector through making it more efficient and decreasing the costs associated with the delivery of services.
Chapter Ten

Western Australian Education Policy 1985-1992

Introduction

As neo-classic economic domination of government policy formation intensified in Australia, it was almost inevitable that it would also dominate the sub-set of WA education policy. This chapter reviews WA education policy from 1983 until 1993. However, it deals primarily with the Better Schools Report (1987), as this document highlighted neo-classic economic approaches to education policy.

Prior to the 1983 state election, the WA education system had experienced relative stability (Goddard and Punch 1996). However, this changed as the new State Labor Government focused its attention on using the public sector as a means of generating economic reform. But this ran counter to traditional Labor Party values which perceived education as a vehicle through which ideals of equity, equality, social justice and the alleviation of disadvantage could be promoted. The problem arose because education was viewed as just another part of the public service and experienced the universal pressures to pursue neo-classic economic goals by making it more efficient, effective and administratively smaller.

The political context altered fairly dramatically with the election of the State Labor Government. It used advisors and the process of public inquiry to instigate change. The appointment of activist and former teacher Bob Pearce as the Minister responsible for education was critical as he sought significant educational reforms (Wilson and Smart 1991). Pearce commissioned the Beazley Report (1984) which advocated sweeping changes to the lower secondary curriculum and sought to alter a system in which traditional academic subjects had a higher status than technical subjects. This Report adhered to traditional Labor Party values. At the core of its reforms were social justice principles of participation, choice diversity and equality.
The Beazley Report (1984) called for greater community participation in areas such as school policy, staffing and staff development, budgeting, grounds and buildings, management of resources and the curriculum. This represented the first attempt to review the balance between centralisation and decentralisation of educational administration (Bamblett 1991). Many of the devolutionary issues which were later taken up within Better Schools (1987) were foreshadowed in the Beazley Report (1984) (Wilson and Smart 1991). The principle of participative decision making (devolution) became a cornerstone in the pursuit of quality education (Bamblett 1991). However, ‘quality education’ was increasingly redefined in terms of neo-classic economics rather than educational principles.

As a result of Beazley’s key recommendations, the Education Department became divided into two opposing groups, one of which was headed by the Director General of Education (Bob Vickery) and sought to stage the implementation of the recommendations so as to maintain the control of senior Departmental officers. The second group wanted to devolve control to schools freeing them to decide what was to be taught and when (Goddard and Punch 1996).

Inevitably the two groups clashed with the latter endeavouring to obstruct the implementation of the recommendations. This became publicly evident in 1985 with a ‘stand off’ which did not end until 1986 with the resignation of the Director General (Goddard and Punch 1996). A number of other senior officers were also ‘retrenched’, leaving the way open for the reforms to be implemented. This resignation has been seen as a pivotal point in the history of WA education policy, as the Directors General who followed Vickery did not appear to have the same degree of power and control (Wilson and Smart 1991). The point also marked the origins of the ‘new managerial imperative’ within the Department and the increased politicisation of education.
Better Schools Context

If predominantly educational concerns tended to drive educational reform within WA under the Beazley Report (1984), then the later part of the 1980s stood in stark contrast (Bamblett 1991). By the time of the Functional Review Committee’s review of education, the climate for change had altered. A strong commitment to quality education remained discernible but the underlying motivation and philosophy became increasingly economically and politically driven (Bamblett 1991).

Bamblett (1991) cites Smart (1987) to assert that within WA, increasingly, the key determinant of educational policy was primarily economic, not educational. This policy shift resulted in an emphasis on the vocational and narrow competitive roles of schools and their links to the economy. The shift, similar to vocationalisation at the Commonwealth level, benefited business interests. A consequence was that schools’ broader social and integrative roles were increasingly sidelined (Smart 1987).

The late 1980s saw neo-classic economics prevailing within WA Government policy decisions generally, and education quality became linked to the [so called] school effectiveness movement and the pursuit of efficiency and excellence (Bamblett 1991). There was a direct correlation between this occurring within WA education policy and similar developments at a national and global level. Furthermore, given the close links between the Burke Government and the business community, it is hardly surprising that the Burke Government adopted the whole neo-classic economic ethos. Within this political and economic context the almost revolutionary Better Schools Report: A Programme for Improvement (1987) was released. This influential policy document set the parameters of structural change within WA education for the 1990s and beyond.
Wilson and Smart (1991) argue that Minister Pearce was convinced that his Department of Education was too highly centralised and cumbersome. Consequently, he believed it was inefficient and ready for cost cutting economies at the central office level. Pearce also wanted to overturn existing ‘top-heavy’ bureaucratic structures. As a result he offered his Department as an early ‘target’ for the newly founded FRC.

A further significant influence, according to Wilson and Smart (1991), was the pre-eminence within the Education Department of a small influential group who favoured the devolution of decision making authority. These devolutionary views were transmitted into the recommendations which stemmed from Better Schools (1987).

The first review of the Education Department by the FRC began in 1984. Unlike other departmental reviews, however, the process was convoluted and protracted. This was attributed to the unwieldy size of the Department and resulted in the FRC misjudging the scope of the task. A further reason was obstruction by senior individuals within the Department (Goddard and Punch 1996). The process produced a report in July 1985 which was rejected by both the Minister and Director General as inadequate.

The second review commenced in March 1986, following the re-election of the State Labor Government and, at about the same time, as the Director General’s resignation. Of the three individuals on the Review Team, two were nominated by the Minister and came from the ‘new guard’ within the Department. The other came from the FRC itself (Wilson and Smart 1991). Evidently the Minister was able to exert considerable influence over the process whilst the Director General’s influence was minimised.
The Release of The Better Schools Report

Neither of the reports generated by the FRC were made public, but the key recommendations became evident with the release of Better Schools (1987) and the concomitant restructuring of the Department into the Ministry of Education (Bamblett 1991). Immediately prior to the release, 75 Superintendents at central office were advised that their permanency had been revoked and they would need to reapply for their positions, in open competition, within the new structure. The move was widely condemned as an inappropriate way to treat senior officers with many years of loyal service to the Department. Furthermore rumours circulated amongst educators that subject senior masters in high schools and principals were likely to meet similar fates (Chadbourne 1990). The timing of this occurrence to (more or less) coincide with the release of the Report fuelled resentment amongst educators.

As opposed to the Beazley Report (1984) which dealt with the curricula and evaluative components of schooling, Better Schools (1987) primarily addressed the administrative structures through which education was to function. The short, glossy document was both a Ministerial statement and a public relations exercise (Porter et al 2001). It was written by (and carried the authority of) the Minister, whose foreword was a statement of the document’s intent to restructure education within WA. It claimed that the Ministry of Education (formerly the Department of Education) was established to ensure the goals of education were clearly defined and undertaken efficiently. This statement, accompanied with the change in title of Director General to Chief Executive Officer, signalled the neo-classic economic direction of the document.

Better Schools Changes

At the central level, the structure of education was changed so that the new Ministry had a ‘flatter’ hierarchical structure designed along functional lines with three divisions of: schools,
policy and resources, and TAFE (Bamblett 1991). Subsequent ‘fine tuning’ resulted in the separation of TAFE and additional restructuring measures in 1990. A key intent of shifting to a Ministry was to phase in a reduction in the central office from about 1200 senior officers to about 600.

Better Schools (1987) identified four fundamental areas of responsibility for the central office. It was to formulate strategies to ensure that policies and programs of schools were coordinated and directed towards common goals and priorities. The central office was also to monitor and evaluate goals and standards across the system. It had a role to ensure comparability and equity of educational provision. Finally it was to undertake developmental work for new curriculum initiatives.

The 13 large education regions were to be re-formed into 29 districts with staff appointed to offer support, and to bring the offices closer to the schools. A further function was to develop networks between schools. The new structure was intended primarily to serve schools better. The district offices had less power and more administrative tasks (Wilson and Smart 1991). The new line management structure meant that the District Superintendent became a significant link in the accountability chain between central office and schools. Their prime function was achieved by ‘monitoring school performance’ based on individual ‘School Development Plans’ set against centrally developed policy goals and standards (Wilson and Smart 1991). The company ‘business model’ was palpable.

Unquestionably the introduction of the recommendations from Better Schools (1987) represented a significant change to the way in which schools were administered (Wilson and Smart 1991). Within schools, the most notable change was that a great deal of control was placed in the hands of principals who were to use the School Development Plan to specify goals and
priorities. Better Schools (1987) emphasised the devolution of some authority and decision making powers away from the central office and out to schools in areas such as: curriculum, financial management, staffing configuration and selection, and performance management. Devolution of decision making became a neo-classic economic tool within education which assisted in ‘steering at a distance’ whilst reducing the size of the bureaucracy and ensuring an efficient educational administration. To be fair however, negative neo-classic economic effects were balanced against definite improvements such as opening the way for localised participative decision making.

The concept of the self determining school was promoted through the devolutionary changes proposed (Bamblett 1991). Apart from School Development Plans, this also included schools gaining greater control over the expenditure of funds. This was achieved through the provision of a significant ‘school grant’ which could be utilised for: curriculum development, funding relief staff, and the purchasing of equipment or professional development for staff to address specific school needs (Wilson and Smart 1991).

