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Neoliberalism, Postmodernity and the Reform of Education in Aotearoa/New Zealand

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ABSTRACT
In this first lecture I want to begin by talking in broad philosophical terms about the concept of postmodernity about which there is much confusion and also fiercely held views. I want to provide a clearer understanding of this term, especially in relation to its sibling concept "modernity" and to suggest how both terms apply to Aotearoa/New Zealand.

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> Our institutions are no longer fit for anything: everyone is unanimous about that. But the fault lies not with them but in *us.* Having lost all instincts out of which institutions grow, we are losing the institutions themselves, because *we* are no longer fit for them .... For institutions to exist there must exist the kind of will, instinct, imperative which is anti-liberal to the point of malice: the will to tradition, to authority, to centuries-long responsibility, to *solidarity* between succeeding generations backwards and forwards *in infinitum ...* The entire West has lost those instincts out of which institutions grow, out of which the future grows: perhaps nothing goes so much against the grain of its 'modern' spirit as this. One lives for today, one lives very fast - one lives very irresponsibly: it is precisely this which one calls 'freedom' (Nietzsche, 1968: 93-94).

> The movement toward the neoliberal utopia of a pure and perfect market is made possible by the politics of financial deregulation. And it is achieved through the transformation and, it must be said, *destructive* action of all the political measures (of which the most recent is the Multilateral Agreement on Investment (MAI) designed to protect foreign corporations and their investments from national states) that aim to *call into question any and all collective structures* that could serve as an obstacle to the logic of the pure market: the nation, whose space to manoeuvre continually decreases; work groups, for example through the individualisation of salaries and of careers as a function of individual competences with the consequent atomisation of workers; collectives for the defence of the rights of workers, unions, associations, cooperatives; even the family, which loses part of its control over consumption through the constitution of market by age groups (Bourdieu, 1998: 2).

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Introduction

It is a great honour to have been awarded the Macmillan Brown Lectures for 2000 and I would like to thank the Board of the Macmillan Brown Centre for Pacific Studies at the University of Canterbury for honouring me with this award. I am also greatly indebted to my own university for agreeing to host the series at The University of Auckland and for organising the event during my absence.

Professor John Macmillan Brown was the foundation Professor of Classics and English at Canterbury College. He was born in Scotland and educated both at the Universities of Edinburgh and Glasgow. In 1879 he became Professor of English, History and Political Economy at Canterbury College, refusing an appointment as the first Professor of the Merton Chair of English Literature at Oxford. After his arrival in New Zealand, Macmillan Brown became pre-occupied with the peoples of the Pacific and travelled widely both in Asia and the Pacific. He was a very distinguished New Zealander. It is his bequest to the University of Canterbury that lead to the establishment of the Macmillan Brown Centre for Pacific Studies and he also made provision for the presentation of an annual lecture series to be presented at New Zealand universities, the first of which were delivered in 1941.[1]

I am delighted to be the recipient of this award and to be able to deliver three public lectures to which I have given the title *Education and Culture in Postmodernity: The Challenges for Aotearoa/New Zealand.* Before I begin with tonight's lecture I want to mention briefly some personal connections both with the University of Canterbury and with the University of Glasgow. I studied philosophy for a BSc at the University of Canterbury during the 1970s and subsequently took up a position as a lecturer in the Department of Education in 1990. My connection with the University of Glasgow is more recent: last year I took up a post as Research Professor in Education and for the next three years I am very fortunate to be able to spend ten months every year at the University of Glasgow and two months at my university. In one sense you might say I have experienced the reverse passage in terms of travel, heritage and career that Macmillan Brown experienced over a hundred and twenty-five years ago. There is another connection. Professor Macmillan Brown was an educationalist. He referred to himself as such and he wrote specifically on education, including a monograph entitled *Modern Education: its defects and remedies* (Brown, 1908). As well as connections there are some significant contrasts: while Macmillan Brown focused on "culture" and education as part of the larger enterprise, I shall invert the relationship. Where Macmillan Brown is modernist in orientation and focuses on the local, my approach oriented in terms of the concept of postmodernity. It will be overtly philosophical and political, and oriented more toward the global perspective for I think that the challenges Aotearoa/ New Zealand faces are largely global ones. In short, I shall argue that New Zealand's future will be shaped in response to the twin processes of globalisation and the knowledge economy. Education will play a crucial role. I adopt a perspective to the challenge of postmodernity, drawing upon the philosophy of Nietzsche and Heidegger for these philosophers were the first to open up the reflective space of postmodernity.

For the purposes of this series of lectures, I want to argue that postmodernity can be pursued as the *question of value* after the event Nietzsche called "death of God" which involves both the re-examination of our traditional sources and orientations of normativity, and the search for new ethical and political directions for our major institutions. In the Western world since 1979 (with the election of the Thatcher Government) postmodernity and the question of value has been dominated by contemporary forms of neoliberalism, which have colonised the future with a view of the market and globalisation as the political project of world economic integration.

