AREA SYMPOSIUM

Neo-liberalism, Welfare and Education: "The New Zealand Experiment":
Critique and Critical Transformations

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Abstract

New Zealand represents a clear example of the neo-liberal 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 has become the 'neo-liberal experiment' in the 1980s and the 1990s. This historical reversal of social principles and philosophy has 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, makes New Zealand an ideal country for social experiment. In New Zealand a distinctive strand of neo-liberalism has emerged as the dominant paradigm of public policy: citizens have been redefined as individual consumers of newly competitive public services, and citizen rights have been re-defined as consumer rights; the public sector itself has undergone considerable downsizing as successive government have pursued the privatization agenda; management has been delegated or devolved while executive power has been concentrated even more at the centre. Nowhere is this shift more evident than in social welfare and education. There has been a clear shift away from universality to a "modest safety net". The old welfare goals of participation and belonging have been abolished. User-charges for social services and education have been introduced across the board. Since 1991 there have been substantial cuts in benefits and other forms of income support. Eligibility criteria have been tightened up. Targeting of social assistance has become the new social philosophy and there is a greater policing of welfare recipients aimed at reducing benefit fraud. The stated goal of neo-liberals 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 neo-liberals, can be held responsible for producing young illiterates, juvenile delinquents, alcoholics, substance abusers, school truants, "dysfunctional families" and drug addicts. This symposium explores the relation between welfare and education in New Zealand/Aotearoa after 15 years of neo-liberalism and it both critiques neo-liberalism and discusses the possibilities for critical transformations in education and welfare over the next decade.

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Neoliberalism and 'Social Capital': Reinventing Community

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After 15 years of radical neoliberal reform in New Zealand, in lead up to the 1998 election campaign, serious problems emerged with the Government policy regime under the ruling National Coalition led by the then Prime Minister, Jim Bolger. Because neoliberalism does not recognize the ‘social’, or ‘community’, it was not surprising that after so much ‘anti-social’ reform, problems began to surface. Many commentators even went so far as to argue that the reforms had failed all areas of social policy. In one recent publication (Peters & Fitzsimons, 1999), it was argued that the Government policy initiative of Social Capital (Bolger, 1996a-g) was a pragmatic reaction to such failure. When faced with election type issues, rather than pursue the intellectual purity of their methodological individualism, the neoliberals wanted to recognize community albeit on their own terms; under Social Capital they redefined community as individualised trust arising based on an ahistorical, abstract, notion ‘spontaneous sociability’. This community, it seems, would produce economic value and the neoliberal ‘trickle down’ effect would, therefore, be reactivated. But, like the neoliberal policy it was supposed to address, this initiative (and Bolger’s re-election bid) failed.

The ‘new’ approach to social policy depended on reinventing community through their version of social capital. It was also the same approach to policy that involved notions of social cohesion and responsibility put forward by the next (and now previous) Prime Minister, Jenny Shipley, and in the recent Code of Social and Family Responsibility (Department of Social Welfare, 1998). These two policy moves can be viewed as part of Government attempts that were underpinned by the logic of devolving responsibility for welfare away from the center to community and from the collective to the individual. But the notion of community as a social ideal is both historically and theory-laden and underlying the use of social capital as a new metaphor for community is an acknowledgment of the inadequacies of a pure neoliberal market-oriented model as a basis for social policy. ‘Community as social capital’ is a neoliberal expression of what I prefer to call, following Wolch (1990), ‘the emergence of the shadow state’. Indeed, it could be regarded as a cynical expression of community. These policy initiatives have been designed to mask the lack of appropriate resources (for the community) that Pinch (1997. See also Bolger, 1998) argues results from the failure of neoliberal reforms. Such initiatives function at the rhetorical level because of their surface appeal to notions of community in the traditional social sense while at the same time employing community in other implicit and morally constructed ways. Both initiatives failed, which left the Government with no distraction from its inadequacies until the arrival of the current policy of the ‘Knowledge Economy’.