The establishment of ‘School Decision Making Groups’ was a further step towards allowing for devolved decision making. Although the groups were comprised of parents, staff, community members and (where appropriate) students, they were not authorised to hold accounts, employ staff or provide amenities. This left the power within the groups in the hands of educational administrators and staff (Barcan 1996).

The Reception of Better Schools

Given the events and documents which preceded Better Schools (1987) there should have been no surprises within it (Chadbourne 1990). Devolution of authority through School Decision Making Groups was mooted in the 1970s. The State School Teachers Union of WA (SSTUWA)
had initiated a campaign for democratic decision making in the early 1980s and there had been pilot studies (in 1985) in community participation. The push for ‘merit selection’ had also been initiated in the early 1980s (Chadbourne 1990). Furthermore the annual reports of the Education Department had promoted corporate managerialism and the work of the FRC (beginning in 1984) was well publicised.

Despite this, however, the release of Better Schools (1987) was met with surprise and accusations that it was hatched in secrecy with a failure to consult rank and file educators. The timing (coinciding with Christmas), was met with claims that this was deliberate, and that teachers were unable to adequately respond. Teachers were incensed by [what they saw as] the politicisation and corporatisation of education and pointed to the hypocrisy of introducing ‘bottom up’ reforms through ‘top down’ actions. They argued that they were having new duties imposed with an inadequate provision of resources (Chadbourne 1990).

Teachers also claimed that the Report was ‘too much reform’, especially following on the still incomplete implementation of the extensive recommendations stemming from the Beazley Report (1984). With the removal of the whole senior hierarchy by about 1988 and a central office switch to the ‘new guard’, considerable conflict and stress was generated within the WA education system. Wilson and Smart (1991) argued that this upheaval was not only traumatic but made much of the new Ministry dysfunctional.

The SSTUWA reacted negatively to the Report alternatively referring to it as ‘Cheaper Schools’ and ‘Bitter Schools’. There were industrial issues connected to what the union perceived to be the decentralisation of labour relations and thereby a decrease in the union’s bargaining power. This ultimately led to industrial action (Porter et al 2001).
In answer to the many criticisms Minister Pearce (in 1989) argued that the Report was intentionally brief, since its function was to chiefly provide guidance for a reform process and that subsequent consultation was intended to work out the details. In contrast to teachers, parents were supportive of the Report as they perceived it as a means to increase their involvement. Principals also saw their new roles as an opportunity for greater autonomy (Porter et al 2001).

Discussion of Better Schools

The manner in which Better Schools (1987) was released generated considerable misunderstanding and bitterness within the WA educational community. This impeded the acceptance of its recommendations. However, the Report largely proposed educational restructuring which was similar to that occurring within other Australian states and internationally. Education was being increasingly viewed as a microeconomic tool which could be used to ensure that the Australian economy maintained a ‘competitive edge’.


The recommendations stemming from the Report moved neo-classic economics into the educational sphere. Furthermore, there were suggestions that the ultimate aim was to introduce complete deregulation and privatisation, with the Report representing the first significant step in the process. The shift towards corporate managerialist modes within educational administration was a part of that neo-classic economic shift as this was a means to achieve greater efficiency and effectiveness within education.
Leggett (1997) argued that within the Ministry there were two groups (administrators and teachers) constructing alternative readings of policy documents and apparently speaking different languages. Central office staff wrote policy documents and were bureaucrats serving the interests of the Minister, whereas teachers worked from a different knowledge base and were required to implement policy. Goddard and Punch (1996) also noted competing ideologies and claimed that the neo-classic economic direction of Better Schools (1987) with its focus on effectiveness, efficiency and accountability, contradicted the social justice functions of education which were viewed as a crucial mechanism within education.

The period surrounding the release of the Report was one in which government-wide interests (at this time neo-classic economically driven) superseded departmentally derived priorities and practices. State Government required its departments to become more responsive to its demands and priorities. Education was viewed as any other public service similar to government agencies including fisheries and consumer affairs (Angus 1993).

During a period of micro economic reform, education became increasingly regarded as an ‘industry’ resulting in it becoming co-opted as one instrument of the reform movement. Schools were required to adopt ‘industry wide frameworks’ which overrode internally developed policies and practices (Angus 1993). The consequence was the adoption of policies which potentially ran counter to the culture of schools, but were designed to improve productivity.

The intent of the neo-classic economic shift was not to destroy schools but to closely tie administrative systems to government interests and make them more efficient and effective. The net effect, however, was a weakened school system (Goddard and Punch 1996). The impact of politically based neo-classic economic imperatives resulted in a massive shift to corporatism with schools focusing on management, planning and quality. Schools began focusing more on
‘outcomes’ and largely ignoring the process of teaching and the curriculum development which accompanied it (Goddard and Punch 1996).

State Government Intentions

The predominant intent underlying the restructuring of education which occurred as a consequence of the Better Schools (1987) recommendations was a drive to improve public sector management by making it more efficient and effective. Furthermore, the Burke Government held a belief that elected governments had the responsibility to establish policy and it was the function of public sector bureaucracies to put that policy into practice.

Within education, the departmental bureaucracy had historically been largely left to its own devices to establish educational policy. As a consequence the new insistence that policy setting was the prerogative of government was perceived by the educational community as evidence of the intrusiveness of government and the growing ‘politicisation’ of education (Angus 1990). This was one factor which led to resistance to proposed changes.

The new management practices promoted within the Report and other documents preceding it, such as Managing Change in the Public Sector (1986), held that management involved a series of generic skills. This perspective viewed good corporate and strategic planning skills as essential for the running of any effective and efficient organization (Leggett 1997).

It was perceived to be unnecessary for the chief executive officer to possess detailed professional knowledge or first hand experience of the specific department which he/she headed. It might even be suggested that this would have been seen as a distinct disadvantage, as such knowledge or experience could lead to the individual being ‘hijacked’ by departmental priorities as opposed to governmental priorities. Rather the specific qualities and skills required of managers included
strategic planning and thinking, successful management of personnel and financial resources, and finally the ability to be responsive and accountable to the government and wider community. Leggett (1997) argued that State Government policy which stemmed from the Report required schools to adopt management practices associated with this form of corporate and strategic planning.

Leggett (1997) argued that the Report recommendations had their own ‘elegant logic’ which was not evident to teachers in schools but was irresistible to politicians. This logic was based on the assumption that schools needed to systematically plan to achieve improved outcomes for students but simultaneously remain responsive to the specific needs of local communities. Community responsiveness, according to this logic, could be achieved through involving community members in the planning process within schools. Effective planning, Leggett (1997) claimed, allowed schools to work towards improving outcomes for students whilst simultaneously demonstrating accountability to the system and its stakeholders. Within one process (School Development Planning) the agendas of school improvement, participative decision making and accountability were satisfied.

**Further Responses to Better Schools**

The implementation of the *Better Schools* (1987) recommendations signified substantial changes for WA education because they represented the origins of neo-classic economic influence within the education system and as a part of that they indicated a shift away from a centralised system to one which was devolved. Within this system, schools had the capacity to become largely self determining. Angus (1990) argued that the Report was not simply a neo-classic economic document. Rather, incorporated within it, was a belief that education could improve when responsibility for problem solving was shifted away from a central authority to the school and, ultimately, the individual teacher.
Teachers saw little need for the level of restructuring recommended within the Report as they did not perceive an education system in crisis. Furthermore, they were satisfied with the existing system and were well ‘down the track’ to implementing the Beazley Report (1984) recommendations and were consequently ‘reform fatigued’ (Angus 1990). The educational bureaucracy was similarly unprepared, as few (except for a small circle of advisors) were aware of the substance of the Report. As a result, the implementation of the Report’s recommendations began in defiance of many conventional principles governing the smooth introduction of organisational change (Angus 1990).

The Report established a clear five year time frame for the implementation of the recommendations and teachers were told that the key objectives were not negotiable but the manner of implementation and timeline were subject to review. Within three years of the Report’s release, many significant changes had occurred which included the restructuring of central and district offices. However, a strong centripetal force remained (Angus 1990). By 1990 School Development Plans also began to emerge and these ranged from the rudimentary to sophisticated. However, the audit function of District Offices lagged because District Superintendents required School Development Plans to do this, and these were not far enough advanced in all schools to consistently audit them (Angus 1990).

**Better Schools and Devolution**

The term ‘devolution’ emerged to describe the transfer of decision making authority away from the central office to the individual school level. The intent was to allow schools to become more responsive to their individual unique areas of need. The devolutionary nature of Better Schools (1987) significantly impacted on schools in WA. The transfer of authority occurred through the school grant. Rather than have specifically designated funding areas (such as library books, science stock and so forth), the funding was lumped together and spending priorities decided at
the school level (Trestrail 1992). Accountability was achieved through the School Development Plan. Further devolution was achieved by requiring the School Decision Making Group to define a purpose for the school and set priorities. All of this was at the expense of the previous role of central bureaucracy.

Numerous other responsibilities were also devolved to the school level. Effectively this meant that principals became accountable for areas such as: staffing issues (including short leave requests), appraisal of temporary and probationary staff and selecting staff to fill school based positions. The comprehensive devolution of power which occurred was a part of a massive shift to the ‘right’ which was characterised in Australian politics and society (Watt 1990). This was ironic, since devolution is normally associated with greater democracy.

