New Zealand's Bold Experiment

I

1 Introduction

In 1989 New Zealand embarked on what is arguably the most thorough and dramatic transformation of a state system of compulsory education ever undertaken by an industrialized country. Under a plan known as Tomorrow's Schools this island nation of 3.8 million people abolished its national Department of Education, which had overseen state schools for decades, and turned control of its nearly 2,700 primary and secondary schools over to locally elected boards of trustees.[1] Virtually overnight, legal responsibility for governing and managing New Zealand's state schools shifted from professional bureaucrats to boards dominated by lay volunteers, and one of the world's most tightly controlled public educational systems became one of the most decentralized. The Labour Party government in power at the time also installed new systems for financing state schools and holding them accountable, and it replaced the Department of Education with a much smaller Ministry of

1. Throughout this book we use the term Tomorrow's Schools to refer to the set of reforms that were enacted between 1989 and 1991, including the 1991 changes made by the government controlled by the National Party that introduced full parental choice. We use *Tomorrow's Schools* to refer to the policy paper, whose full title is *Tomorrow's Schools: The Reforming of Education Administration in New Zealand*, that outlined the Labour government's 1988 reform package.

Education charged with making policy recommendations rather than running schools.

Two years later New Zealand ratcheted the stakes of school reform up another notch. A newly elected National Party government committed to New Right social principles abolished neighborhood enrollment zones and gave parents the right to choose which school their child would attend. Primary and secondary schools found themselves competing for students against other schools in an educational marketplace. Public relations and marketing skills became as integral to the job description of principals as knowledge of curriculum and the ability to manage a faculty.

The story of how the Tomorrow's Schools reforms played out in New Zealand is an engrossing drama of educational reform on a grand scale. A succession of leaders from both major parties embraced radically new approaches to public education, implemented their respective visions over the opposition of unions and other professional educational organizations, and then, having achieved most of their stated objectives, were forced to recognize that, like the system it replaced, the new order of public education contains some important flaws. New Zealand's experience with school reform is a tale of bold thinking, aggressive political leadership, resolute commitment to large-scale social engineering, and unforeseen consequences.

The real importance of New Zealand's ambitious educational reforms, though, lies not so much in this boldness and scope as in the ideas and theories they embraced. For this reason the relevance of the New Zealand experience extends far beyond the shores of this island nation. The reform agenda was driven by ideas that are part of a global marketplace of ideas about school reform and are the object of experimentation, debate, and controversy in the United States and most other developed countries. What makes the Tomorrow's Schools reforms so significant is that New Zealand has been working with these ideas longer—and has taken them further—than virtually any other nation.

The ideas for which New Zealand is a global laboratory include the following:

—Decentralized management: Countries around the world have tried to decentralize their public school systems under plans that carry names such as *school-site management* or *school-based management*. New Zealand took the additional steps of shifting the control of schools from professional educators to parents and of selecting trustees through popular elections.

—Parental choice: Popular support is developing around the world for the notion that parents should have the right to select the school their child will attend. New Zealand has given families this right at both the primary and secondary levels.

—Competition among schools: Closely related to parental choice is the idea that forcing schools to compete for students in an educational marketplace will increase the quality of education. Whereas this notion is still in the experimental stage in the United States and other industrialized countries, New Zealand has made it a fundamental building block of its state educational system.

—Charter schools: The Tomorrow's Schools reforms established a state educational system that embraces many of the central features of what are known in the United States as charter schools. That is, it combined central funding and accountability with provisions for local schools to manage their own affairs. Although there are some important differences between the New Zealand system and American charter schools, the parallels invite close examination by those interested in the charter school movement, proponents and critics alike.

Theories of how to improve the quality of schooling are often debated in the abstract and on the basis of first principles. If they are to be implemented, however, they must be done so in specific social, political, cultural, and economic contexts that not only provide a reality check on their validity but also inevitably have the effect of shaping the ideas themselves. New Zealand offers such a context for this cluster of ideas. It offers a lens by which other nations can see into their own future if they decide to put the same ideas into practice. New Zealand is a living example of what can happen, for better and for worse, when schools are given managerial autonomy, when an entire school system opts for parental choice, and when ideas of market competition are applied to the delivery of a social service.

The purpose of this book is to describe the evolution of the Tomorrow's Schools reforms with an eye to identifying the lessons that New Zealand's experience with self-governing schools operating in a competitive environment holds for the United States and other countries, both developed and developing. We hasten to add that our purpose is not to cast judgment on whether the course New Zealanders followed was the right one for their own country. They must answer that question for themselves. Nor is the goal of this book to make abstract categorical judgments about controversial school reform strategies such as self-governing schools, competitive models of education, or parental choice. Rather, our objective is

to look at how New Zealand implemented these ideas and to draw relevant lessons from its experience.