Aotearoa/New Zealand represents a clear example of the neoliberal shift in political philosophy and policy development. From being the so-called "social laboratory" of the Western world in the 1930s in terms of social welfare provision, New Zealand became the "neoliberal experiment" in the 1980s and the 1990s. This historical reversal of social principles and philosophy epitomised in the establishment of the welfare state, singled out New Zealand as a "successful" experiment pointed to by a number of powerful world policy institutions, such as the World Bank, the International

Monetary Fund and the OECD. New Zealand with a "thin" democracy (that is, one house and a strong executive) and a small population geographically confined, made New Zealand an ideal country for social experiment. In New Zealand during the 1980s, a distinctive strand of neoliberalism emerged as the dominant paradigm of public policy: citizens were redefined as individual consumers of newly competitive public services with the consequence that "welfare rights" became consumer rights; the public sector itself underwent considerable "downsizing" as successive governments, both Labour and National, pursued an agenda of commercialisation, corporatisation and privatisation; management was delegated rather than devolved, while executive power became concentrated even more at the centre.

Nowhere is this shift more evident than in the related areas of education and social policy. There has been a clear shift away from universality to a "modest safety net". The old welfare goals of participation and belonging were abolished. User-charges for social services and education were introduced across the board. Since 1991, in particular, there have been substantial cuts in benefits and other forms of income support. Eligibility criteria have been tightened up. Targeting of social assistance became the new ethos of social philosophy, and there was, in addition, a greater policing of welfare economy aimed at reducing benefit fraud. The stated goal of neoliberals has been to free New Zealanders from the dependence on state welfare. The old welfare policies allegedly discouraged effort and self-reliance and, in the eyes of neoliberals, they can be held responsible for *producing* young illiterates, juvenile delinquents, alcoholics, substance abusers, school truants, "dysfunctional families" and drug addicts.

This series of lectures is an opportune time, given the election of a Labour-led coalition in 1999, to re-examine fifteen years of neoliberalism. The series aims to provide an analysis of the political economy of neoliberal reform of education and culture in Aotearoa/New Zealand. I will both critique the neoliberal construction of postmodernity and discuss the possibilities for critical transformations in education, culture and welfare over the next decade. I will also explore, in the final lecture, the new relation between welfare and education in what has become known as the "knowledge economy". The first lecture is entitled "Neoliberalism, Postmodernity and the Reform of Education in Aotearoa/New Zealand"; the second I have called "Cultural Postmodernity in Aotearoa/New Zealand: Biculturalism, Multiculturalism and Transculturalism"; and to the third I have given the title "Globalisation and the Knowledge Economy: Implications for Education Policy in Aotearoa/New Zealand".

The continuing thread of my argument implicit in all three lectures concerns establishing the *value* of education in postmodernity. Education in the global knowledge economy, to quote from political party manifestos, is more than ever the passport to a relatively secure job and income and, therefore, also to active participation in society as a knowledge worker and as a citizen. Education in the so-called new knowledge economy more than ever before is intimately tied up with welfare and with democracy. During this series I shall be offering a number of arguments that show the importance of relationships among these three concepts. Indeed, I think there is a different view of postmodernity that runs against the standard neoliberal model of the future.

In this first lecture I want to begin by talking in broad philosophical terms about the concept of postmodernity about which there is much confusion and also fiercely held views. I want to provide a clearer understanding of this term, especially in relation to its sibling concept "modernity" and to suggest how both terms apply to Aotearoa/New Zealand.

Nietzsche, Postmodernity and the Question of Value[2]

Accounts of the concept of "postmodernity" and so-called postmodern philosophy that attribute its source and power of inspiration to Nietzsche begin typically with Nietzsche's revelation that "God is dead". Often on the basis of a rudimentary understanding of this remark, commentators falsely attribute a form of nihilism to Nietzsche (and to postmodern philosophy), as though Nietzsche was

actively advocating nihilism. Nihilism, from the Latin *nihil* meaning "nothing" or "that which does not exist", is the belief that there is no legitimate foundation to values or, more simply, that the world is meaningless. Nihilistic themes have dominated twentieth century art, literature and philosophy. It is evidenced as a kind of existential despair in the work of Albert Camus and Jean-Paul Sartre (1946), who suggested in *Existentialism is a Humanism* that "man is condemned to be free": meaning that in a world of pure contingency we have no choice but to make choices, however terrible the options might be. Nihilism surfaces in contemporary themes of the destruction of the earth, identity crisis, cosmological purposelessness, and the desperate search for meaning and identity.

Yet to attribute this intensely sceptical doctrine to Nietzsche is wrongheaded; nothing could be further from Nietzsche's purpose. While it is true for Nietzsche that nihilism proceeds as a consequence from the fact that "God is dead" it is also the starting point for a philosophy of the future that promotes the *revaluation of all values* "to pursue the problem of the total health of a people, time, race or of humanity" aimed at "growth, power, life" (197 4: 35). It is also the case that those who follow Nietzsche, particularly Martin Heidegger, but also those contemporary French philosophers we call "postmodern", understand sympathetically Nietzsche's philosophy as a basis to overcome the desire to substitute any surrogate or replacement for God as the transcendental truth, centre, or eternal guarantee for morality and self-certainty. And this is so, whether that replacement be Reason, Science, or, perhaps the greatest temptation of all, Man or Humankind.

In the final volume of his *Nietzsche,* Heidegger traces the philosophical use of the word nihilism to Friedrich Jacobi, later to Turgeniev, Jean Paul, and Dostoievsky. Against these early uses, Heidegger claims:

> Nietzsche uses nihilism as the name for the historical movement that he was the first to recognize and that already governed the previous century while defining the century to come, the movement whose essential interpretation he concentrates in the terse sentence: 'God is dead.' That is to say, 'the Christian God' has lost His power over beings and over the determination of man. 'Christian God' also stands for the 'transcendent' in general in its various meanings - for 'ideals' and 'norms,' 'principles' and 'rules,' 'ends' and 'values,' which are set 'above' the being, in order to give being as a whole a purpose, and order, and- as it is succinctly expressed- 'meaning' (1991, *N:* 4).