Deregulation, privatisation and free market thinking (consistent with neo-classic economic approaches) became features of successful schools worthy of copying (Watt 1990). Angus (1990) argued that devolution was more than a straight-forward example of neo-classic economics as it also represented an attempt to democratise education by enabling local school authorities to make fundamental decisions. But he claimed that the origins of the devolutionary forces after 1987 can be found in the drive to reform the public sector. It is his position that the discourse used to describe devolution and the resultant restructuring was shared with corporate managerialism (which was essentially a neo-classic economic approach). Consequently terms such as ‘audit’, ‘performance appraisal’, ‘corporate plan’ and ‘performance indicators’ are clearly evident within the devolutionary discourse and indicate the neo-classic economic nature of the reform.

In the process of devolution, middle managers and superintendents who inhabited regional offices, lost power (Porter et al 2001). With the shift from regions to districts, personnel were
reduced, subject superintendents eliminated, and superintendent’s roles changed so that they were essentially attached to central office. Devolution achieved one prime neo-classic economic goal which was the reduction of the size-though not the power-of the central office.

Responses to Devolution

Within her outline of the SSTUWA’s response to attempts to introduce devolution. Hayward (1994) claimed that the union favoured educational policy which enhanced teachers’ democratic decision making. However, a lack of consultation by the Education Minister during the drafting of devolutionary policy resulted in the union perceiving it as a cynical attempt by government to save money instead of introducing genuine educational improvement.

The incoming Liberal Government’s position on devolution was presented in a discussion paper, Devolution: The Next Phase (1993). Within his Foreword, the then Chief Executive Officer (Greg Black) claimed that the devolutionary process within the document would be implemented differently to the Better Schools (1987) recommendations. The purpose of The Next Phase (1993) was to permit a lengthy consultative process, allowing teachers, parents and other stakeholders to consider the proposals and express their views. Black (1993) claimed that he would give priority to the gradual implementation of devolutionary structural changes and ensuring that those changes were well planned and supported.

The Next Phase (1993) viewed devolution as the next step in providing schools with flexibility. As such the intent was to build upon Better Schools (1987). Devolution was perceived as a way for the education system to improve learning for students. As a part of that, schools could improve the performance of students through flexibility and having the authority to implement changes which they felt were necessary.
The Next Phase (1993) was a further example of the increasing influence of a neo-classic economic discourse within WA education. It described schools as ‘units’ within a larger organization and discussed the efficient use of resources whilst providing no increase to existing funding. There was also deliberation concerning schools being given authority to select between competing priorities and the use of performance contracts to demonstrate accountability. The Next Phase (1993) eventually led to the production of the Hoffman Report (1994) which was influenced by similar neo-classic economic forces.

Conclusion

From 1987 the tempo of change in WA education became particularly rapid, generating tensions for teachers and educational administrators. Many teachers spent time after hours, and during vacation breaks, completing tasks for the new curriculum structure (Trestrail 1992). The educational community felt that the pace, accompanied with the revolutionary nature of the changes, generated increased problems. Many props, such as subject superintendents and the Curriculum Branch which had, in the past, helped to bring about change were also removed leaving implementation of significant change to fall upon ill-prepared schools.

Prior to 1987, school administrators usually gained their promotional positions through their success as teachers, and relied heavily upon collegial networks to gain the skills necessary for the positions (Trestrail 1992). Whilst this was not an ideal situation it was at least amenable to gradual change. However, administrators were confronted with rapid change and the concurrent withdrawal of many external sources of assistance. In addition, there were further pressures such as the introduction of computers with minimal staff training provided. All of this generated feelings of inadequacy and damaged morale. By 1988 when Carmen Lawrence took over as the State Minister for Education, something close to chaos reigned within education (Barcan 1996). This was attributed to significant reorganisation and changes within the Ministry.
The causes of these tensions within the system can be traced to the **Beazley Report** (1984) which generated significant curriculum changes and **Better Schools** (1987) which introduced neo-classic economic concepts into education and unleashed devolutionary forces to enable schools to become more flexible. Within an examination of neo-classic economic influences on WA education, **Better Schools** (1987) is highly significant, for it embraced this ideology by focusing primarily on improving efficiency and effectiveness in education. Educational improvements for students were secondary to neo-classic economic gains. These gains included the vocationalisation of education which benefited business. The Report, though, was more than a direct example of neo-classic economics, for incorporated into it, was the assumption that educational improvement could occur through shifting responsibility for problem solving from the central office to the school or individual teacher (Angus 1990).

Within the educational community there was massive resentment of the recommendations within the Report. Whilst this was partially due to the pace of change it was also attributable to the perception that both teachers’ job security and the actual survival of government-provided education were under direct threat. Furthermore, it was felt that the Report ignored the social justice goals of education. Instead, it seemed that education was rapidly being relegated to become simply one more government industry such as fisheries or power production. Chapter Eleven continues this exploration of the impact which neo-classic economics had on WA education policy.
Chapter Eleven

Western Australian Education Policy 1993-1998

Introduction

Neo-classic economic policy is based on the assumption that it is not possible to infinitely expand government services since the revenue base is finite. Education policy influenced by neo-classic economics utilises an economic (rather than an educational) rationale to justify policy initiatives. As a result the educational process becomes secondary to economic concerns. Education policy, accordingly, becomes predominantly concerned with providing education more efficiently and effectively. Roughly, this translates into endeavouring to achieve more with less, or focussing on outcomes instead of the educative process. Marginson (1995) asserts that the discourse of neo-classic economics should not be utilised for education as markets in education are fundamentally different to other markets. Education has unique characteristics and, as such, necessitates different analytical tools to those utilised in other markets to measure efficiency.

The election of the Burke Labor Government was the point at which neo-classic economics came to dominate WA Government policy formation. The approach filtered into education through the FRC and Managing Change in the Public Sector (1986) which contributed to Better Schools (1987). The latter document was clearly influenced by neo-classic economics as was evident through the push to promote efficiency and effectiveness measures in education with minimal attempts to improve the educative process whilst focusing on outcomes. Two of these measures involved vocationalisation, which benefited business interests, and devolved decision making within schools.

The neo-classic economic direction for government policy, and consequently education, was continued by the Court Liberal Government. Following the election of the Court Government
two significant reports were produced which had clear neo-classic economic influences and impacted on the devolution of decision making authority in education. These were the second volume of the McCarrey Report (1993), the first volume of which has already been briefly touched on in this thesis, and the Vickery Review (1993) which dealt specifically with education. Both reports were produced within months of each other and drew upon each other to support their respective recommendations. They warrant closer examination as they demonstrate the extent of neo-classic economic influence on education policy in WA.

The Vickery Report

In July 1993 the Review of Education and Training (Vickery Report) was released. It was the result of the new Government’s decision to review the portfolio of Education, Employment and Training (DEET). The aim of the three member committee headed by Dr Vickery (a former Director General of Education) was to discover ways to improve services provided by the three agencies to; students, parents, industry and the community. One committee member, Mr Williams of Hamersley Iron, represented business interests. The Report was produced swiftly and essentially represented the response of the newly elected Court Government to its election promises to improve public service efficiency and specifically force DEET to operate at ‘optimal levels’.

The Vickery Report (1993) was undertaken during a period when the Court Government was simultaneously reviewing the entire WA public sector, this would become the McCarrey Report (1993). The close proximity of the two Reports is significant as both drew upon each other to support key recommendations. In typical neo-classic fashion, the McCarrey Report (1993) sought to make the public sector more effective and efficient with negligible increases in either costs or the taxation base.
In addition to schooling, the Vickery Report (1993) made recommendations regarding vocational training and higher education. These included the recommendation to amalgamate vocational training authorities into a single training system. Further recommendations examined ways for training institutions to maintain the same level of outputs/outcomes at reduced costs. It also discussed increased pressure to provide more places within training institutions along with better quality programs during a period of fiscal restraint. There was exploration of achieving a more cost effective and efficient ‘delivery system’ through methods which included increasing the effective utilisation of staffing and facilities. Clearly schools were not the only institutions being subjected to neo-classic economic driven policy.

Within the Vickery Report (1993) student population was directly linked to expenditure. It was the Committee’s position that schools needed to be responsible for the delivery of education at the classroom level. Furthermore the management of resources should be devolved to schools and the local community through school decision making groups. As a result, the Report recommended the development of structures permitting the progressive devolution of management to schools and School Decision Making Groups. This process was perceived as a means through which the Chief Executive Officer could maintain accountability to the Minister for Education.

The Vickery Report (1993) adopted the neo-classic lexicon when it spoke of an educational system which was ‘client-focused’. It justified the shift to a vocationalised curriculum by advocating a greater proportional expenditure on making non-academic students more employable. Furthermore, despite commenting upon ‘inadequate funding’ for education, there was a clear focus on the Report’s recommendations incurring ‘no additional costs’ to the State Government. Through the discussion of more open decision making and simplifying lines of communication the Vickery Report (1993) made recommendations involving the devolution of
decision making authority and in doing so, perpetuated existing neo-classic economic approaches to education.

The McCarye Report Volume 2

The first volume of the McCarye Report (1993) was explored within Chapter 9. It was argued that the document represented a clear example of the influence of neo-classic economics with its primary focus on improving the expenditure of public monies through increasing efficiency and effectiveness in the public service. Volume One discussed the benefits of permitting private agencies to contract the provision of services normally provided by government. There was further discussion of allowing market forces to determine the price and quality of public services.