Three Strands of Tomorrow's Schools

The school system that emerged once the dust of the Tomorrow's Schools reforms had settled has three defining strands, each of which constitutes a sharp departure from past practices in New Zealand and other countries.

The first strand is the concept of self-governing schools. With the implementation of the Tomorrow's Schools reforms in October 1989, New Zealand moved abruptly from a tightly controlled system of governance and management to one that offers local schools a high degree of autonomy and flexibility in managing their own affairs. By turning control over to locally elected boards of trustees, reformers sought to make schools more responsive to local constituents. They also sought to increase the quality of teaching and learning by locating hiring, pedagogical, and other decisions as closely as possible to the point of implementation.

The second strand is the notion of schools as agents of the state. Central to the thinking of Tomorrow's Schools is the understanding that local schools, while enjoying operational autonomy, nevertheless act on behalf of the state. The government uses schools to achieve the national purposes that justify the establishment of a system of compulsory education, notably the creation of educated workers and citizens. In line with its stake in compulsory education, the national government provides most of the financial support for schools, sets curriculum guidelines, and oversees the system of accountability. There are tensions built into any system that seeks to combine school-level autonomy with national purposes.

The third strand is a competitive environment. The new educational order in New Zealand relies on competitive market pressures, including parental choice, to increase academic quality and to foster accountability both in individual schools and the system as a whole. The assumption is that the overall public good will be served by motivating schools to pursue their own interests in a competitive environment.

Running through these three strands is a crosscutting theme that is attracting growing attention in most industrialized countries. This is the concept of the local school as the fundamental building block of a public educational system. Such an approach contrasts with systems built around districts, regional bodies, or national ministries of education.

Impact of the Reforms

The reader should know at the outset that we are not able to make definitive judgments about whether the implementation of these three strands in the Tomorrow's Schools reforms has improved the overall level of student achievement in New Zealand. The country does not have a national system for assessing student performance in core academic subjects, and the architects of the reforms did not attempt to create a comprehensive picture of the old system to act as a benchmark for evaluating the new one. The only direct information available on student achievement consists of scores on school-leaving exams and other examinations that are taken by some, but by no means all, secondary students. Moreover, while the professional judgments of principals and teachers shed some light on how the reforms affected student learning, the picture is clouded by the fact that curriculum reforms were being implemented at the same time as the changes in governance and enrollment policy.

Effects of Each Strand

Despite the absence of longitudinal data on student achievement, ample evidence from a wide variety of sources allows us to identify both strengths and weaknesses in each of the major strands of the Tomorrow's Schools reforms. These can be summarized as follows.

SELF-GOVERNING SCHOOLS. There is universal agreement that overall the new decentralized administrative structure is superior to the bureaucratic system that it replaced. The Tomorrow's Schools reforms succeeded in breaking up an educational bureaucracy that many people believed had become overly bureaucratic, inefficient, and out of touch with the needs of local communities.

Virtually all schools have established parent-controlled boards of trustees, and in this sense the reforms achieved the goal of shifting the governance of local schools from professionals to the 15,000 amateurs who agreed to serve as school trustees along with some educational professionals. At the primary level, board members, principals, teachers, and parents alike have welcomed the new financial, managerial, and educational authority the boards enjoy. At the secondary level, where schools have a long tradition of boards of governors, the new boards of trustees have willingly embraced the enhanced control of their budgets and hiring

policies brought by the reforms. At both the primary and secondary levels parents feel more welcome in schools, and teachers and principals say they are more responsive to parents' wishes.

The ability of boards of trustees and schools to shoulder new administrative responsibilities has varied widely. Some schools in distressed urban areas and in the countryside have had difficulty assembling boards, and a minority of schools are overwhelmed by the management tasks thrust upon them. The Ministry of Education has conceded that the new system does not work for 10–20 percent of schools, including some entire regions, both urban and rural.

SCHOOLS AS AGENTS OF THE STATE. The model of schools as agents of the state has worked reasonably well in the sense that the Ministry of Education is clear about its curricular goals for the system, and the Education Review Office, which operates independently of the ministry, has put in place a viable accountability system based largely on governance and management criteria. At the same time, the government has developed few outcome measures on which to focus its accountability efforts. Inadequacy of funding has been a continuing concern, as has been the level of trust between the government and the schools, which is quite low. Perhaps most important, reformers underestimated the extent to which self-governing schools, especially those serving the most disadvantaged students, require continued support from the state they serve as agents.