The paper begins with a brief explanation of neoliberalism as a rationality of government. This is followed by a discussion of four forms of capital employed under neoliberalism to position individuals as units of capital. Next, the idea of conceptualizing human beings as units of capital is questioned. Finally, in the absence of any subsequent successful social policy, Bourdieu’s (1998) idea of Acts of Resistance is employed to suggest what might now be done as an interruption to the neoliberal domination.
Neoliberalism as a rationality of government

Over the last 16 years in an attempt to reduce the size and scope of the state, New Zealand underwent a series of reforms that were driven by a particular mix of neoliberal theory including public choice theory (Buchanan & Tullock, 1962), human capital theory (Becker, 1994), new institutional economics (Scott, 1997), and a form of managerialism identified by Hood (1990) as ‘New Public Management’. The policy context of the reforms was, in part, a new fabric of relations between the state and civil society. This new fabric consists of neoliberalism in the form of deregulation, fiscal austerity, and the corporatisation and privatisation of the public sector. While such changes had been justified in terms of the need for fiscal stringency, given the country's high external debt and the failure of the previous policy regime, it is clear, as Boston (1991: 1) notes, the changes also originate from a marked shift in political philosophy that focuses on the question of the nature and scope of the state. This idea was made explicit when in 1987, the then head of the State Services Commission argued for a return to "the Classical state where the concerns of government are for security and for arbitrating between citizens where there are disputes they cannot settle between themselves" (Hunn, cited in Barber, 1990: 21).

In neo-Foucauldian terms, as a critique of state reason and as initiating strategies for a conception of the self-limiting state, neoliberalism constitutes an attack on the liberal, democratic welfare state. According to Peters, Fitzsimons, & Marshall (1999), neoliberalism is a substantive discourse of governance, which is potent precisely because of its capacity to combine economics, the social, and politics, on behalf of rational choice as a principle of legitimacy. It can be understood in terms of its replacement of the natural and spontaneous order characteristic of Hayekian liberalism with “artificially arranged or contrived forms of the free, entrepreneurial and competitive conduct of economic-rational individuals” (Burchell, 1996: 23). Neoliberalism emerged through the development of “a new relation between expertise and politics” (ibid.), especially in the realm of welfare, where an actuarial rationality and new forms of prudentialism manifest and constitute themselves discursively in the language of “purchaser-provider”, audit, performance, and “risk management” (cf. Peters, Fitzsimons, & Marshall, 1999).

To facilitate policy at the institutional level, neoliberal managerial practices were established as notions of flexibility, corporate restructuring, competition between autonomous groups, the individualisation of the wage relationship with performance objectives, evaluations, and bonuses, as a function of individual merit, strategies of ‘delegating responsibility’ tending to ensure the self-exploitation of staff who as wage labourers in relations of strong hierarchical dependence, are at the same time held responsible as though they were independent contractors (cf. Peters, Fitzsimons, & Marshall, 1999). This pressure toward ‘self-control’ extends workers' ‘involvement’ according to the techniques of ‘participative management’ considerably beyond management level. All of these techniques of rational domination converge to weaken or abolish solidarities.

Bourdieu (1998) explains that under globalisation, neoliberalism orients the economic choices of those who dominate economic relationships; it thus adds its own symbolic force to these relations of forces. In the name of a scientific programme converted into a plan of political action – neoliberalism -- an immense political project is under way, although the status of the project as such is denied because it appears to be purely negative. This project aims to create the conditions under which the neoliberal ‘theory’ can be realized and can function: a programme of the methodical destruction of collectives.
In terms of its application to social policy in New Zealand, neoliberalism can be viewed through an explanation of four forms of capital -- intellectual, social, human cultural -- through which it has defined subjectivity as *homoeconomicus*.

**Four forms of capital**

**Intellectual capital**

The first form of capital used to justify neoliberalism is intellectual capital, which is emerging as an explanation for capital accumulation through practices of legal protection of intangible assets. This justification is relevant under the recent policy discourse of the knowledge economy that is emerging in several Western countries. One recent neoliberal view contends that it is “intellectual material – knowledge, information, intellectual property, experience – that can be put to use to create wealth” (Stewart, 1997: x). This definition suggests that the term ‘intellectual capital’ can be regarded as a form of intellectual property. Various categories of this intellectual capital have recently been postulated in the business literature for example, the categories of human resources, intellectual property, infrastructure assets, market assets, and product brands. A somewhat more traditional view is that intellectual capital rights, that is, property or capital, are industrial property (e.g., inventions, trademarks, industrial designs), copyrights (e.g., literary, musical, artistic, photographic, and cinematographic works, maps, and technical drawings). The legal protection afforded intellectual property in the law is found in patents, trademarks, trade secrets, and copyrights.

