



The Pursuit of Profit in Education – The Penetration of Business into the Early Childhood and Primary Schooling Sectors

New Zealand Journal of Teachers' Work, Volume 5, Issue 1, 13-20, 2008

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INTRODUCTION

The basic logic of capitalism is profit (Thompson, 1990). Business continually seeks new opportunities for investment and a return on that investment. Money has to grow. This pursuit of profit requires economic expansion, the creation of new markets and the intensive exploitation of existing markets. Rapidly growing domestic markets in the expanding Asian economies are being progressively brought under the influence of multinational companies. Mature economies still provide opportunities for growth through the provision of new goods and services, value added products and intensified marketing. Potential profits also exist in the areas of society that have historically sat outside capital markets, such as domestic services, recreation and leisure.

Until the last part of the twentieth century business had largely ignored the provision of household chores and recreation pursuits as areas for profit. This has changed. Domestic services such as cleaning and lawn mowing are offered to 'time poor' householders for a price. Sport fixtures are now marketed as 'events', recreation and leisure pursuits take place at 'destinations'. When the All Blacks first won the rugby world cup they were national heroes. Fans attended games and supported rugby. Twenty years later the All Blacks embarked on a campaign for a second world cup as a brand image. Supporters are now 'customers' attending 'events', encouraged to consume the heavily marketed merchandise tied in with the All Black image. We are encouraged to pursue our individual 'lifestyle choices', and to pay accordingly.

Profit is also on offer as new markets are created in sectors historically the domain of governments and charitable institutions. New business opportunities were created following deregulation of the economy and large scale privatisation of state assets in the 1980s. This momentum continued into the 1990s under a National government with further asset sales and the injection of market forces into social services such as health, welfare, housing and education. This project of economic and social re-engineering imposed market disciplines across virtually all aspects of the economy and created significant new opportunities for business. Existing public assets, that previously fulfilled social objectives, were placed into the hands of capital for profit creation. New markets were created in the financial and social sectors, areas previously heavily controlled by government.

At the end of the 1990s the disposal of commercial public assets was considerably more advanced than the privatisation of social services.

Successive governments had managed to sell off most of the commercial 'family silver'. While government had passed over the provision of selected social services in areas such as accident compensation and health to private business, it still retained considerable social assets such as schools and hospitals, albeit having made considerable efforts to divest some assets such as state housing into private hands. Considerable business opportunities exist within the realm of state social services like health, welfare and education, should the government be of a mind to open these areas up.

As a core social service, education plays a pivotal role in the reproduction of society. It provides benefit to business, wider civic society and the individual recipients of learning. It progressively equips children with skills and aptitudes useful to business in the creation of profit. Education frees parents from the care and oversight of their children for substantial parts of the day, allowing them to be available for employment, and is of benefit to business in the present climate of labour shortages. The socialisation of children and impartation of skills and aptitudes benefits wider civic society when they take an active and productive part in their community, familial life and the volunteer sector as adults. Individually the skills and credentials we each gain from education equip us both financially and socially to participate in society, the labour market, family life, recreation and community activities.

To date the penetration of business into education for the pursuit of profit has been variable. Intrusion into the compulsory education sector has been limited as government has a substantial and controlling investment tied up in these assets. It has been more successful in the early childhood sector where the state has a far smaller footprint. The experiences of these two education services can be contrasted by examining two core aspects of the education framework, the provision of education and the content of education. The first matter is defined as how the delivery of education is organised, whether the ownership of education facilities is public or private. The second matter relates to what is taught, the curriculum. In early childhood the penetration of capital into the area of provision is quite extensive whereas its influence over the content is minimal. By contrast, in the schooling sector, capital plays a minor role in the provision of education but has more heavily influenced curriculum matters.

EARLY CHILDHOOD EDUCATION

Historically early childhood education has not occupied the attention or resources of the state to the extent that primary education has. The main contribution from the state was its involvement in the kindergarten service providing funding and administrative services through education boards but never directly owning the infrastructure. A significant driver in the development of early childhood education, away from state sponsorship, occurred from the 1970s onward with the rise of various rights based movements. The feminist movement stressed child care as a means to allow women to participate in the workforce and material society. For Maori it was the opportunity for their children to be raised and educated in a Maori context. In more recent years this cultural identity has flowed through to Pasifika based services.

Therefore, much of the early childhood education sector grew up without direct state sponsorship. What links the government did have in this area,

kindergartens, were severed in the late 1980s and mid 1990s. With the advent of 'Tomorrows Schools' and the disestablishment of education boards, government gave up various administrative functions performed for (in the name of) kindergarten associations. This agenda was completed in the following years as the National government first stopped central funding of teachers salaries in favour of bulk funding, before removing kindergarten teachers from the state sector altogether. The state divested itself of any active interest in early childhood and created a 'level playing field' on which all services could compete equally. The states withdrawal set the platform for the entry of business.