A COMPETITIVE ENVIRONMENT. The introduction of a culture of competition into the delivery of public education has produced, at best, mixed results. On the consumer side, parental choice has become an integral part of compulsory education in New Zealand and is now widely accepted as appropriate. Parents, especially well-educated ones and upwardly mobile parents, including Maori and Pacific Islanders, have not hesitated to make use of their extended right to choose among schools, and the choices they have made have had a large impact on enrollment patterns, especially in urban areas. With some exceptions, even vocal critics of the way choice has been implemented understand both that parental choice is desirable and that putting the genie back in the bottle no longer seems to be a political option.

Genies aside, the particular model of parental choice adopted by Tomorrow's Schools fell far short of the ostensible goal of offering choice for all students. Many parents, especially those with low incomes, are not in a position to exercise choice either because no alternative options exist

where they live or because they cannot afford the transportation, fees, and other costs of enrolling in a desirable school. In addition, since oversubscribed schools have the right to designate which students they will accept, the system quickly flip-flopped in some fast-growing urban areas from one in which parents and children choose schools to one in which schools choose students. Parental choice, in short, gave way to school choice.

On the supply side of New Zealand's new educational marketplace, the introduction of competition for students has kept principals on their toes and made them more alert to the needs of their students. It has also generated some undesirable side effects, including a decline in professional collegiality. Principals and even teachers have become less willing to share pedagogical and other ideas with their counterparts at schools with which their school is competing for students. Some principals say they are under pressure to engage in recruiting practices that make them ethically uncomfortable.

Broad Consequences and Concerns

Although the New Zealand reform experience has resulted in clear benefits to many schools and students, it also highlights the systemic problems that can emerge from the interaction of the three strands. While such problems need not necessarily emerge in other countries that embrace the concept of self-governing schools operating in a competitive environment, they are likely to occur unless countries are vigilant about building safeguards into the system that were lacking in New Zealand.

POLARIZATION. The most obvious negative consequence of the Tomorrow's Schools reforms is that enrollment patterns in New Zealand, which once prided itself on being a relatively egalitarian society, became increasingly stratified. Our data show that in the five years following the introduction of parental choice in 1991 New Zealand students sorted themselves out by ethnic group and to a lesser extent by socioeconomic status to a degree that cannot be explained by changes in ethnic and demographic residential patterns. Data also show that much choice is motivated by considerations related to a school's mix of students and that the system has produced both white and brown flight from unpopular schools. While general social and economic polarization is a fact of life in most industrialized countries, including New Zealand, the Tomorrow's Schools reforms appear to have exacerbated this phenomenon.

WINNERS AND LOSERS. The concept of an educational marketplace presumes that some competitors will succeed and others will fail. Moreover, in a free market economic system, it is inevitable—even desirable—that some competitors will go out of business. New Zealand's application of the principle of competition to the delivery of compulsory education created a situation in which the most popular schools position themselves to serve primarily academically motivated students from families with high socioeconomic status. They attract the best teachers and can concentrate on teaching a relatively narrow range of academic subjects well. By contrast, a significant number of schools at the other end of the popularity spectrum must deal with increasing concentrations of difficult-to-teach students: those with learning or behavioral problems, those for whom English is a second language, or those living in poverty or in dysfunctional families.

What does a state educational system do when a school becomes noncompetitive—that is, bankrupt—in the sense that it is unable to attract a critical mass of students? Closing such schools down posed political problems, largely because of concerns about where the students would go. The Ministry of Education was slow to acknowledge the seriousness of the problems faced by schools with high concentrations of difficult-to-teach students, and it has struggled to find a basis for intervening to assist them that is consistent with the principles of self-governance.

New Zealand's experience with Tomorrow's Schools thus raises the question of whether it is appropriate, practically as well as morally, to organize public education in such a way that, when the system is operating the way it is designed to function, there will be failures as well as successes among both institutions and individuals. One might justify the deliberate creation of relative failures if competition served to enhance the overall quality of all schools, in effect raising the tide for all boats. Or such a policy might be defended if some sort of safety net were in place to catch the expected losers early on and to take the steps necessary to make them into viable schools. Neither condition appears to have been present in New Zealand, although the ministry has belatedly started to assist schools battered by the cumulative effects of the reforms.