For Heidegger, drawing heavily on the fragments of *The Will To Power,* Nietzsche's sense of nihilism is interpreted in terms of the historical process completing the modern era, culminating in the "end of metaphysics" and a "revaluation [that] thinks Being for the first time as value" (N: 6).

Some would argue that it is the Christian reactive response to the all-too-human origin of our values, in declaring existence or life meaningless, that is the real source of nihilism. That is, once the transcendental guarantees of (Christian) morality and grand expectations based upon them have collapsed or been exposed for what they really are, an active nihilism ensues. And yet the same genealogical critique, the loss of faith in the categories of reason, can also inspire a revolutionary demand for things to be different. One can tell the story of contemporary Continental philosophy by emphasising the importance of central notions of practice, a critique of the present, the production of crisis (especially in relation to modernity), and anti-scientism (as a modernist metanarrative) in defining a tradition that recognises the essential historicity of philosophy and, therefore, also the radical finitude of the human subject and the contingent character of human experience. We might argue that post-Nietzschean philosophy not only provides a critique of the rational, autonomous (Christian-liberal) subject but also redirects our attention to historical sources of normativity that are embedded in cultures. It provides, in other words, a path for moral reconstruction after the so-called "death of God" as a way forward and a positive response to the question of nihilism that demands the revaluation of values. In doing so it belongs to the counter-enlightenment tradition of thought that asserts the historicity of human reason and experience on the basis of a radical questioning of the transcendental guarantee and moral authority of God, and of all possible substitutes for God (Humanity, Reason, Science, as the transcendental signifier).

Gianni Vattimo (1988), the Italian philosopher, begins his book *The End of Modernity* by emphasising the theoretical links between Nietzsche and Heidegger in relation to the question of postmodernity. He takes Nietzsche's analysis of nihilism and Heidegger's critique of humanism "as 'positive' moments for a philosophical reconstruction, and not merely as symptoms and declarations of decadance" (Vattimo, 1988: 1). Vattimo goes on to suggest that such an interpretation is possible "only if we have the courage ... to listen attentively to the various discourses concerning postmodernity and its specific traits that are at present being developed in the arts, literary criticism, and sociology" (Vattimo, 1988: 1-2). For Vattimo the vital link between Nietzsche and Heidegger is that together they call the heritage of European thought into question *without* proposing the means for a critical "overcoming". For both Nietzsche and Heidegger, despite their differences, Vattimo argues:

> Modernity is in fact dominated by the idea that the history of thought is a progressive 'enlightenment' which develops though an ever more complete appropriation and reappropriation of its own 'foundations'. These are often also understood to be 'origins', so that the theoretical and practical revolutions of Western history are presented and legitimated for the most part as 'recoveries', rebirths, or returns. The idea of 'overcoming', which is so important in all modern philosophy, understands the course of thought as being a progressive development in which the new is identified with value through the mediation of the recovery and appropriation of the foundation-origin (Vattimo, 1988: 2).

As Vattimo goes on to explain, both Nietzsche and Heidegger take up a critical attitude to European and Enlightenment thought insofar as its represents in one way or *another, forms of foundational thinking;* the difficulty is that they do so but *not* in the name of another, truer, more real, or more enlightened, foundation. It is this feature, Vattimo claims that distinguish Nietzsche and Heidegger as philosophers of postmodernity. If I may quote Vattimo one last time in connection with this reading:

> The 'post-' in the term 'post-modernity' indicates in fact a taking leave of modernity. In its search to free itself from the logic of development inherent in modernity- namely the idea of a critical 'overcoming' directed toward a new foundation - post-modernity seeks exactly what Nietzsche and Heidegger seek in their own peculiar 'critical' relationship with Western thought (Vattimo, 1988: 3).

I find Vattimo's observation here particularly helpful in distinguishing the critical attitude and ethos between neoliberalism, considered as a distinct Anglo-American continuation, mutation or reinvention, of the tradition of European liberal thought, and poststructuralism, precisely as a critique of that same tradition (and, more broadly, the culture of modernity to which it belongs) but not one which criticises in the name of a better, truer, more "real" foundation.

Neoliberalism as the Dominant Metanarrative

"Postmodern" philosophy can be characterised as seeking a positive answer to nihilism; a way forward, which suggests that while there may be no foundation for values or for knowledge, this does not mean that knowledge is not possible or that the creation of new value is denied. Jean-François Lyotard (1984), the French philosopher, defines postmodernism .as an "incredulity toward metanarratives", that is, a scepticism of those "big stories" that purport to ground our cultural practices and to legitimate our institutions - narratives on which we have relied to make sense of the world and our place in it.

In *The Postmodern Condition* Jean-François Lyotard (1984) was concerned with metanarratives which had grown out of the Enlightenment and had come to mark modernity. In *The Postmodern Explained to Children* Lyotard (1992: 29) mentions:

> the progressive emancipation of reason and freedom, the progressive or catastrophic emancipation of labour ... , the enrichment of all through the progress of capitalist technoscience,

> and even ... the salvation of creatures through the conversion of souls to the Christian narrative of martyred love.