However, whilst the first volume spoke in generalisations, the second volume reviewed specific government departments and agencies, making explicit recommendations as it went. The focus was clearly on reducing expenditure and introducing mechanisms which would improve efficiency and effectiveness. The chapter of the Report which dealt with education explored ways to cut costs, with little [apparent] consideration for improving the educative process.

The McCarye Report (1993) drew upon the Vickery Report (1993) to support many of its educational recommendations. Specifically it encouraged the reading of both Reports in conjunction. Both committees had common membership which assisted in the coordination of findings and adds weight to the observation that as the McCarye Report (1993) was a neo-classic economic document, then its influence on the Vickery Report (1993) meant that the latter was similarly influenced. Most importantly, the McCarye Report (1993) treated education as an ‘industry’ which could be treated similarly to other government industries such as electricity and transport.
From the outset the education chapter within the second volume of the *McCarrey Report* (1993) established its neo-classic economic intent by focusing on the reduction of expenditure, providing incentives for [good] performance, examining accountability mechanisms for the expenditure of resources and endeavouring to efficiently use resources and facilities. These areas were promoted as a means through which education could be improved. However, the document failed to explore methods of improving the teaching/learning process which is presumably fundamental to improving education.

Expanded devolution in education was promoted as a means to enhance the effectiveness of teaching, administrative staff, and generating monetary savings. This was advanced as the direction for education. The second volume claimed that devolution would enable improved productivity which (in turn) would enable improved educational outcomes for students. There was a clear argument that devolution needed to continue to enable efficiency gains to be made through reducing the bureaucratic management structure which remained heavily dependent on strong central management. It was recommended that the extent and range of centrally performed functions be devolved. This would generate savings. However, it also meant that devolution was largely seen as a tool to generate savings rather than as a means to improve the educative process for students.

Utilising a discourse focused predominantly on production and efficiency, the *McCarrey Report* (1993) explored the links between staff progression, salary and the achievement of specific outcomes for schools. There was discussion of different staffing formulas and claims that class sizes could be increased thereby generating savings and increasing efficiency. Predictably, there was minimal discussion of the potential impact of larger class sizes on student learning.
The influence of neo-classic economics within the Report was further evident through the examination of the viability of tendering (or out-sourcing) human services within the central office. This advocacy of privatisation of some functions within education management was ‘classic’ neo-classic economics at work. There was also discussion of the most ‘efficient size for schools’. Curriculum development promoted within the McCarrey Report (1993) was viewed as a means of reducing costs as opposed to improving education for students. The document examined the most efficient methods to ‘utilise teacher time’ recommending that duties other than teaching and such extraneous matters as professional development be completed outside of school hours. Furthermore education was again referred to as an ‘industry’. Both Vickery and McCarrey Reports (1993) recommended perpetuating the shift towards devolution. As they also came at the start of the Court Government’s term in office, they indicated the intended direction for government policy formation and in particular for education.

The Hoffman Report

Following the Vickery Report (1993) a committee chaired by Dr Norman Hoffman (an educator) was formed and given the task of making recommendations concerning devolution within WA education. Devolution of Decision-making Authority in the Government School System of Western Australia (Hoffman Report 1994) was the outcome.

To its credit, the Hoffman Report (1994) also explored a definition of devolution which perceived it primarily as a means through which learning outcomes for students could be improved by allowing those closest to students to make fundamental choices about the teaching/learning process. By launching into debate over whether devolution represented a predominantly neo-classic economic perspective, or was a means to provide quality education, the Report appeared to seek a conceptual path between the opposing perspectives.
The Hoffman Report (1994) dedicated its opening ten pages to clarifying the definition of the term ‘devolution’ and beginning the process of community discussion of the term. The Report acknowledged that the term had been ‘badly battered’ in an ‘undeclared semantic war’ between proponents of differing views. It was the Committee’s position that school communities needed to feel they had the authority to make fundamental decisions which would improve teaching and learning.

The Report recognised the neo-classic economic connotations of devolution. It argued that fundamentally devolution involved reductions to the size of the central office and emphasised the efficient and effective use of resources, the identification of clear system objectives, and the establishment of strategic plans. Devolution, according to the Hoffman Report (1994), allowed ‘clients’ to ‘select services’ offered by schools. The end result, it argued would be that schools either improved or ‘went out of business’. This perspective (the Report claimed) treated education as a market, with devolution permitting schools to respond quickly to market forces.

The ‘semantic debate’, according to the Report, originated from differing terms of reference. Consequently, there was a vast difference between claiming that devolution meant school communities being involved with running schools and the term being seen as opening schools to market forces. Although devolution is a neo-classic economic concept, it was predominantly treated, within the Report, as a tool which enabled school communities to improve teaching and learning.

Discussing the lack of connection between the classroom teacher and the syllabus, Hoffman (1994) claimed that what was [then] taught was not determined by teachers but by the central office. It recommended teachers become responsible for implementing programs in accordance with statements of expected learning outcomes. This would enable the teacher to make key
decisions appropriate to the teaching/learning process. This led to the development of the
Curriculum Framework (1998). These recommendations also connect neo-classic economics
with what was to become ‘student outcome statements’.

The intent behind shifting to a curriculum framework was to allow significant decisions
concerning issues such as: resources, staffing structures, students groupings, curriculum delivery
and timetabling to be made locally with minimal constraints. Consequently principals were given
the capacity to make decisions about organisational structures and staffing profiles because of
recommendations from the Hoffman Report (1994). Accompanying this were recommendations
for clear accountability mechanisms, which led to the introduction of a performance management
process linking the accountability process from the classroom to the Director General.

Devolution according to the Hoffman Report (1994) served the dual goals of enabling
improvements in student learning and achieving neo-classic economic aims. The connection
between the Curriculum Framework (1998) and devolution though, suggests that the document
was also conceived with both goals in mind.

The Temby Review
Concurrent with pressures to devolve decision making authority in WA education, were
pressures to focus the curriculum onto a series of explicit outcome statements. At the
Commonwealth level the drive to develop a national curriculum which focused on explicit
learning outcomes had originated from Strengthening Australia’s Schools (1988). Many
Australian states had similarly shifted to using outcome statements. Furthermore other nations
such as the UK and US also shifted to describing student learning in terms of outcomes.
Although curriculum change such as this had been recommended in both the Vickery (1993) and Hoffman (1994) Reports, schools had seen documentation describing outcome statements as early as 1992. Furthermore, working editions of the outcomes statements were formally trialled in approximately 80 schools in 1995. These appear to have been a means to prepare teachers for the significant changes to follow. In September 1995 the Review of School Curriculum Procedures and Processes in Western Australia (Temby Review) was released.

The Temby Review (1994) made clear recommendations which enabled the devolution of curriculum decisions and accountability mechanisms to be established. Within the Review a number of generalisations about the current curriculum were made. The essence of these was that there was a serious need to establish a common curriculum framework and to remove numerous inconsistencies within the system. It was observed that schools did not supplement syllabus material with the National Profiles and that WA lagged in the introduction of the profiles.

As a consequence of the findings of the committee, the Temby Review (1994) made clear recommendations which enabled learning to be described in terms of desirable outcomes within a curriculum which was to be developed by the WA Curriculum Council. The focus on outcomes represented a shift to a vocationalised curriculum through the concentration on skills and processes which students should have as a result of schooling. These were directly linked to post-compulsory schooling and employment. Furthermore, the framework essentially involved devolving curriculum decisions to the classroom level. As both devolution and vocationalisation are neo-classic economic tools, then logically it is possible to argue that the Curriculum Framework (1998) was the consequence of a neo-classic economic influence on WA education.

By 1997 a draft of the Curriculum Framework (1998) became available for comment and discussion. It was accompanied by a draft of the proposed new WA Education Act which
legitimised many statutory bodies and enabled schools to experience devolved decision making by formally establishing School Councils and Boards.

**Education Documents 1996-1998**

The neo-classic economic influence on WA education policy remained evident within further Education Department documentation released between 1996 and 1998. The *Strategic Plan for 1996-1998* is one example of that influence. It utilised an essentially economic discourse to outline the intended direction for education. Even the title of the document carried this influence as strategic planning per se is a quintessential part of corporate managerialism which is in turn a component of a neo-classic economic direction.

The neo-classic economic direction of the *Strategic Plan* (1996) was further evident within plans to improve resource management and provide services more efficiently, similar to other Departments within the public sector. Consequently, the document argued that resource management needed to improve and this could be achieved through a series of efficiency strategies which included: placing an emphasis on value for money, enabling community use of facilities and reducing deferred maintenance. Further recommendations were made to shift resource decisions to the ‘delivery point’ and improve some resource management processes through incorporating grants.

The *Strategic Plan* (1996) also clearly dealt with devolution as a neo-classic economic tool by recommending that the educational market be allowed to determine some educational programs through providing flexibility for local schools to deliver programs suited to the specific needs of students. In providing for curriculum flexibility the Plan suggested that the curriculum framework and outcome statements be developed to enable schools to meet local needs. Amongst the suggested actions supporting the recommendation were numerous references to
developing flexibility (within schools) in work organization, staffing profiles, utilising financial resources and configuring student services. The focus on efficiency and the curriculum framework provided the neo-classic economic link. In fact, it is increasingly evident that both the curriculum framework and outcome statements were key components of devolved decision making which was, in turn, a key component to a neo-classic economic educational direction.