In recent years early childhood education has enjoyed a considerable lift in status. The government launched its 10 year strategic plan at the start of the decade outlining some clear aspirations for the sector. Plans have been laid for all teachers to be trained and registered by 2012. Very recent initiatives have come in the form of free (20 hours) Early childhood education. Funding levels have tripled since 1999 from around \$270 million to over \$750 million in 2007-2008.¹ Despite this attention, the state has not sought to actively re-enter the sector.

Alongside the increase in funding levels has been the penetration of business into the sector. For-profit education services constitute around 60% of the total education and care services and are expanding at a faster rate than the residual non-profit services.² Mirroring what has occurred in the aged care industry, corporate investors and multinational firms, the likes of Kidicorp and Macquarie Bank, are leading the charge. The majority ownership of education assets lies in the hands of business. The pressure of profit based services flooding into the sector is such that the traditional large (non-profit) players in the sector, kindergarten associations, now feel compelled to adapt to 'remain viable' in the face of mounting competition.

A testament to this increase shows in one of the initial driving forces for early childhood education from the 1970s. What started as a matter of social equity, and found its expression in the development of community based childcare, is now fertile ground of profit accumulation. Lifting workforce participation rates has been supported by recent government strategies such as paid parental leave, Working for Families, childcare subsidies and the Free (20 hours) Early Childhood Education.

The influence of capital over the content of early childhood education is far less pronounced. The skills, development and socialisation that children pick up in their early years provide a base for future learning that is of benefit to capital. The content of early year's education does however seem to have been largely ignored by business to date. The curriculum, *Te Whariki*, was developed around the time the schooling curriculum was being placed on a more business oriented footing by then Minister of Education, Lockwood Smith. Whilst the compulsory school curriculum was heavily influenced by neo-liberal free market philosophising, the early childhood curriculum emerged comparatively unscathed (O'Neill & Scrivens, 2005; O'Neill, 2005).

¹ Government press release 30/05/2007 available at:
www.beehive.govt.nz/ViewDocument.aspx?DocumentID=2958

² Quality Public Education: A Vision for 2020, NZEI, Wellington, 2007, pg 3.

That debate is yet to occur, if it is to take place at all. There are a number of reasons for this. It is arguable that the content of early childhood education is too remote, in terms of years, from any direct application to the labour market so that nothing more than very broad 'economically beneficial' parameters could be contemplated. Moreover, there are many types of early childhood services with a myriad of philosophies and structures in contrast to a uniform schooling sector dominated by state schools and low numbers of special character schools (O'Neill, 2005, p. 124). Because the government had a heavy investment in primary education it takes an active role to ensure the investment provided maximum benefit. Business had a centralised education agency, the Ministry of Education, with which it could engage to ensure policies were 'imprinted' across the compulsory schooling sector.

There was no such leadership from the Ministry in early childhood education off which business could lever. The lack of compulsion, both in terms of attendance and a prescribed curriculum, denied business the opportunity to influence the entire sector in the same manner as compulsory schooling and a mandated curriculum does. Capital would be competing with many voices as compared with comparative few in primary schooling. During the years that business was working hand in glove with Lockwood Smith to reorient the schooling curriculum, early childhood had not yet had its day. It did not enjoy the level of government funding, and ensuing accountabilities, it does now.

Moreover there was no great need for the state to invest in education and care as a means to encourage workforce participation. Faith in the ability of the free market to solve all ills was at its zenith and there was a large pool of compliant, even desperate, job seekers courtesy of massive economic upheaval. A decade and a half later we have low levels of unemployment and acknowledgement, save for some economic alchemists, that the state has a role to play in active labour market supply policies.

STATE PRIMARY SCHOOLS

The history of state involvement in schooling is over a century old. The state has a long history of being at the centre of most aspects of compulsory schooling. Various forms of mandated curriculum date back to the latter half of the nineteenth century (O'Neill & Scrivens, 2005, p. 197) and a comprehensive national network of state schools was in place by the 1960s. Many of the private charitable schools that were in existence, notably Catholic religious schools, had integrated into the state system by the 1970s. These schools retained ownership of their assets however the state picked up the day to day costs of running the school and paying teachers salaries.

This pattern of state schooling was so ingrained that during the 1980s and 1990s, as wider society was restructured according to a neo-liberal agenda, the state proved very reluctant to turn these assets over to private business. Whilst the provision of education did remain in public hands, education was not however exempt from change. A business ethos was imposed on schools and competition and rationalisation were pursued with some vigour.