BALANCING COMPETING INTERESTS. The Tomorrow's Schools reforms failed to provide adequate mechanisms for balancing the interests of the various stakeholders in the state educational system. For example, the reform package defined the community that local schools serve rather nar-

rowly as current parents in a particular school, and some boards of trustees of primary schools took advantage of their new autonomy to add two more years to their programs. In many cases such unilateral actions created serious enrollment problems for nearby intermediate schools. While such decisions might be desirable in particular cases, the New Zealand educational reforms did not include formal mechanisms for the balancing of the narrow interests of a particular group of parents against the legitimate needs of broader communities, including those of parents in nearby schools and the state school system as a whole. The issue of how to balance the legitimate interests of various stakeholders also arose in relation to the question of how to ration spaces in oversubscribed schools.

New Zealand's experience has the potential to inform the debate over school reform efforts in other countries in several other important respects. Among the questions we address are

—What challenges arise in a system of parental choice when many schools become oversubscribed?

—To what extent can the problems of failing schools be addressed through managerial reforms?

—What lessons emerge about the potentials and pitfalls of self-governing schools?

—What is the proper role for central government in a decentralized system, especially in the areas of finance and accountability?

—What lessons does the New Zealand experience hold for charter schools or educational voucher programs?

Relevance of New Zealand's Experience to Other Countries

Readers are entitled to ask what possible relevance the experiences of a country with a population of 3.8 million persons and where sheep outnumber humans by a ratio of more than twelve to one might have for the United States and other major industrial nations. This is a fair question and should be addressed at the outset.

New Zealand is, to be sure, not heavily populated. But its population is roughly equivalent to that of the median American state. Since public education in the United States is constitutionally a responsibility of the fifty states and the territories, the Ministry of Education in Wellington is the functional equivalent a state department of education. Similar com-

parisons can be made with Australia, where public education is run by the seven states and territories, five of which are smaller than New Zealand.

New Zealand has a long-standing and impressive reputation among developed countries for social innovation. It created the first welfare state, was the first democracy to give women the vote, and its educators are known for their pioneering work in the field of literacy. New Zealand was the birthplace of Reading Recovery, an approach to reading instruction that has been widely emulated in the United States and other countries. As a country of immigrants and a member of the British Commonwealth, New Zealand has close social, economic, and cultural ties to European countries, and the problems with which it is grappling, including difficult issues related to education in inner cities and to the Maori and Pacific Islander minority groups, are similar to those of all nations associated with the Organization for Economic Cooperation and Development. In the preface to his book *Making Peoples: A History of New Zealanders*, the historian James Belich describes New Zealand as "an historian's paradise: a laboratory whose isolation, size, and recency is an advantage, in which grand themes of world history are often played out more rapidly, more separately, and therefore more discernibly, than elsewhere."[2]

Because New Zealand began overhauling its educational system in 1989, it has had more experience with ideas such as self-governing schools and parental choice than virtually any other developed country. It thus offers a splendid place to observe the long-term effects of such ideas. Perhaps most important, the reforms were carried out in bold relief, which makes it easy for outsiders to observe the effects, positive and negative, of the central ideas of Tomorrow's Schools. The country's leaders did not experiment with halting and incremental reforms of a state educational system in need of far-reaching reforms. Rather, they threw out the old system in toto, put in a new one, and left fine-tuning until later. The high relief of the New Zealand school reforms reflects the national character. New Zealanders as a people are not prone to halfway measures. They tend to act decisively, carry ideas to their logical conclusion, and only then, if need be, pick up the pieces. "We tend to run with things and improvise as we go along," observed Jill Stanley, the principal of Porirua School near Wellington.

2. Belich (1996: 7).

New Zealand's parliamentary system also lends itself to decisive actions. A relatively small number of persons with a commitment to certain policies can gain control of the cabinet and thus be assured that these policies will hold sway in Parliament as a whole. Indeed, leaders of both the Labour government that launched the reforms and the National government that expanded on them embraced rapid change as a matter of political strategy. At one point David Lange, who was Labour prime minister from 1984 to 1989, suggested that he and his fellow political leaders might relax and take a "tea break" from the social upheaval they were leading. Roger Douglas, the minister of finance and a primary architect of the changes, promptly dismissed any relaxation of the pressure. Significant social reform requires "quantum leaps," he said. "Moving step by step lets vested interest mobilize. Big packages neutralize them. Speed is essential. . . . Once you start the momentum rolling, never let it stop."[3]

3. Address to Australian Education Council conference, Adelaide, Dec. 1990, quoted in Lauder (1993).