All of these metanarratives, which have the goal of legitimating our institutions and our practices have centrally involved education. Indeed, education is not merely one of the institutions which have been shaped or legitimated by the dominant metanarratives. At the lower levels, education has been involved instrumentally with their systematic reproduction, elucidation, and preservation. At the higher levels, it has been concerned with their ideological production, dissemination and refinement.

Certainly, the first mentioned of these metanarratives, which we can also refer to as the complex skein of liberalism considered as both a political tradition and an economic doctrine, has been the dominant metanarrative in education in the West. Since the early 1980s a particularly narrow variant - neoliberalism - has become the dominant metanarrative. (The publication of Lyotard's *The Postmodern Condition* coincided with the election to power of Margaret Thatcher's Conservative Government in Britain.) This particular variant, which revitalises the master discourse of neoclassical economic liberalism, has been remarkably successful in advancing a *foundationalist* and *universalist* reason as a basis for a radical global reconstruction of all aspects of society and economy. A form of economic reason encapsulated in the notion of *homo economicus,* with its abstract and universalist assumptions of individuality, rationality and self-interest, has captured the policy agendas of OECD countries. Part of its innovation has been the way in which the neoliberal master narrative has successfully and imperialistically extended the principle of self-interest into the status of a paradigm for understanding politics itself, and in fact, not merely market but *all* behaviour and human action. Consequently, in the realm of education policy, especially in OECD countries but also in developing countries, at every opportunity the market has been substituted for the state: students are now "customers" or "clients" and teachers are "providers". The notion of vouchers is suggested as a universal panacea to problems of funding and quality. The teaching/learning relation has been reduced to an implicit contract between buyer and seller. As Lyotard argued prophetically in *The Postmodern Condition* (1984) not only has knowledge and research become commodified but so have the relations of the production of knowledge in a new logic of *performativity.*

Postmodernity then is a cultural, political and socio-economic phenomenon: it emphasises the break not only with traditionally modern ways of understanding the world but also transformations of the dominant mode of economic organisation, including changes in production and marketing, corporate and financial organisation, as well as the labour market and patterns of work. In the economic domain, "postmodernity" is sometimes referred to as "late capitalism", "multinational capitalism", "post-Fordism", or "flexible specialisation". Together these descriptions emphasise a new techno-information and communications infrastructure, which supports the global networked knowledge economy. While the internationalisation of the new economy is itself not a novel feature, there is no doubt that the technological infrastructure, which permits complex economic transactions to be completed at an unprecedented speed, is certainly new. As Manuel Castells (2000: 52) argues:

> Productivity and competitiveness are, by and large, a function of knowledge generation and information processing; firms and territories are organised in networks of production, management, .and distribution; the core economic activities are global- that is, they have the capacity to work as a unit m real time, or chosen time, on a planetary scale.

This new techno-infrastructure and the info-capitalism based upon it, together with the new technologies, has already transformed both our institutions and our subjectivities. As a first approximation at outlining the concept of postmodernity, I shall present it as a complex or multi-layered concept involving three elements: socioeconomic postmodernisation; cultural transformation; and the emergence of new political forms (see Figure 1, *Postmodernity).* During the course of the three lectures I shall be commenting upon all three elements. It is these world-historical transformations that represent the challenge for Aotearoa/New Zealand. Education and culture, as you can see, are central elements in the shift from an industrial (or in New Zealand's case

agro-industrial) to knowledge economy. They are also central ingredients in my overall argument that the conception of the relationship between education and culture is critical in the transition to the knowledge economy, particularly when we speak of the development of education as knowledge cultures, as I shall in the last lecture.

More precisely, I shall define postmodernity, in relation to Aotearoa/New Zealand, as beginning in 1984 with the election of the Fourth Labour government. Historically and symbolically, this represents the end of the welfare state, a profound shift in the principles of social and political philosophy, and the promotion o~ the neoliberal political project of globalisation. It signalled that the "economy" had become an abstract and reified object, no longer part of the society as a whole and no longer subject to socially defined ends. It also initiated a programme of educational reform, which, at the levels of early childhood, primary and secondary, has had disastrous social consequences, and at the level of tertiary education has seriously eroded our knowledge cultures (see Peters and Marshall, 1996). In various publications I have referred to the neoliberal education policy as involving a shift from participatory democracy to self-management within a quasi-market (see for example, Peters, 2001).

In its brief to government, the New Zealand Treasury (1987) argued that the education system had performed badly in spite of increased expenditure because teachers pursued their own self-interest rather than being responsive to the consumer needs of parents and pupils, and government intervention had created bureaucratic inflexibility disrupting the natural market contract between producer and consumer. The Treasury concluded that New Zealanders had been too optimistic about the ability of education to contribute to economic growth and equality of opportunity. Largely as a consequence, *Tomorrow's Schools* (New Zealand Department of Education, 1_988) involved the transfer of responsibility for property management, employment of staff, and control of education away from the State to the institutions themselves, or elected boards, with a greater emphasis on the market discipline of choice. Since the introduction of such changes to compulsory education in 1988 initiated under the new policy regime - *Picot Report* and *Tomorrow's Schools* - the system has become increasingly consumer-driven, seriously eroding the notion of education as a welfare right, with the consequence that access and provision of education have become increasingly unequal.[3]