In 1997 the School Education Bill was released for public comment prior to being ratified by the WA State Parliament. A new Education Act was necessary as the old 1928 Act had been subjected to numerous amendments and other regulations issued to support it. The new Education Act enabled new bodies to be properly formed which would support devolved decision making and thereby the neo-classic economic direction of state education. Consequently there were provisions for the formation of bodies such as School Councils which enabled greater local decision making and participation by community stakeholders.

Later in July 1997 the Plan for Government School Education 1998-2000 was released. This document superseded the Strategic Plan (1996) and perpetuated the neo-classic economic discourse within education policy formation. The new plan maintained the dual foci of devolution and resource management which met the requirements of effectiveness and efficiency. When the Curriculum Framework (1998) was released the following year this direction of education policy remained clearly evident.

The Curriculum Framework

Neo-classic economic driven education policy exposed schools to market forces which resulted in schools having to either improve performance or lose students. The late 1990s saw a drift by students away from government schools into private schools. Devolved decision making allowed these schools to respond quickly to those market forces but simultaneously equity issues
emerged with schools within disadvantaged areas. From this, the *Curriculum Framework* (1998) emerged. The shift to outcomes based education was promoted as enabling teachers to shape the educational process to suit the needs of their students. The freedom was illusory as control over the curriculum remained firmly in the hands of the central bureaucracy and through that, the Minister continued to maintained political control. This was comparable with the development of outcome statements elsewhere.

The Framework emerged from a neo-classic economic process at the international, national and state level. As one aim of the Framework was to provide differing groups, including employers, with ‘clear statements of what students were expected to achieve’ from their schooling, there existed a connection to vocationalisation. This was a neo-classic economic theme that benefited employer groups. Finally the Framework enabled devolved decision-making which enabled school communities to make fundamental decisions but was also a neo-classic economic tool.

This connection raises the issue of whether or not the curriculum outlined within the *Curriculum Framework* (1998) (which described learning that students should achieve as a result of schooling), was in students’ best interests. It is possible that the outcome statements which were developed were the result of education policy dominated by neo-classic economics. Such a system would be predominantly interested in education which was cheap and efficient as opposed to being predominantly interested in developing the educative process.

The *Curriculum Framework* (1998) articulated an overarching outcome which purported to describe the fundamental principles underpinning the curriculum. These principles included concepts such as: collaboration, a developmental approach, integration, flexibility, inclusivity, explicit core values and an encompassing view of the curriculum. The overarching statement was then broken down into thirteen overarching learning outcomes which were in turn broken into
eight key learning areas. Each of the learning areas had their own outcomes but each contributed
to the overarching statement in differing ways. The intent was to enable teachers to gain
flexibility within the classroom environment so that the specific learning requirements of
students could be achieved.

From the outset, it was evident that the Education Department did not wish to be accused of a
lack of consultation as had occurred following the implementation of the Unit Curriculum. As a
result, drafts of the outcome statements (in varying forms) were circulated and discussed as early
as 1992. The Curriculum Framework (1998), itself, was released in draft form in 1997 for
consultation. This resulted in the document being released to teacher and other groups who were
invited to discuss and contribute to the Framework.

Members of the WA Curriculum Council, which was tasked with writing the Framework, were
drawn from a broad cross-section of the educational community. Apart from the three members
who sat on the Temby Review (1995) Committee the new Director General of the Education
Department (Cheryl Vardon) also had membership. Furthermore, in an effort to avoid problems
associated with the Unit Curriculum, the Council allowed a reasonably lengthy period to
implement the outcome statements to enable a smoother transition for students, parents, teachers
and schools.

The Curriculum Framework (1998) endeavoured to achieve inclusivity by making allowances
for all students to be included and valued within education. It purported to be capable of this by
specifying a broad range of outcomes, recognising and valuing differing knowledge forms,
taking into account diversity and providing the basis for programs which would challenge
students. Whilst these were the stated aims of the Framework, there were other intents associated
with the neo-classic economic origins of the document. These were evident in the devolutionary connotations of the document.

The Curriculum Framework and Neo-classic Economics

The Foreword to the Framework made explicit the devolutionary direction of the document and in doing so, also connected with the document’s neo-classic economic origins. Whilst the Framework specified learning outcomes which students should achieve, it also left scope for teachers and schools to develop individualised programs based upon individual ethos and the specific needs of students. In doing so, fundamental decision making authority surrounding the development of programs was devolved to the local level. This enabled schools and teachers to respond to student needs and was in stark contrast to the Unit Curriculum which had been controlled centrally and specified what students should achieve at differing points of their schooling.

Within the Framework, it was argued that the focus on explicit learning outcomes for students fundamentally altered education. The significant curriculum shift was achieved through changing from a curriculum focused on educational inputs and time allocation to one which emphasised desired outcomes for schooling. This appears to contradict assertions that the Framework was fundamentally a neo-classic economic document. Certainly the focus of the curriculum altered. However, the emphasis remained on providing an educational service which was cheap and efficient and which was relevant to potential employers.

The Curriculum Framework (1998) focussed on providing education which was primarily ‘cheap’. It spoke purely in terms of the outcome of education as opposed to discussing the types of inputs which might be required for students to become ‘educated’. Furthermore it perpetuated the devolutionary process within WA education. The document was clearly preceded by
numerous policies which originated from a neo-classic economic direction. Therefore it is possible to assert that by 1998 neo-classic economics were firmly entrenched within WA education and continued through the Curriculum Framework (1998). A fundamental goal of neo-classic economics is that education serves economic goals. The Framework achieved this by ensuring that students would have the necessary skills required by potential employers. By 1998 the needs of WA students had become seconded to the political and economic goals of the WA State Government.

Conclusion

A number of assertions have been made within this chapter regarding the extent to which neo-classic economics dominated education policy formation in WA. At the beginning of the period examined in this chapter (1993), state government policy was clearly influenced by neo-classic economics and this encompassed education policy formation. Whilst this approach had its origins under the Burke Labor Government, its influence continued into the Court Liberal Government.

Through seeking to continue the focus on cost reduction by utilising resources more efficiently, and encouraging devolved decision making as a part of the efficiency process, the Vickery Report (1993) utilised a predominantly neo-classic economic discourse to describe educational goals. Consequently the predominant focus for education was on economic issues (such as the vocationalisation of education by seeking to make students more employable), as opposed to concentrating on improving student learning.

The release of the Vickery Report (1993) coincided with the release of the second volume of the McCarrery Report (1993) which focused on improving the expenditure of public monies through enhanced efficiency and effectiveness on the public sector. One clear means to achieve
this in education was through devolved decision making authority which enabled significant reductions in central bureaucracies and improved accountability for resource expenditure. Both Reports drew upon each other and proved clear examples of the extent to which neo-classic economics dominated education policy by the early 1990s.

The Hoffman Report (1994) dealt specifically with devolution, making recommendations to devolve the curriculum which ultimately led to the Curriculum Framework (1998). A devolved curriculum (the Report claimed) enabled teachers to respond to specific student needs. The Report sought to distance devolution from neo-classic economics through exploration of differing connotations of the term, claiming that the devolution within the Report’s recommendations was intended to assist in improving learning outcomes for students. However, a devolved educational system, no matter what the connotations may be, still resulted in a reduced bureaucracy which enabled a reduction in costs.

The Temby Review (1995) resulted in the establishment of the Curriculum Framework (1998) linking devolved decision making to the Framework by describing student learning in terms of outcomes as a means to devolve the curriculum to the class level. The influence of neo-classic economics on the Framework is also evident through the focus on vocationalisation. Strategic planning documentation released between 1996 and 1998 specifically examined options to ensure education remained efficient, emphasising value for money within resource utilisation.

The Curriculum Framework (1998) was clearly a by-product of neo-classic economic influences on WA education policy. By association, student outcome statements were clearly a further by-product. In primarily serving economic aims as opposed to educational aims, outcomes were not necessarily in the best interests of students. Instead, as products of a process which was largely influenced by business, it can be argued that they served the interests of
business first and students last. In many respects, they narrowed the range of educational experiences and curricula opportunities available to children at the very stage of their lives when they should have been broadened. Chapter Twelve concludes this study by drawing together the threads.
Chapter 12

Conclusion

Introduction

It is clearly evident that neo-classic economics dominated government policy in Western nations such as the US and UK and this directly impacted on education policy. Australia was subjected to parallel pressures and consequently adopted similar neo-classic economic policies which effected education policy at the Commonwealth and state level. For WA schools policy, the adoption of neo-classic economic policies resulted in the pursuit of efficiency and effectiveness gains. However, this was at times to the detriment of students, whilst business interests benefited.

Smithin (1990) argued that neo-classic economics represented the third major wave of economic theory (apart from Marxism) following the Great Depression. The conservative revolution of the late 1970s represented a swing back to earlier economic policies from the period prior to the 1930s, hence the phrase ‘neo-classic’. Whilst this was not perceived by Smithin (1990) as a direct response to empirical difficulties confronting Keynesian theory, it can be argued that the rapid collapse of Keynesian approaches played a significant role in the acceptance of a neo-classic economic approach to government policy.