An example of the neoliberal programme of intellectual capital accumulation is the latest New Zealand Government policy initiative the ‘Knowledge Economy’. New Zealand’s Ministry of Research Science and Technology (MoRST) has very recently completed a comprehensive review of the priorities for public good science and technology links government investment with the vision of New Zealand’s as a ‘knowledge society’.

Peters (2000/forthcoming) reports that the body of literature on the concept of the ‘knowledge economy’ is both recent and rapidly growing, especially in the related fields of economics and management. It is a concept that has inspired many national governments (see e.g., the Department for Trade and Industry, UK, 1998a. 1998b) and world policy institutions such as the OECD (1996; 1996a; 1997; 1997a; 1997b) and the World Bank (see e.g., Stiglitz, 1999; 1999) to talk of the global knowledge economy of the future, and to emphasise the fundamental importance of education considered as an investment both in human capital and in the production of research or new knowledge. Knowledge is thought of as familiarity gained by research and experience. It can include ‘know what’ knowledge about fact, ‘know why’ (scientific knowledge of the principles and laws of nature), ‘know how’ (skills or the capability to do something), ‘know-who’ (information about who knows what and how to do what) (cf. Foray & Lundvall, 1994). On this account knowledge is said to include “information in any form, but also includes know-how and know-why, and involves the way we interact as individuals and as a community” (MoRST, 1998).

The theoretical justification for property rights has been grounded in two traditional theories: utilitarianism and John Locke’s labour theory of property. The utilitarian inference is that the right to property is granted based on maximizing the benefits society can obtain (cf. Ostergard, 1999). In Locke’s view, “he [that] hath mixed his Labour with, and joyned to it something that is his own, and thereby makes it his Property” (1963: 306). In essence, Locke’s argument is that: people have exclusive rights over (i.e., ‘own’) their bodies and their labour; land, in its natural state, is unowned – no one individual can rightfully claim exclusive control of it; and therefore, when someone’s labour, which is owned, comes to be ‘mixed’
with land that is unowned, the exclusive rights over that person’s labour are transferred to the land -- the person comes to own the land.

But knowledge (as intellectual capital) has properties unlike those of commodities. If sold, it enters other domains and yet remains within the domain of their producer. Knowledge does not have zero-sum qualities, it is a public good, nonexclusive, and has virtually no limits to its growth. Intellectual capital differs from material capital because, without legal intervention, it cannot prevent others from using it once it is disclosed; with intellectual capital, Locke’s theory does not hold. Civil law, rather, protects intellectual capital, which is thus made artificially scarce; legislation buttresses the exploitation of intellectual labour by privatising it as capital. Intellectual labourers are thus turned into units of capital.

**Human capital**

The second form of capital employed to justify neoliberalism is human capital popularised recently through the work of Becker in education for which he received the Nobel Prize, and Romer (1990) on endogenous growth theory. In the field of education, Blaug (1987) has been prominent. Critiques of human capital theory with particular reference to New Zealand have also emerged (cf. Fitzsimons, 1997, Fitzsimons & Peters, 1999). Throughout Western countries, education has been re-theorised under Human Capital Theory which is the most influential economic theory of Western education, setting the framework of government policies since the early 1960’s. It is seen increasingly as a key determinant of economic performance. A key strategy has been to employ a conception of individuals as capital and various associated economic metaphors such as ‘technological change’, ‘research’, ‘innovation’, ‘productivity’, and ‘competitiveness’. This is a change because economic considerations per se in the past have not determined education.