The reform of tertiary education in New Zealand followed a similar pattern, based on the same Treasury principles of public sector restructuring, with the publication of the *Hawke Report* (New Zealand Department of Education, 1988) and *Learning/or Life* (New Zealand Department of Education, 1989) and the appearance of the white paper, *Tertiary Education in New Zealand: Policy Directions for the 21" Century,* a decade later (see Peters and Roberts, 1999). The policy directions offered did not differ greatly from those neoliberal initiatives first mentioned in the *Hawke Report-.* a consolidation of the formula funding model and stronger support to private training establishments; greater emphasis on quality assurance mechanisms; separation of the funding for teaching and research; greater monitoring and accountability; and perhaps most troubling, changes to the governance arrangements of tertiary institutions. While New Zealand experienced massive growth of participation rates during the early 1990s, this largely self-financed growth of student numbers attending tertiary institutions slowed down in the late 1990s as the weight of accumulated student debt, standing at three billion dollars at the end of the century, started to kick in. New Zealand universities are now, perhaps, the most efficient in the world; they provide a roughly similar education for a fraction of their British and American counterparts and there is little fat left in the system. The trouble is that the process has been very punishing to tertiary institutions, especially when the priority (at least under National) has been to prioritise early childhood education; there have been large staff cutbacks and morale is low; overseas recruitment of staff is increasingly difficult because of the comparatively low salaries; many academics have sought jobs elsewhere; and class sizes have not been significantly reduced across the disciplines. With a commitment to the so-called knowledge economy this seems like a recipe for disaster, especially when the most influential

human capital and new growth theories strongly emphasise investment in higher education and research.

It remains to be seen whether the approach of the Labour-led Government will provide the right policy mix and appropriate levels of public investment. If the recent Tertiary Education Advisory Commission (TEAC) reports are anything to go by we will have to wait at least until August 2001. The Government's vision for tertiary education has been spelt out in terms that are very familiar to us from the UK and elsewhere - "lifelong learning for a knowledge society" - which has been adopted as the slogan by the TEAC, itself the centrepiece of Government tertiary education policy. The terms that distinguish the Government's direction from that of the previous regime are "co-operation", "collaboration", and "partnership". The emphasis on the "knowledge society" is no different from the previous Nation-led administration. "The nature of the knowledge society" is also the starting point for TEAC's shared vision, yet the concept is never analysed, defined nor clearly distinguished from the knowledge economy. TEAC simply asserts that all fields of knowledge are of value. And while I agree with TEAC's conclusion that there has been excessive reliance on demand-driven funding, I am not convinced that the Tertiary Education Commission is not simply a return to central bureaucracy and planning. One would expect TEAC, as a Labour appointed body, to want to jettison the market approach. Its finding that the central-steering mechanism is weak should, therefore, come as no surprise. The strengthening of charters and the introduction of profiles and "functional classifications" may provide the basis for a more integrated and strategic approach, but the important questions concerning the impact of forces of globalisation and opportunities of the knowledge economy seem to have been submerged, or at least have not received the analysis they deserve. This is a point that I shall come back to in the last lecture.

Neoliberalism in Aotearoa/New Zealand

Assessments of the global force of neoliberalism differ. Thus, for instance, David Henderson (1999: 1), previously Head of the Economics and Statistics Department for the OECD, comments upon the way in which economic policies across the world have changed their character with the effect of "making their economies freer, more open and less regulated". In a book, *The Changing Fortunes of Economic Liberalism: Yesterday, Today and Tomorrow,* sponsored jointly by the Institute of Public Affairs and the New Zealand Business Roundtable, Henderson (1999) suggests that it is a mistake to interpret these developments as a victory for conservatism:

> More justly, the recent evolution of economic policies can be seen as the latest chapter in a continuing story which goes back at any rate to the mid-18th century, the hero of which is economic liberalism. Recent events have involved a shift, not from left to right, but in the balance between liberalism and interventionism in economic systems (2).

Here he is using the term liberalism in the European sense of "the realisation, enlargement and defence of individual freedom" (4) and he argues, "The extension and exercise of economic freedoms make for closer *economic integration,* both within and across national boundaries" (5). He states, "Liberalism is individualist, in that it defines the interests of national states, and the scope and purposes of government, with reference to individuals who are subject to them" (7). Liberalism, which for Henderson implies restricting the power and functions of governments so as to give full scope for individual and enterprises, after a hundred years of decline has regained ground in the economics profession, especially after the period of the 1930s-1970s. The economic policies enacted by a variety of world governments on the basis of principles of economic liberalisation emphasise a "strong association between political and economic freedoms" (46). He reviews "economic freedom ratings" over the period 1975- 1995 to map the geography of reform, purportedly demonstrating that core OECD countries are all "reforming" governments and while he examines overlapping areas of policy (financial markets, international transactions, privatisation, energy, agricultural, labour and public spending) he is unable to draw any conclusions concerning so called "reforming" policies (i.e., greater economic liberalisation) and increased levels of national prosperity.

In the "economic freedom ratings" New Zealand emerges clearly as the leading reformer, in policy areas of privatisation and deregulation, trade liberalisation, taxation, and labour market reform (before the Employment Contracts Act was repealed). Yet as he notes in the annex devoted to measuring economic freedoms and assessing its benefits: Since the reform process was set under way in New Zealand in mid-1984, liberalisation has been taken further there than in Ireland, and on most reckonings the New Zealand economy would now show up as the freer of the two: both these conclusions emerge from the respective figures [given] ... But if we compare 1984 with 1997 GDP per head in New Zealand appears as having increased by only some 10 per cent, as compared with over 90 per cent for Ireland. It seems obvious that this remarkable divergence between the two countries cannot be chiefly explained with reference to the comparative extent of economic freedom or differences in the recent progress of liberalisation (Henderson, 1999: 99-100).