The impetus for change, according to Gamble (1994), was caused by significant increases in difficulties confronting Western nations. The collapse of fixed exchange rates (1971-72), the quadrupling of oil prices (1973) followed by a general global recession forced the realisation that the foundations of Western prosperity were unstable. Consequently Keynesian based economic policy systems appeared to be ineffectual and this resulted in a number of Western nations initiating significant political and economic organisational changes.
Toye (1992) argued that Margaret Thatcher, by initiating neo-classic economic policies, pioneered a policy direction which provided models for other political leaders to follow. He claimed that her government’s economic management decisions were broadly perceived as critical experiments testing the ‘validity’ of neo-classic economic theory. Within the US, the Reagan government adopted similar approaches to economic policy which became known as Reaganomics.

Within UK education policy, Brown (1990) argued, the change to a neo-classic economic focus resulted in a significant reorganisation of government education so that it primarily served the ideology and vested interests of government. It is also evident that this policy focus also benefited business groups. Tiratsoo (1997) supported this assertion pointing out that the state remained firmly in control of education. US education policy experienced similar economic pressures according to Peterson (1992). Increasingly there were demands for education policy which focused predominantly on efficiency and effectiveness. The educational needs of students became secondary to political and economic goals.

Theorists such as Beare (1991) asserted that educational policy within the UK and US provided the ‘unofficial guide book’ for change elsewhere. Others such as Vickers (1995) asserted that throughout the 1980s and 1990s Australian education decision makers drew on international examples to frame key policies.

**Thesis Questions**

This thesis contributes to the understanding of education policy development through synthesis of the literature and historical analysis of key documents. The thesis examines how neo-classic economics influenced WA education. Four research questions were examined:
- Was the influence of neo-classic economics evident internationally, and if so did it impact on education policy?
- How did neo-classic economics influence Australian Commonwealth government schools policy?
- Were there clear neo-classic economic influences evident within other Australian states, and, if so, did they influence schools policy?
- In whose interests were neo-classic economic policies?

Three of the questions placed the WA experience into context enabling the understanding that neo-classic economic influences on WA education policy development formed part of a broader global and national pattern. The final question explored which group predominantly benefited from the pursuit of neo-classic economic education policies.

The exploration of WA education policy in Chapter 2 established the contextual background for this thesis. Then, Chapters 3 and 4 respectively, examined the global origins of neo-classic economics and how it affected education policy development in the US and UK. Key generalisations established that a neo-classic economic pattern is evident. This involved policy initiatives which allowed the market to dictate what should, or should not, occur within the economy. There was also a drive to make government-provided services more efficient via privatisation. Education came to be seen in vocationalised terms as a means to providing a better equipped workforce which would allow for increased competition in the international market place. This was beneficial to business as, amongst other gains, it effectively decreased training costs. On a global scale, education was subjected to restructuring and in the US and U.K this was justified through the use of an economic rationale. Both nations adopted neo-classic economic approaches to education policy formation. The key motivation for this reform was the spectre of international competition.
Australian government policy did not evolve in isolation and was similarly influenced by neo-classic economics which impacted on education policy. Chapter 5 examined the emergence of neo-classic economics within Australia and concluded that the policy shift that was evident was similar to neo-classic economic trends in the US and UK. Chapters 6 and 7 explored how neo-classic economics influenced Commonwealth Government education policy in Australia. By about 1985 neo-classic economic trends at the Commonwealth level were clear and became more evident, overt and robust with the passage of time. Under Minister Dawkins the tempo for change increased dramatically. Education became firmly linked to national economic goals. Furthermore, significant reports such as In the National Interest (1987) favoured business through recommendations for the vocationalisation of education. Later reports such as Finn (1991), Carmichael (1992) and Mayer (1992) had business representatives on the committees. Given this, it is hardly surprising that these committees made recommendations for the vocationalisation of education, which would ultimately benefit business.

Chapter 8 explored the Victorian context, demonstrating that there were clear neo-classic economic influences evident within other Australian states’ education policies. It revealed that although there was significant resistance to neo-classic economic policies by teachers and parents, this resistance was soon overwhelmed by the newly elected Kennett Liberal Government. Kennett’s shift resulted in reduced education spending, staff cuts and school closures. These neo-classic economic policies were duplicated in other states, regardless of which party was in power, with state Education Ministers seeking control over educational bureaucracies through politicisation. Similarities in the motivations for reform within states were evident as state governments sought to reduce costs and align education with the economy through focusing on vocational subjects and employment related skills (Barcan 1996)
Neo-classic Economic Influences on Education Policy in Western Australia

The exploration of the global context of neo-classic economic influences confirms that neo-classic economic influences within WA did not occur in isolation. Having established the potency of these international economic forces, the remainder of the thesis focuses on education policy evolution in WA and its domination by neo-classic economics from at least 1987. The thesis traces the origins of that influence until the release of the Curriculum Framework in 1998. It concludes that within WA, between 1987 and 1998, education policy has been predominantly shaped by economic interests and not by educational concerns.

**Better Schools** (1987) was the first WA education policy document influenced by neo-classic economics. It became possible after the resignation of the Director General and divided the Education Department. The document also marked the origins of the politicisation of education in WA. **Better Schools** (1987) was not driven by educational concerns instead it was motivated by economic and political interests. In highlighting the concept of the self determining school the Report recommended reductions to the centralisation of education through devolved decision making. By focusing on reducing expenditure and increasing efficiency whilst treating education as an industry the Report was clearly a neo-classic economic document which established the future direction for education policy in WA.

The common theme of devolution ran through education policy providing a straight-forward example of the dominance of neo-classic economics. This was attributable to the use of devolution to reduce the size and scope of the central bureaucracy which was a fundamental neo-classic economic aim. Furthermore devolution was not predominantly concerned with improving learning outcomes for students but instead focused on efficiency gains and the better use of educational resources.
devolution. It signalled the extension of neo-classic economics within WA education policy,
utilising a clear economic discourse which described schools as ‘units’. The document contained
no increases in funding and outcomes for students were seconded to neo-classic economic gains
which benefited business.

The release of the *Vickery Report* (1993) coincided with the release of the *McCarrey Report*
(1993). Both documents indicated the neo-classic economic direction which the Court Liberal
Government intended to pursue. The Reports drew upon each other to support their neo-classic
economic recommendations which perpetuated the drive to promote efficient education with
minimal cost to the taxpayer. As a part of that, devolution was promoted as a primary tool in
improving efficiency and effectiveness. In the following year the *Hoffman Report* (1994) was
released.

The *Temby Review* (1995) made clear recommendations enabling devolved decision making
and establishing accountability mechanisms. This indicated the continued dominance of neo-
classic economics within WA education policy. It was followed by strategic planning documents
covering the period 1996 to 2000. These provided further evidence of the drive within education
policy formation to improve resource management and provide educational services more
efficiently with minimal cost increases. This drive again saw the educative process for students
seconded to neo-classic economic goals.

The *Curriculum Framework* (1998) shifted the focus of the curriculum onto the individual
student but the emphasis remained on providing an educational service which was cheap and
efficient. It served primarily economic and political goals by focusing on the outcomes of
education instead of the process which students should undergo during their schooling. When we
examine the extent to which neo-classic economics has influenced education policy within WA, it is evident that it almost exclusively dominated policies developed between 1987 and 1998.

This prompts the question, whose interests are served by neo-classic economic education policy? Others, such as Grundy and Bonser (1997) have explored this issue and argued that educational reform is not always in the interests of students. In fact their interests tend to become secondary or even a poor third to political and economic interests. Chomsky (1973) cited in Corson (1980) has argued that education policies should be objective and educational resources should not be used solely in unquestioning support of government policy. Nor should policy be directed towards, or grow from, economic aims. Indeed Chomsky argues if education serves economic aims there is a risk of a new coercive ideology seeking to remove decision making from popular control.

**Accountability**

The emergence of accountability mechanisms within the US was explored by Dorn (1998) who argued that these mechanisms became politically popular during the mid 70s. The publication of *A Nation at Risk* (1983) saw the institution of statistical measures such as minimum competency tests. Notably the rise in statistical measures coincided with the rise of neo-classic economics in the US. Dorn (1998) argued that the political implications of accountability mechanisms served the purpose of bolstering the claims of educational administrators whilst the use of statistical evidence obscured alternative mechanisms.

Within his exploration of new public management Nolan (2001) directly linked the emergence of accountability to neo-classic economics. Significantly, he argued that the new public management model involved changes to outputs, reduced scope for government agencies and increased accountability. Nolan (2001) cited Hood (1991) to assert that amongst characteristics
of new public management was a concentration on explicit standards and measures of importance. This meant (he argued) the definition of goals, targets and indicators of success were [preferably] expressed in quantitative terms, which was justified by claims that accountability required a clear statement of goals and efficiency necessitated a ‘hard look’ at objectives.

Despite not specifically linking neo-classic economic education policy to accountability mechanisms, Cuttance (1995) did assert that strategic planning was one such mechanism. A direct link between strategic planning and neo-classic economic driven education policy exists. Cuttance (1995) argued that strategic planning emerged in about 1990 as a part of accountability mechanisms and at the school level this took the form of school development plans being used to ensure the implementation of departmental objectives whilst simultaneously addressing local priorities.