Under Human Capital Theory the basis for nation state structural policy frameworks is the enhancement of labour flexibility through regulatory reform in the labour market, as well as raising skill levels by additional investment in education, training and employment schemes, and immigration focused on attracting high-quality human capital. Economic rhetoric has it that under globalisation, education is vital. The OECD (1997, 1997a), for example, has stressed the significance of education as the key to participation in this new global economy for the development of human resources and for the production of research, and scientific knowledge. These two reports indicate that education can be regarded as an economic instrument of capitalism under which individuals are defined as units of capital.

Human Capital Theory has been criticised on a number of counts. Two critiques are outlined here, one external and one internal. The revival of economic sociology, in particular through Fred Block (1990: 21), seeks to challenge the basic assumptions motivating the methodology of neoclassical economics. He claims these assumptions rest on two basic building blocks. The first is the idea that the economy is an analytically separate realm of society that can be understood in terms of its own internal dynamics. Economists are perfectly aware that politics and culture influence economy, but they see these as exogenous factors that can be safely bracketed as one develops a framework that focuses on purely economic factors. The second key foundation is the assumption that individuals act rationally to maximise utilities. Here, again, economists are acutely aware that individuals are capable of acting irrationally or in pursuit of goals other than the maximisation of utility, but the strategy of excluding these deviations from the rationality principle is justified by the effort to identify the core dynamics of an economy.

For Block (1990), these assumptions on which neoclassical, and therefore also, human capital theory depends, are cast in universal and ahistorical terms. Given that they emerged from a
body of theory which was first formulated in the nineteenth century and that they continue to provide the basis for the recent neoliberal restructuring of the state within most western liberal democracies, it is, perhaps, time that these original assumptions were re-examined. Together the two assumptions provide a basis for the model of the self-regulating market that harmonises transactions for products, labour, and capital.

Economic sociology challenges the first assumption by arguing that the society and culture cannot be arbitrarily split from the economy. Clearly, both the society and culture shape the preferences of individuals in various ways. Social factors also influence economic contractual transactions. Even the contract rests on cultural understandings and the legal framework, which is itself historically, determined. The methodological foundations of neoclassical economics obscure the social, cultural, and political determinants of economic action. Marginson (1993: 25) argues that this results in an analysis that is ahistorical and, through a tautological procedure, continually rediscovers the centrality of purely economic notions. Based as it is on the false premise of the 'naturalness' of the pursuit of economic gain by human inclinations, the 'economic fallacy' imagines that capitalist societies do not have cultures in the way that primitive or pre-modern societies do. When we recognise that the pursuit of economic self-interest is itself a cultural creation, then it is apparent that we too are ruled by deeply held, but often unexamined, collective beliefs.

The second assumption exposed by Block (1990) which is of primary importance to human capital theory, is also open to criticism on a variety of grounds. In modern human capital theory all human behaviour is based on the economic self-interest of individuals operating within freely competitive markets. Other forms of behaviour are excluded or treated as mere distortions of the model. This maximisation of rational self-interest separate from the social group to which the individual belongs is a central article of faith in human capital theory. A criticism of the rational utility maximiser (Block, 1990: 25) suggests that the elevation of self-interest to a position of dominance on which much economic analysis rests, is itself a consequence of social arrangements. Elster (1983) emphasises the problematic nature of individual rationality that is behind any notion of self-interest and contends that, under conditions of complexity and uncertainty, the gap between rationality in action and perfect rationality can be substantial. Nevertheless, the commitment of Western governments to policies underpinned by the logic of economic growth is justified in education through human capital theory.

Social capital

Social capital is the third form of capital employed by the New Zealand Government to justify neoliberalism. As used by Putnam (1993. 1993a) social capital refers to networks of repeated social interaction that reinforce social norms, especially trust. Networks of civil associations, not all of which are congruent, are said to promote the stability and effectiveness of democracy through both the effects of the type of association that Bellah, et al. (1985) call 'habits of the heart' and the ability of such associations to mobilise citizens on behalf of public causes. Putnam (1995) argues that the key indicator of Social Capital is the time spent watching television: “Each hour spent viewing television is associated with less social trust and less group membership, while each hour reading a newspaper is associated with more” (Putnam, 1995). For Putnam there is a strong positive correlation between education and social capital. Education is, in part, also claimed as a proxy for social class and economic differences, but when income, social status, and education are used together to predict trust and group membership, education continues to be the primary influence. From this, Putnam deduces, educated people are more likely to be joiners and ‘trusters’ (and newspaper readers),
partly because they are better off economically, but mostly because of the skills, resources, and inclinations that were imparted to them at home and in school.