Henderson, following Milton and Rose Friedman (1962), who also provide the foreword, indicates that while *the battle of ideas has been won* insofar as both economists and governments hold to the revival of economic liberalism (i.e., neoliberalism), its victory has so far been disappointing and its chronic weakness lies in the fact that it has *"no solid basis of general support"* (58). It is in this context that he comments on what he calls anti-liberal ideas and their increasing support which he lists in relation to three related developments: opposition to greater freedom of international trade and capital flows; the "excessive drive to equality" (the phrase is taken from the Friedmans); and the spread of "cultural studies" in the universities. Henderson 1s worth quoting on the last of these developments:

> Economists have given little attention to this trend, probably because their own subject has so far escaped the ravages of 'deconstruction', 'post-modernism' and related tendencies, while these movements in turn have not developed a systematic economic orientation or philosophy of their own which has claims to be taken seriously ... (1999: 65).

He continues:

> Both post-modernism in its different guises and the more recent forms of egalitarianism characteristically share a vision of the world in which past history and present-day market-based economic systems are viewed in terms of patterns of oppression and abuses of power. Free markets and capitalism are seen as embodying and furthering male dominance, class oppression, racial intolerance, imperialist coercion and colonialist exploitation. The appeal of this anti-liberal way of thinking seems to have been little affected by the collapse of communism (65).

What is interesting is that Henderson, as an economist, should directly perceive the threat to economic liberalism in terms of "postmodernism", even though he does not really engage with its multiple strands or show any sign of understanding its philosophical roots in Nietzsche, Heidegger and contemporary French philosophy, or its diverse engagements with classical liberal thought. These engagements - for instance, Derrida and Foucault on Kant, or more directly Foucault's governmentality studies - are considerably more sophisticated than Henderson's own brief historical foray. To be sure there are anti-liberal (and anti-modernist) elements in Nietzsche's and Heidegger's thinking and there are strong evaluative critiques of liberalism in both poststructuralism and postmodernism, but this should not be taken to mean that poststructuralists and postmodernist thinkers stand against political freedom. Such a simplistic reduction defies the complexity of the range of philosophical positions that have developed over the last fifty years.

While Henderson believes that neoliberalism has won the battle of ideas and is now the dominant policy story, others have taken up oppositional views. Jan Nederveen Pieterse (2000) maintains:

> As an ideology, neoliberalism is probably past its peak The trust in the 'magic of the marketplace' that chracterized the era of Ronald Reagan and Margaret Thatcher has run its course. The criticisms of 'the market rules OK', common and widespread, are gradually crystallizing into an alternative perspective ... (8).

Although he concedes,

> Institutionally, in the WTO and IMF, neoliberalism remains the conventional wisdom. In development politics, it prevails through the remnants of the 'Washington consensus'. In NAFTA, it prevails in principle. In Euroland, it prevails through the European Monetary Union (9).

Pieterse suggests also that this is a reflection of the hegemony of finance capital and that the global future of a borderless world for capital is a self-fulfilling prophecy achieved through structural reform policies of the IMF and World Bank. At the same time he notes that "Neoliberal futures are being contested on many grounds - labour, the right to development, the environment, local interests, and cultural diversity'' (10).[4]

Pieterse (2000) wants to develop a critical approach to global futures which seeks to be inclusive of interests excluded by the mainstream managerial approach based on forecasting and risk analysis, yet seeks to inform futures in utopian and postmodern ways. While I see considerable value in this approach, unlike Pieterse I am less convinced that neoliberalism is exhausted and passed its peak. As a long term historical tendency it will ebb and flow. There are, I think, good grounds to believe that the Bush administration will provide a reversal of the attempted current alignment of neoliberalism and social democracy in Third Way politics, back to a neoconservative alignment.

Other international assessments of the recent reform experience of New Zealand are not as compelling or as praiseworthy as David Henderson's. John Gray (1998), Professor of European Thought at the London School of Economics, writes:

> The neo-liberal experiment in New Zealand is the most ambitious attempt at constructing the free market as a social institution to be implemented anywhere this century. It is a clearer example of the costs and limits of reinventing the free market in a late-twentieth-century context than the Thatcherite experiment in Britain. Among the many novel effects of neo-liberal policy in New Zealand has been the creation of an underclass in a country that did not have one before .. .. One of the world's most comprehensive social democracies became a neo-liberal state (39).

He continues:

> In New Zealand, the theories of the American New Right achieved a rare and curious feat - self-refutation by their practical application. Contrary to the Right's confident claims, the abolition of nearly all universal social services and the stratification of income groups for the purpose of targeting welfare benefits selectively created a neo-liberal poverty trap (42).

Gray concludes that many of the changes instituted during the neoliberal period are irreversible. In strictly economic terms, neoliberalism achieved many of its objectives - a restructuring of the economy that would have been necessary in any case - yet it could have carried out its policies without the huge social costs. He suggests that while neoliberal reforms will not be overturned they have had the effect of narrowing the scope of future governments to reinstitute social democratic policies, despite the fact that criticism of the excesses of neoliberalism will become part of the new political consensus.