Meek (2001), within an examination of public sector reform, claimed that a symptom of neo-classic economics was an influence on accountability which ensured managerial responsibility and competence. By demanding financial returns from public authorities as a part of an efficiency drive departments and authorities were held publicly accountable. Meek (2001) claimed the focus on accountability gave rise to a host of quantifiable performance indicators, which were part of a broad web of socio-economic and political imperatives designed to improve public sector organizations through competition and efficiency gains. Meek (2001) argued that performance indicators were proxies for a number of things, not the least of which (in the public sector) was the reality of market competition.

Accountability mechanisms are a neo-classic economic tool used in education policy to ensure efficiency and effectiveness. Within the UK and US they were used to bring about efficiency measures within some schools. Whilst these mechanisms emerged concurrent with neo-classic
economics in Australia, they were predominantly used to address local priorities whilst simultaneously implementing central objectives. The potential existed though, for the mechanisms to be used for neo-classic economic purposes.

Within a later examination of accountability in Australian education Cuttance et al (1998) argued that (unlike the UK and US), the Australian states successfully insulated themselves from the harsh forms of central educational accountability mechanisms such as state testing and school performance comparisons. Cuttance et al (1998) in looking at Australian case studies, examined WA education and concluded the case demonstrated a central bureaucracy politically manoeuvring to develop accountability relationships when confronted with pressure from other interest groups. This involved enticing principals to accept the legitimacy of accountability through financial rewards. Accountability mechanisms used in WA are further evidence of the extent to which neo-classic economics influenced education policy.

Assessment

Hughes (1994) and Brennan (1993) argued that a precise definition of neo-classic economics is elusive but became possible through the examination of fundamental assumptions connected to the concept. In exploring ‘economic rationalism’ Carroll (1992) described the concept as laissez-faire, whilst Pusey (1993) was more precise claiming that it perceived the market as the sole viable means of establishing value. Furthermore, the market was capable of delivering better outcomes than bureaucracies and was the driving force behind society. Private markets were seen as efficient and consequently governmental interference needed to be minimised. The predominant assertion behind neo-classic economic models was that government needed to be reduced in size and influence as it was the prime economic problem. Neo-classic economic driven policy, Connell (1997) argued, was less willing to pay the cost of maintaining the welfare
state depending instead on market discipline to achieve goals. Carroll (1992) similarly dwelt on the social costs of pursuing neo-classic economic policies.

Those advocating neo-classic economic approaches argued that minimal governmental intervention was beneficial claiming that reduced government expenditure equated to reduced taxation levels. Walsh (1993) claimed that the demise of protectionist policies forced competitiveness in industry. As a result capital equipment investment increased as industries were forced to modernise. This led to technological and engineering advances attributed to neo-classic economics, which flowed into education through demands for a better educated workforce suited to these advances. Neo-classic economists further claimed that their policy approach was essential for Australia to remain competitive.

There are numerous negative effects from neo-classic economic driven policy and it is asserted within this study that these outweighed potential benefits. When discussing privatisation, Stilwell (1994) claimed that the fire sale of government assets deferred short term financial crisis’s but at the expense of relinquishing long term revenue sources and diverse public obligations. Although the intent was to ensure public sector efficiency the human cost was enormous. At best the gains were superficial and transitory, negated by broad social consequences.

It is the social cost associated with neo-classic economic policies which critics cite as the most significant negative factor. Davidson (1992) asserted that real economic pain felt within the wider community and the marginalisation of weaker social groups proved fundamental flaws with the approach. Within government, economic advisors rose to prominence in policy formation at the expense of other departmental experts. Consequently economics drove policy decisions instead of the needs of client groups. Within human services it was difficult to clarify the relationship between outputs and inputs which equated into difficulty measuring productivity
and efficiency. The removal or marginalisation of institutionalised bodies charged with protecting weaker sections of the community was a consequence of neo-classic economics and it was this cost which negated any supposed benefits gleaned from the approach.

**Effects of Neo-classic Economics on Education**

The impact of neo-classic economics on education has been acknowledged by numerous theorists such as Beare (1995) who claimed that within post-industrial Western nations with internationally orientated economies, schools were placed under pressure and subjected to adverse criticism. He argued that this was attributable to education being the key factor enabling shifts in the economy. This was because the workforce had to be improved to allow workers to enter occupations associated with new international economic conditions.

By the late 1980s, Beare (1995) claimed, education was no longer driven by educators but by economic and political considerations. National governments became more interventionist as education evolved into a political and economic tool. He argued that possibly the most significant outcome was the concept of education markets which then generated market metaphors to describe schooling processes. These metaphors included: educational management, education outcomes and educational productivity. As economic justification was utilised to describe education it became perceived as an industry which bought and sold competencies.

Marginson (1989), provided support for this position by arguing that governments were no longer perceived as having universal control over education. Instead the market place asserted control. Consequently, market control was embraced by all facets of education with government relegated to providing the necessary conditions for the market’s smooth operation.
There were three significant aspects of the changing role of government in education according to Marginson (1989). The first was generated by human capital theory and resulted in a changed emphasis from education being considered as a social investment, to it being viewed as a private investment with predominantly private benefits. The second was a shift in liability so that individuals became increasingly responsible for the outcomes of education selection. Marginson (1989) explained this concept in terms of parents having to send children to the ‘right’ school and students having to select the ‘right’ course. Finally he claimed there was a weakening of the governmental role on education culture and an increased involvement of private companies in schools and universities. The increased involvement resulted in an escalated prevalence of neo-classic economic imperatives in education.

According to Birch and Smart (1990), a further significant outcome from the link between education and economic goals, was the reduced role of professional educators within education policy making. Educators became a minority. Industry, business, union, and other representative groups filling the void. The result was education policy which did not necessarily meet educational needs and instead served other purposes such as achieving economic, political or industrial goals. By attaining these types of goals education policy was used to benefit these interest groups.

The influence of neo-classic economics on Australian education policy was acknowledged by Sachs (1991) who claimed that closer links between education and industry were predominantly aimed at improving Australia’s economic productivity and industrial competitiveness. The core of the debate revolved around links between education and industry with Sachs (1991) arguing this raised ethical and ideological questions about what schools should be about and whose interests should be served by education policy. She claimed that the central debate was the connection between education and national economic aims.
Sachs (1991) further argued that education was perceived as making significant increases in national productivity which meant that education was reduced to a mere economic utility. As a result Sachs (1991) asserted that it was not the role of education to respond to short term economic demands made by industry. Instead education’s purpose was to adequately equip students with fundamental and expansive skills so as to be capable of investigating and reflecting on changes taking place within society. This perspective meant that students were the primary consumers of education which meant that education should be driven by those needs.

As educators lost control over the education agenda and were replaced by political appointees, educational imperatives ceased to drive education policy. Instead it served predominantly industrial, economic and political goals. This led to education being governed by concepts such as efficiency, effectiveness and productivity. The result was education at the cheapest possible price serving short term political and industrial goals instead of the long term needs of students.

**Economic Discourse**

According to White (1995) periods of depression or economic recession generally resulted in conservative values gaining strength. The rise of conservative values within education took the form of attacks on schools and claims they failed students in assisting them to achieve numeracy and literacy competence. Areas which detracted from the attainment of fundamental skills (such as literature, cultural studies or history) were viewed with distain. Comparatively areas which were valued by business groups received strong support and were linked to calls for firm discipline.

When comparing similarities between education policy in the 1890s, 1930s and 1980s, White (1995) observed significant similarities in education policy development. Policy was generated by government’s need to deal with economic adversity and high unemployment. Other
similarities included a desire by business groups to regain international competitiveness and encourage growth in service industries. White (1995) implies the use of neo-classic economics in education policy was an inevitable reaction to adverse economic circumstances, but this was balanced against the belief that once the economic crisis ended the subsequent conservative reaction would also cease.

A part of the conservative swing observed by White (1995) was the emergence of a specific discourse within education, with terms such as ‘productivity’ and ‘accountability’ gaining prominence to describe the educational process.Marginson (1991) argued that increasingly education was dominated by the use of an economic discourse and terms such as these were used to locate it within an economic framework. He argued that educational processes could not be understood in purely economic terms. The reasons the discourse emerged, he claimed, were directly related to budgeting demands for efficiencies and expectations there would be an expansion and improvement in the quality of educational services.

The concepts of ‘productivity’ and ‘efficiency’ are tools derived from the manufacturing and agriculture industries which are not suited to the analysis of education according to Marginson (1991). However, the use of these tools indicate the extent to which neo-classic economics dominated education policy. Marginson (1991) claimed the predominant objective of productivity centred educational policies was the enhancement of outputs at the expense of a focus on the educative process. The central aim of efficiency centred policies was the reduction of costs. The use of an economic discourse within education was a consequence of a neo-classic economic influence in education policy. Furthermore it indicated the level of influence held by economists in education policy formation. Within WA education policy the use of an economic discourse was evident within Better Schools (1987) which was aimed at delivering efficient and
effective education. This direction continued, according to Angus (1990) through measures to devolve decision making authority.