Putnam visited New Zealand in August 1996 and gave a number of seminars organized by the Institute of Policy Studies, which has recently published a collection of essays attempting to clarify the relationship between social capital and policy development (Robinson, 1997). Perhaps, not unsurprisingly, we find reference to Putnam in Bolger’s ‘millennium agenda’ and his ‘new approach to social policy’, alongside frequent references to ‘trust’ (Fukuyama, 1995).

One New Zealand economist (Hawke, 1997: v) indicates that the term social capital “brings together several strands of inquiry”, including “issues of voluntary association and non-profit organisations” and “linkages between voluntary association and civil society”. Hawke hopes that the programme of social capital will focus now on the “measurement and the modeling of a social capital framework.” For Bolger (1998), social capital does not draw on “old fashioned, discredited socialism” but rather his conviction of the “strength, goodness and commonsense of communities”. He speaks of a change of emphasis from economic capital to social capital: recent economic reforms will preserve strong market incentives, now, apparently, all we need to develop a new approach to social policy which will empower communities to deal with the many social problems facing them. Economically and socially – and these two are deliberately intertwined – this move to community is cashed out in terms of social capital, a concept with a genealogy dating back to Jacobs’ (1961) *The Death and Life of Great American Cities*.

Another stalwart of Social Capital, Fukuyama envisages a convergence of political and economic institutions at the end of the 20th century, which “constitutes ‘an end of history’ in the Marxist-Hegelian sense of History as a broad evolution of human societies advancing toward a final goal” (1995: 3). He argues for a fundamental driver of the historical process which was what “Hegel called the ‘struggle for recognition’, that is, the desire of all human beings to have their essence as free, moral beings recognised by other human beings” (1995: 358). That recognition can only be attained in a social context before people can then be harnessed to economic achievements through those same contexts. “Cultures inclined toward voluntary associations . . . can create large economic organisations spontaneously and do not need the state’s support” (Fukuyama, 1995: 63). “The human personality craves being part of larger communities” (Fukuyama, 1995: 6) and identity will increasingly be derived from culture as “inherited ethical habit” (Fukuyama, 1995: 34) rather than from nationality or ideology. Under Social Capital, issues surrounding politics and economics are cast in such cultural terms, thereby defining a new relationship of spontaneous association between the state, community, and family. According to Fukuyama, culture exercises a direct influence on the economy and neoclassical economics is a vast improvement on Keynesian and Marxist economics “but cannot be understood apart from the customs, morals, and habits of the society in which it occurs” (1995: 13). Fukuyama alleges that “the ‘withering away of the state’ envisaged by Marx could conceivably arise only in a society with an extraordinary high degree of spontaneous sociability” (1995: 358). This capacity to form ‘spontaneous’ communities depends on the ability to restrict diversity. The idea that diversity is a problem for social cohesion has been noted by one neoliberal group that argues “cultural heterogeneity tends to have adverse effects on the rate of economic growth” (Bates, 1996: 24). The theme of Fukuyama's argument is that sociability does not simply emerge as the state withdraws but is dependent on prior habits, traditions, and norms, which themselves serve to structure the market. Hence, it is more likely that a successful market economy, rather than being the cause of stable democracy, is co-determined by the prior factor of social capital which “makes it clear why capitalism and democracy are so closely related” (Fukuyama, 1995: 356). In this
view, Social Capital is the foundation of human social life. It is a new civic perspective that is at odds with the type of identity politics that classifies along the lines of race, ethnicity, national origin, and gender. Rights and responsibilities are now to inhere in citizens, not in groups. A new citizenship develops a middle ground – a kind of ‘shadow state’ (cf. Smith & Lipsky, 1993) between the domains of government coercion and market competition.