Ramesh Mishra (1999), Professor of Social Policy at York University (Canada) concurs. He remarks:

> New Zealand provides a good example of the role the OECD and IMF in promoting deregulation and privatization in individual countries. The drastic reforms in New Zealand which began in 1984 and continued into the early 1990s changed its economy from being one of the most closed to one of the most open among OECD countries ... The OECD evaluated these reforms and the subsequent economic performances of the country in glowing terms and remonstrated with governments for not carrying projected changes far enough ... Admitting that these changes involved short-term pain, the report asserts that they are sure to bring long terms gain (10).

He suggests that the OECD plays up the neoliberal reforms, praising their consequences, while the success of the social marker economies is glossed over. His assessment is that globalisation is as much a political and ideological project as it is market-driven, and he argues that globalisation has "weakened very considerably the influence of domestic national policies on social policy" (3, see

Figure 2). In other words, "globalization virtually sounds the death-knell of the classical social democratic strategy of full employment, high levels of public expenditure and progressive taxation" (6).

Robert Cox (19966), long-time chief of the International Labour Organisation's (ILO) Program and Planning Division, and later of Columbia and Toronto Universities, describes the latest thrust toward globalisation in terms of the internationalisation of production and the internationalisation of the state, with a changing emphasis from domestic welfare to the adaptation of domestic economies to the world economy. He also mentions the new international division of labour, which is creating a new pattern of uneven development and, in this regard, talks about the emergence of a Fourth World, seemingly outside the new developments that characterise the advent of the global economy. Cox offers his prognosis in the following terms:

> The continuing residue of the Cold War contributes to the progressive decay of the old world order. The outlines of a new world order are yet to be perceived. Two factors may, in the longer run, be formative of a new order. One is the rivalry among different forms of what Polanyi called 'substantive economies', i.e., the different ways in which production and distribution are organized. The struggle between rival forms of capitalism (hyperliberalism versus social market) in Europe may be critical in determining the balance of social and economic power in the global economy. At stake are the prospects of subordinating the economy to social purpose, and the prospects of redesigning production and consumption so as to be compatible with a sustainable biosphere (34).

It is clear that neoliberalism, both as a political philosophy and policy mix, had taken deep root by the early 1980s as the world's dominant economic and development metanarrative. During that decade many governments around the world supported the modernising reforms thrust of neoliberalism, particularly the exposure of the state sector to competition and the opportunity to pay off large and accumulating national debts. By contrast many developing countries had "structural adjustments policies" imposed upon them as loans conditions from the IMF and WB. The reforming zeal soon ideologised the public sector *per se* and ended by damaging key national services (including health and education). By the mid-1990s, the wheel had turned again - this time towards a realisation that the dogmatism of the neoliberal right had become a serious threat to social justice, to national cohesion, and to democracy itself. Large sections of populations had become structurally disadvantaged, working and living on the margins of the labour market; rapidly growing social inequalities had become more evident as the rich had become richer and the poor, poorer; companies were failing and under-performing; public services had been "stripped down" and were unable to deliver even the most basic of services; many communities had become split and endangered by the rise of racism, crime, unemployment and social exclusion. Governments throughout the world looked to a new philosophy and policy mix, one that preserved some of the efficiency and competition gains but did not result in the forms of nation-splitting and social exclusion.

One model advocated by the current British Prime Minister, Tony Blair, the immediate past US President, Bill Clinton, and favoured by some sections of the New Zealand Labour-led administration, called the "Third Way", aims to revitalise the concern for social justice and democracy while moving away from traditional policies of redistribution, to define freedom in terms of autonomy of action, demanding the involvement and participation of the wider social community. Some commentators see nothing new in the Third Way, regarding it as a return to the ethical socialism of "old Labour". Other critics see it as a cover for the wholesale adoption of Conservative policies of privatisation and the continued dismantling of the welfare state. Still others suggest that the Third Way is nothing more than a spin-doctoring exercise designed to brand a political product as different from what went before. Sloganised as "marker economy but not market society", advocates of the Third Way see it as uniting the two streams of left-of-centre thought: democratic socialism and classical liberalism, where the former is said to promote social justice with the state as its main agent, and the latter is said to assert the primacy of individual liberty in the market economy.

Understood in this way, the Third Way might be construed as a continuance of classical liberalism, born of the same political strategy of integrating two streams as the New Right (neoliberalism and neoconservativism), but this time the "other" stream is "social democracy" rather than conservatism.

Critics have pointed out that the Third Way is an amorphous political project that fails to sustain the traditional values of the left and that it accepts the basic framework of neoliberalism, thus demonstrating it has no distinctive economic policy. Finally, critics also raise the question of tacit acceptance of globalisation and the implicit rules of the global marketplace, implying that third way politics with its emphasis on modernisation of social-democracy cannot theoretically control or come to terms with the damaging ecological consequences of world economic development. Anthony Giddens (2000: 163), in reply to his critics, suggests that the Third Way is not an attempt to occupy the middle ground, rather it is "concerned with restructuring social democratic doctrines to respond to the twin revolutions of globalization and the knowledge economy". What I find problematic in his defence is the lack of attention to alternative ways of conceptualising education and the role that it can play in moderating the worst national and individual effects of globalisation. Giddens (2000: 73-74) acknowledges the importance of education as "the key force in human capital development". He writes, "It is the main public investment that can foster both economic efficiency and civic cohesion. Education isn't a static input into the knowledge economy, but is itself becoming transformed by it" (73). But having acknowledged its importance he simply emphasises, "Education needs to be redefined to focus on capabilities that individuals will be able to develop through life" (74), as opposed to the traditional idea of acquiring qualifications for adulthood. The underlying concept of education is the dominant conceptual weakness in third way politics. While the Third Way professes a commitment to "education, education, education", to quote Tony Blair's manifesto, it has not yet attempted to rework the concept of education as the basis for economic and social participation, citizenship and access in the knowledge economy, beyond paying lip service to the OECD notion of "lifelong education". In order to succeed, the Left must customise or indigenise the concept of education for social democratic politics. To do this we must return to the history of education rights in the early documents of human rights and renew its ethos as a basis for the new society. We must investigate the links between education, knowledge, and learning processes, especially meta-cognitive abilities. We must also look to establishing the means for fostering what I call "knowledge cultures". Above all, we must re-establish education as a minimum welfare right and global public good.