An economic discourse within WA education policy was clearly evident from 1987 to 1998 which is the period covered by this study. Goddard and Punch (1996) claimed that Better Schools (1987) focused schools onto outcomes whilst ignoring teaching processes and curriculum development. The discourse was equally evident within the Vickery Report (1993) which sought to improve education without increased expenditure. This was followed by the Hoffman Report (1994) which endeavoured to devolve educational decision making. The resultant reduction in the central bureaucracy enabled the efficient and effective use of resources. The use of an economic discourse was continued in the Temby Review (1995). Further documentation such as strategic planning covering 1996 to 2000 also utilised the discourse in WA education policy which was symptomatic of a neo-classic economic influence in education policy.

The use of an economic discourse focused attention in WA education policy onto efficiency measures when desired teaching/learning processes for students within education were [at best] transient. The discourse failed to acknowledge that education, as a human service, dealt with humans and had a variety of outcomes which were difficult to quantify. A focus on efficiency meant concentrating on cost cutting which equated to providing education at the cheapest possible price.

**Outcome Statements and Beyond**

Whether or not devolved decision making represented a symptom of the neo-classic economic influence is contentious as it can be claimed that this enabled those most closely associated with the delivery of educational services to make fundamental decisions. However, devolution results
in a smaller central bureaucracy which is a fundamental aim of neo-classic economic policy. Furthermore, it can be claimed that devolution enabled schools to be more responsive to the needs of parents and students which can be interpreted as enabling responsiveness to market forces.

The devolution of management authorities within public agencies is one characteristic of a neo-classic economic influence, according to Meek (2001), as it enabled the public sector to become flatter. This also produced greater levels of efficiency and cost effectiveness indicating a clear neo-classic economic aim. As devolution is predominantly concerned with the administration of education it can be claimed that educational benefits which might be gleaned are at best marginal.

At the periphery of this study is the development of student outcome statements in WA. Down (2001), argued that moves to outcome based education was an educational policy trend which occurred across Australia. Furthermore it was one part of the larger social, industrial and economic reform agenda which occurred during the 1980s and 1990s. This observation implies that outcome statements in WA were the end product of neo-classic economic influences in education policy.

As outcome statements were a part of a broader devolutionary trend in WA and as devolved decision making was a part of the neo-classic economic dominance it can be argued that outcome statements are a product of that influence. Down (2001), however, concluded that although outcome statements were largely determined by economic imperatives they should not be viewed as some form of conspiracy. Such an argument, he claimed, would be simplistic and deterministic. Rather outcome statements represented educators fighting hard to maintain an educational emphasis instead of an economic one.
Chomsky cited in Corson (1980) argued the act of educating is essentially a political act and consequently education and politics are inseparable as the act of educating extends beyond the institution. However, education should concern itself with the creation of a critical spirit which is capable of transforming already inadequate social and economic structures. Chomsky claimed that when education is seen as primarily serving economic aims there is a risk of generating a hidden curriculum involving political indoctrination. Contemporary education policies, according to Chomsky are both rationally and emotionally questionable. Schools should primarily concern themselves with providing an appropriate environment for learning. As such the fundamental goal of education should be to elicit and fortify creative impulses which individuals might posses. Education policies should be objective concerning governmental policy and should not be directed towards or grow from mere economic aims (Chomsky cited in Corson 1980).

The examination of neo-classic economic influences on WA education policy begs the question: whose interests are served by the reforms which occurred? Apelt and Lingard (1993) liken education reforms to re-shuffling the deck chairs on the sinking ship ‘Education’, implying that identifying whose interests are served is irrelevant as the policy changes ultimately make minimal ‘real’ difference. Bates (1995) argued that the curriculum was reshaped within Western nations so that it predominantly served economic imperatives and this was linked to a need for governments to demonstrate steering capacity. The result was a reorganisation of schools so as to ensure efficiency and the development of a culture of production along with shaping teacher education to eliminate all but the most practical activities directed towards education. Bates (1995) perceived that education fundamentally shifted direction so that it predominantly encompassed the notion of economic production.
The impact of neo-classic economics on WA education resulted in the curriculum shifting to a vocational focus. Business influenced education policy through memberships on significant committees. When these committees produced their recommendations it was hardly surprising that business benefited. The vocationalisation of education resulted in students acquiring skills necessary for entry into the workforce. This meant that business was able to reduce training costs. When we question who benefited from the pursuit of neo-classic economic education policies it is evident that business was a significant beneficiary.

The influence of neo-classic economics on WA education policy had a number of benefits such as the more efficient use of resources. However, it is evident that the negative effects far outweighed the potential benefits. Education governed by efficiency and cost effectiveness at the expense of student results serves the interests of individuals other than students. The use of an economic discourse indicated that education predominantly served business, economic and political imperatives.

Birch and Smart (1990) pointed to the reduced role of educators in education policy decisions. The consequence was the formation of policy which was not governed by the educational needs of students. There were significant increases in the direct involvement of politicians in education both at the Commonwealth and state levels. This expansion was at the expense of educational professionals. Birch and Smart (1990) argued that state Education Ministers grew increasingly dissatisfied with the quality of education and the pace of reform whilst being simultaneously confronted by dissatisfied interest groups. This compelled them to set the direction of education policy themselves. Bob Pearce was the first WA Minister of Education to use this politicised style. The long term consequence was the formation of education policy which served mainly political, business and economic goals. Whose interests were served by this? It certainly doesn’t
appear to have been students in WA schools. Instead it was political and business interests which were served.
Bibliography


Bamblett C. L. Decentralization and Devolution in the State Secondary Education System of Western Australia: The Initial Years, Doctor of Philosophy Thesis, University of Western Australia, Perth, 1991

Barnett C.J. Learning and Earning: An Employer Reaction, an address given at the Western Australian Employment Summit, Confederation of Western Australian Industry, March 1983.


Cain J.  

Capper P.  

Carroll J.  

Chadbourne R.  

Chadbourne R. & Ingvarson L.  

Childs D.  

Clark D.L. & Astuto T. A.  

Coaldrake P., Davis G. & Shand D.  

Cohen L. & Manion L.  

Collins C.  

Connell R.W.  

Considine M & Costar B.  

Cornford I. R.  

Corson D. J.  


Fletcher L. Education of the People, in Stannage C. T. (ed), A New History of Western Australia University of Western Australia Press, Perth, 1981.


<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kennett J.</td>
<td>Victoria is Without Doubt My Life, an edited text of Jeff Kennett's speech announcing his resignation as Premier of Victoria, in <em>The Melbourne Age Newspaper</em>, 20.10.99</td>
</tr>
<tr>
<td>Kyriakopoulos V.</td>
<td>Politicians Far From Credible, in <em>The Bulletin Magazine</em>, 2.6.98.</td>
</tr>
</tbody>
</table>


Mossenson D. State Education in Western Australia 1829-1960, University of Western Australia Press, Perth, 1972.


Usher R.  Kennett's Art Legacy, in The Melbourne Age Newspaper, 21.10.99


Walsh M.  
The Demise of Protectionism, in James C. Jones C, and Norton A. (eds),  
*A Defense of Economic Rationalism*, Allen and Unwin, St Leonards,  
1993.

Watkins P.  
The Fordist/post-Fordist Debate: The educational implications, in Kenway J. (ed),  
*Economising Education: The Post-Fordist Directions*. Deakin  
University, Geelong, 1994.

Watt J.  
Course Reader, Murdoch University, Perth, 1996.

Wearing M. & Smyth P.  
Working Nation and Beyond as Market Bureaucracy: The Introduction of  
Competition in Case Management, in Smyth P. and Cass B. (eds),  
*Contesting the Australian Way: States, Markets and Civil Society*,  

White M.  
Youth, Employment and Post-Compulsory Education: Crisis Policy  
Making in Three Depression Decades in Australia-The 1890’s, The 1930’s  
and The 1980’s in *Australian and New Zealand Journal of Vocational*  

Willis S. & Kissane B.  
Systemic Approaches to Articulating and Monitoring Student Outcomes:  
Are They Consistent With Outcome-Based Education? in *Studies in*  

Wilson P. & Smart D.  
Reversing the Policy in W.A.: From Top Down to Bottom Up? in Harman  
G., Beare H. and Berkeley G.F. (eds), *Restructuring School Management:  
Administrative Reorganisation of Public School Governance in Australia*,  

Wirt F.M.  
Policy Origins and Policy Games: Site-Based Management in the United  
States and the United Kingdom, in Harman G., Beare H., and Berkeley  
G.F. (eds), *Restructuring School Management: Administrative  
Reorganisation of Public School Governance in Australia*, The Australian  
College of Education, Canberra, 1991

Wood M. & Hollier M. G. N.  
Parliament and the Public Service, in Black D. (ed), *The House on the  
Hill: A History of the Parliament of Western Australia 1832-1990*.  

Woods P., Jeffrey B. & Troman G. & Boyle M.  

Wright T.  

Yeatman A.  
Government Publications


Participation and Equity Program, Government Printers Canberra, 1984


Public Sector Management Act, Government Printer, Perth, 1994

Review of the Public Sector Management Act, Government Printer, Perth, 1996

Strategic Plan 1996-1998, Education Department of Western Australia, Government Publisher, Perth, 1996


Curriculum Framework for Kindergarten to Year 12 Education in Western Australia, Curriculum Council, Perth 1998.