A key attraction of social capital is in the warm glow produced by the term ‘community’, for it is a brave person who would contest the desirability of a term which speaks of belonging, locality, social cohesion and cooperation. However while it is easy to be broadly supportive of a communitarian vision, there remains a danger that community can be used ideologically as the emphasis on solidarity serves to mask the citizen’s loss of liberty and reduced chances of equality.

‘True’ community seems to have no referent in the real world. Peters & Marshall (1996: 37-39) suggest that where the radical view (Marxist) looks to the future to establish true community, the conservative view locates community in the cherished past. They identify various conceptions of community, such as the face to face group, pockets of kinship or proximity, a ‘just’ distribution of resources, the antithesis of the market, a collection of social work agencies, a set of altruistic relationships, as a cost saving mechanism for rationing scarce resources, and finally as a way of overcoming the crisis of the welfare state.

Bellah’s definition of a community as “a group of people who are socially interdependent, who participate together in discussion and decision-making, and who share certain practices that both define the community and are nurtured by it”, is cited by Smith & Lipski (1993:22), as they identify three important qualities of community important to the nonprofit analysis. First, a community is self identifying with members belonging if they think of themselves as members. Second, a community is fuelled by voluntary action. Third, communities are important because they are about our most deeply held values. Nonprofit service organisations, in this definition, are “tangible, significant manifestations of community” (ibid).

The notion of community is appealed to in the Government's programme From Welfare to Wellbeing, as a strategy to be accomplished “in partnership with the community” (Bolger, 1995:12), and in which "All New Zealanders will benefit by bringing the wider community into the battle against unemployment (ibid:10).

Another government report (Searle, 1996) emphasises the responsibility of the community in volunteering to deal with the problem of crime; because those who offend are part of the community, the community must become more involved in all aspects of working with offenders and victims, and become more active in crime prevention.

The attempts by government to enrol citizens in the unifying theme of ‘community’ as an appeal for action and agreement over social policy, juxtaposed against the philosophical differences that underlie the various meanings of community, suggest the term is a rhetoric for some other purpose. Just as the individual is constituted as a subject of the family, it is argued here that the rhetoric of community is a mythical banner under which we are transformed into ‘community subjects’. The lack of a real-world referent and the multiple interpretations of meaning, may contribute to the individualised acceptance of the term as a guiding metaphor.

If liberal governmental rationality is to be maintained, local community ownership of government initiatives is needed to promote the voluntarism of the welfare reforms. With the language of participation, partnership, consensus, and empowerment, the rhetoric of community is free from an obvious patriarchy, and counters to some extent the feminist critique of the patriarchal family. The liberal community presents itself as open to women,
evoking an image of the ethos of collectivism that the neoliberal reforms of the welfare state have all but destroyed.

Communitarianism [cf. Rasmussen (ed.), 1990] opposes liberalism and individualism. It is not homogenous but goes from recognition of strong social ties and shared values that deny the assumption of the neoclassical rational individual, to community as constitutive of capacity of judgment and of identity of self. Although communitarianism has a long history, it is only recently that it has emerged to pose a major challenge to the traditional left-right divide in politics and the competing principles of individualism and collectivism. Under communitarianism there is a tendency to blame the ‘individual’ for the problems of liberal capitalism. But, if we accept the criticisms of critical theorists or neomarxists, we would also have to accept that liberal capitalism has never really valued the individual per se, only the archetypal prototypical white male, and then defined as served by a wife; children are his property and women his labourers. A similar point has been made by Waring (1988) that what is called as women’s work, actually counts for nothing in that it is not included in the GNP of nation states. Liberal capitalism has no way to deal with women and children as individuals because of the necessity of privatising the time and money costs of reproduction. This is similarly true for the working class, and above all, marginalized groups. But it is also a mystification of power when we eliminate the individual, and celebrate the social bond because it is not clear who defines that bond.

An important issue for the development of Social Capital is the increasing devolution by governments of responsibility for state welfare to local communities, especially the Not-for-Profit organisations, sometimes referred to as the ‘third sector’ or the ”shadow state” (Pinch, 1997: 39. See also Wolch, 1990). This sector is diverse, outside the traditional channels of democratic control, and has been characterised as “a ‘para-state’ apparatus comprised of voluntary organisations administered outside of traditional democratic politics and charged with major collective service responsibilities previously shouldered by the public sector, yet remaining within the purview of state control” (Wolch, 1990: xvi).