Figure 1

Postmodernity

1. Socio-economic postmodernisation

Variously described as "post-industrial", "post-Fordist", "information society", "knowledge economy"; also in terms of "late capitalism" (Mandel, Jameson), "reflexive modernisation" (Giddens).

- Globalisation as a market-driven and political project of world economic integration: abolition of capital controls, fixed exchange rates and growth of world financial markets, neoliberal (Anglo-American) capitalism; influence of G7, IMF, OECD, WB, WTO.
- Emergence of truly "stateless" transnational corporations (MN Cs).
- Development of information and (tele)communications technologies.
- Substitution of capital for labour in the industrial economy (full automation).
- Collapse of base/superstructure - "culture as knowledge" and "knowledge as economy"; rise of "sign" or "symbolic" economy based on intellectual capital.

2. Cultural Differentiation/Homogeneity

Hyper-differentiation, commodification, rationalisation.

Differentiation of "culture":

- *Internal to the nation-state:* growth of post-war youth cultures, subcultures, and "lifestyles"; national cultures, cultural reconstruction, and enterprise culture.
- *External to the nation-state:* postcolonisation, ethnic nationalism, and national independence; immigration flows, refugees, and asylum seekers; extra-national unions; emergence of global cultures.
- Decentering of the West and growth of non-Western postmodernisms.
- Commodification and aesethicisation of everyday life.
- Collapse of high and popular culture; growth or media cultures.
- Cultural globalisation - emergence of American global consumer style.
- Social individualisation and growth of "risk society".
- Linguistic turn and increased significance of language.
- Different cultural experience and expression of time.

3. Emergence of New Political Forms

- Collapse of the socialist alternative; capitalism now almost self-legitimating.
- Globalisation curtails classical social democratic strategy of full employment; high levels of public expenditure and progressive taxation.
- Emergence of neoliberalism and "Third Way" politics.
- Growth of "new social movements".
- Relative decline of the nation state vis-a-vis global capital; globalisation has weakened influence of national politics on social policy; growth of extra-national economic associations, e.g., EU, NAFTA.

Figure 2

Social Policy and the 'Logic' of Globalization[1]

1. Globalization undermines the ability of national governments to pursue the objectives of full employment and economic growth through reflationary policies. "Keynesianism in one country" ceases to be a viable option.
2. Globalization results in an increasing inequality in wages and working conditions through greater labour market flexibility, a differentiated "Post-Fordist" work-force and decentralized collective bargaining. Global competition and mobility of capital result in "social dumping" and a downward shift in wages and working conditions.
3. Globalization exerts a downward pressure on systems of social protection and social expenditure by prioritizing the reduction of deficits and debt and lowering the taxation as key objectives of state policy.
4. Globalization weakens the ideological underpinnings of social protection, especially that of a national minimum, by undermining national solidarity and legitimating inequality of rewards. ,I
5. Globalization weakens the basis of social partnership and tripartism by shifting the balance of power away from labour and the state and towards capital.
6. Globalization constrains the policy options of nations by virtually excluding left-of-centre approaches. In this sense it spells the end of ideology; as far as welfare state policies are concerned.
7. The logic of globalization comes into conflict with the "logic" of the national community and democratic politics. Social policy emerges as a major issue of contention between global capitalism and the democratic nation state.

1 Source: Ramesh Mishra (1999: 15-16).

Notes

1. These introductory remarks are based upon the brief biography provided by Ropata Erwin (1997) Advisory Board Member for the Macmillan Brown Centre.
2. This section draws on material from my "Orthos Logos, Recta Ratio: Pope John Paul II, Nihilism, and Postmodern Philosophy" (Peters, 2000).
3. The negative effects of quasi-market choice policies on issues of welfare within the community has been documented by Wylie (1994) who has investigated the broad effects of increasing competition under schemes of choice, citing changes in ethnic and socio-economic composition of schools as well as deterioration in the relations between schools. The Smithfield Project (Lauder, 1994) also documents the negative social effects of choice proposals. Gordon's (1994) research concluded that the status of a neighbourhood was a powerful factor influencing school choice. While poorer parents frequently do not have the option to shift their children from one school to another, more affluent parents do. An implication of this trend, says Gordon "is that within schools, there will be increasingly homogenous class groupings, while between schools differences will be enhanced" (15). Similar patterns of segregation operate in respect to ethnicity.
4. Anthony Giddens' (2000) *The Third Way and Its Critics* is an excellent summary and attempted rebuttal of these criticisms.

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