The chain of events was not so direct that business could simply instruct the government what changes should occur and thus have it delivered. Business is one of a number of sections within society that places a call on the education system to deliver certain outcomes. The state balances the

competing demands of each sector and seeks to establish some broad education parameters all parties can more or less agree on. Through the 1980s and 1990s as the dominant ideology, neo-liberalism was particularly business friendly. It found its ultimate expression in various business lobby groups such as the Business Roundtable, and its education arm the 'Education Forum'³.

The colonisation of various administrative arms of the state by neo-liberal ideology, and the election of market oriented governments, invariably meant broad sectors of society, education included, would be refashioned along these lines. The business lobby groups found kindred spirits amongst politicians and the public service. This provided the business interests with, arguably, significantly more influence within the function of government than other groupings within society. When balancing the competing interests placed on our education system, the state privileged the views of business above those of other groups. This influence was expressed through a series of structural reforms within the schooling sector.

Schools were required to compete amongst themselves in an education market. Parents were recast as education consumers and the fetish of parental choice became predominant. A degree of funding and control was passed over to self-managing schools to more closely align them with the wishes of their local clientele. School zoning was abolished thereby allowing students to move 'seamlessly' between schools as they so desired. The Education Review Office was established to monitor schools and publicly report their findings and the creation of special character schools encouraged. The ultimate conclusion of this market driven approach was that successful schools would grow and failing schools would close.

The state also proved generous with its increased funding to private schools in the 1990s. Government funding to these institutions was designed to further enhance the choices available to parents although private schools remained on the periphery of the provision of education. Certainly nothing eventuated like chains of franchised schools or multinationals aggressively entering the sector as is currently taking place in early childhood education. The exposure of compulsory schooling to market disciplines fell short of the wholesale privatisation of education. The ability for capital to lay claim to the schooling network to create profit was resisted, although the desire to see state schooling transferred into the hands of capital has not gone away. It was limited, albeit successfully, to moulding the provision of education along business oriented lines.

It was equally successful in influencing curriculum changes through the 1990s with a business oriented view. The drive to place society and economy on a more commercial footing flowed through to demands for a curriculum that was in-step with the demands of business. Curriculum change was deemed a key plank in remaking New Zealand as a dynamic corporate nation. Systematic curriculum review yielded an outcomes based focus, stepped levels of achievement, learning objectives and unit standards. Schools and curriculum

³ advocating such matters as a per pupil voucher system, national testing and league tables for schools, privatising or contracting out aspects of education delivery, subjecting failing schools to market disciplines such as closure or takeovers, bulk funding of teachers salaries. See www.educationforum.org.nz/who_we_are.asp and www.qpec.org.nz/privatisation/Education_Forum.doc

thus better reflected notions of economic performance, competitiveness and the development of business useful skills.

CONCLUSION

The logic of capitalism is to continually expand markets and create opportunities for profit. A lucrative, and relatively young, market currently exists in early childhood education. The status of the sector is on the rise along with levels of government funding. For-profit services now occupy a majority share of the market. A largely untapped market exists in the form of compulsory schooling. It suits the needs of business that the former be exploited more heavily and the latter prised open. This is ultimately a political contest about the role of the state and ownership of education.

This debate, this contestation, is captured in the terminology used by the two dominant political parties to explain the recent government policy of 20 hours free early childhood education. The Minister of Education described it as "the most significant expansion of the education system since the rollout of free secondary education by the First Labour Government in the 1930s."⁴ That period saw the provision of free primary schooling extended to the secondary system and a more active role for the state. Funding levels for the free education are commensurate with those schools receive on the basis that it covers the basic needs of education but does not leave a large residual surplus once costs are deducted. The head room for profit under the 20 hours free policy is, seemingly, limited.

The National party has branded the policy a 'generous 20 hours subsidy'. During the 2005 election it had a policy of tax credits for early childhood education, in essence subsidising private expenditure rather than direct state funding. The Early Childhood Council and a number of early childhood services, notably in Auckland, have argued that the 20 hours funding does not cover all their costs. It may not, for example, allow a clear profit margin to be established across the 20 funded hours.

This debate is significantly more muted in terms of the compulsory schooling sector. There are certainly interest groups (the likes of The Business Roundtable, Roger Douglas, elements of ACT) keen to see state schools privatised. Neither of the two main political parties appear anywhere near this however. Both have expressed interest in realigning schools to address various skill shortages in the economy, notably in the trades, however even the National Party has only made vague reference to business ownership of school property on a build-lease basis. On such evidence, if the door to state education is to be opened to capital, it may only be slightly ajar. National have seemingly backed down from their radical rightwing agenda of the Don Brash period. As of early 2008 however the party is yet to release any significant education policy. The loss of the politically moderate Katherine Rich as their education spokesperson may yet leave the way open for a more right wing policy prescription.

⁴ Government press release 07/07/2007 available at:
<http://www.beehive.govt.nz/ViewDocument.aspx?DocumentID=29992>

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