Pinch (1997: 39) argues that a "consequence of reductions in public spending and welfare services provided directly by the state has been a greater reliance upon the voluntary sector". In employment terms, the voluntary sector is a fifth of the size of manufacturing and no less than a quarter of the size of retailing". In Britain, for example, the not-for profit sector “has expanded by a fifth between 1991 and 1995 and has an annual income of $30 billion. Paid staff total some 400,000 and there are another three million volunteers” (Johnston, 1997: 8). Pinch (1997: 39) estimates that there are "currently between 350,000 and 400,000 individual charities, voluntary bodies and non-profit making organisations in the UK".

Neoliberalism explains the emergence of the shadow state where “the Government’s responsibilities in certain ways are reducing and therefore putting pressure on philanthropic trusts to perform and provide to a greater extent than they are currently able to do” (Williams, 1996. See also Peters, 1997, 1997a). Contestability is the notion that implies increased service provision as each entity gets less from the original funds; more service is to be supplied through more suppliers entering the contest in the market. These suppliers are to be paid for by the savings made under through the contestability, which lowers the price of services and from the savings made, provides funds for these additional suppliers. The government has thus promoted a market environment in which efficiencies are supposed to be maximised in the provision of welfare service and where Government policy is increasingly shifting to the provision of a minimum safety net. The so-called surplus derived from this process is sometimes known euphemistically as the ’efficiency dividend’ – this is the neoliberal definition of social equity.
It is clear from this account of social capital, that it is heavily implicated in supporting the neoliberal project by locating the responsibility for economic progress on a notion of community based on methodological individualism.

**Cultural capital**

The fourth form of capital is cultural capital but it does not justify neoliberalism, in fact, it critiques it through the exposure of the ways in which neoliberalism functions to produce and reproduce structural inequalities in society. Cultural capital is best exemplified in the work of the French sociologist Pierre Bourdieu.

Bourdieu (1986: 243-248) has studied several fundamental categories of capital and the ways in which they can be exchanged and transformed into one another, including: cultural capital, which arises from prestigious cultural goods produced and positions within cultural institutions such as universities, social capital, which arises from networks of social relationships and influence, and economic capital, which arises from ownership of money, stocks, etc. Cultural capital is described in three forms: the *embodied state* in which culture is literally ‘embodied’, as when a scholar internalizes knowledge during the extended period of a doctoral research program; the *objectified state* as when culture is made manifest in objects, such as paintings or books; and the *institutionalized state* in which cultural status is recognized and legitimized by institutions, as a degree conferred, or a prestigious appointment held. Markets for cultural capital may be one of three sorts: ownership of property, or means of production; possession of educational or technical qualifications; and possession of labour power. Just as our hegemonic state apparatuses are structured to favour those who already possess economic capital, so our educational institutions are structured to favour those who already possess cultural capital.

Bourdieu employed the notion of ‘habitus’ to show how the conversion process of culture into economic capital in education is a form of symbolic violence. Habitus, he says, is “systems of durable, transposable dispositions, structured practices predisposed to function as structuring structures, that is, as principles which generate and organise practices and representations that can be objectively adapted to their outcomes without presupposing a conscious aiming at ends or an express mastery of the operations necessary in order to obtain them” (Bourdieu, 1990: 53). In other words, habitus is a system of acquired representations of perception, thought, and action, created by tangible conditions but tending to persist even after an alteration of these conditions. Bourdieu (1984) argues that judgments of taste, including the aesthetic, are governed by the habitus which is acquired in a class specific way. Thus, so-called ‘pure taste’, or ‘sense of distinction’, reflects the cultivated habitus and aesthetic of the ruling class, as transmitted through school and family. In diametric opposition to this is the ‘dominated’ aesthetic of the working class, which Bourdieu characterises as the ‘choice of the necessary', constituted in circumstances of material hardship, with its overriding emphasis on function rather than form. In between these polarities he identifies the ‘cultural goodwill’ of the petite bourgeoisie, which bears many of the trappings of refined taste but lacks the tacit knowledge and taken-for granted subtleties that give to legitimate culture its sense of distinction. Taste is an acquired disposition to differentiate and appreciate. It marks differences by a process of distinction, which is not a distinct knowledge. It functions as a sort of social orientation, implying a practical anticipation of what the social meaning or values of the chosen practice or thing will probably be. Bourdieu argues that society is stratified with its dominant class as an autonomous space whose structure is defined by the distribution of economic and cultural capital among its members. There are fractions within each class that correspond to different lifestyles through the habitus. The habitus is a system of choices -- an individual resource -- that is influenced
by inherited asset structures. Furthermore, different sets of preferences come from systems of
dispositions and the social conditions of production, which create relationships between them
(the systems of dispositions). A class is defined as much by it’s being-perceived as by it’s
being, by its consumption as much as by its position in the relations of production.
Individuals’ positions in the classification struggles depend on their positions in the class
structure. Bourdieu sees class as both a product of real divisions of labour and as a social
construction of reality; it is, in the final analysis, a social practice, and an activity in which
categorisation, structures, dispositions, and social choice, combine. Such ‘classes’, however,
have only a ‘theoretical existence’. Thus:

It is not really a class, an actual class, in the sense of a group, a group mobilised for
struggle; at most it might be called a probable class, inasmuch as it is a set of agents
which will present fewer hindrances to efforts at mobilisation than any other set of
agents ... (which) being placed in similar conditions and subjected to similar
conditionings, have every likelihood of having similar dispositions and interests and
therefore of producing similar practices and adopting similar stances (Bourdieu. Quoted
in Wilkes 1990: 114).

Bourdieu, then, sees classes as ‘doubtful entities’. In terms of understanding the perpetuation
of such inequality, fine-grained analysis of family habitus should prove far more revealing, he
argues, particularly in showing what is not reproduced.

Harker (1990) argues that in the light of Bourdieu's recent work, education is defined as a
'field' (social space) in which 'agents' (people) struggle for 'cultural capital' (credentials).
Habitus, structures, and practices, are not simply reproductive; they produce perceptions,
tastes, and styles that change under various historical and material circumstances. The effects
of these changes play their part in production as well as reproduction. We have then “a non-
reductionist model of cultural practice with a dynamic conception of habitus attached to a
strategy, with reflexivity and change built into it, and a clear link with the material world
(Harker, 1990: 102).

By adopting the culture/habitus of the elite as its own, and thus academically disadvantaging
students from non-elite backgrounds, the school system transforms social class into academic
classification. In this way the dominant habitus is transformed into a form of cultural capital
that is taken for granted and acts as a filter in the reproductive processes of a hierarchical
society. Those with the appropriate cultural capital are reinforced with success, while the rest
are not. Bourdieu and Boltanski write:

. . . because it fulfils not only functions of reproducing skilled labour power (technical
reproduction), but also functions of reproducing the positions of agents and their groups
within the social structure (social reproduction) – positions which are relatively
independent of strictly technical capacity – the educational system depends less directly
on the demands of the production system than on the demands of reproducing the
family group (1981: 142-143).

Education thus plays a central role in the reproduction of modern hierarchical society; cultural
capital has real economic value.

**The question of capital**

By using the language we wish to critique, we risk becoming inscribed by it. Thus defining
human beings as capital may inscribe us as calculable and manipulable subjects of capital.
This is a reversal because what was historically known as labour has been redefined as
capital; that is, labour has been appropriated. On the one hand, from a Marxist perspective, in
a commodity exchange society a worker becomes ‘reified’ in his or her labour, so that
personality is dissolved in his or her function. But on the other hand, defining the labour of human beings as capital is an impoverished notion of subjectivity as much as it is an impoverished view capital. Such a subjectivity is unable to contemplate human activity other than as the exchange of commodities and the notion of capital employed, regardless of its origins, is purely a quantitative one. This misses the point that capital is an independent social force where the creation of social value comes about through its capital accumulation and continual transformation through the circulation of commodities. Commodities are therefore part of the life cycle of capitalism as a form of labour and not able to be exchanged independently of it. Under liberal capitalism, or what Habermas (1988: 50) calls organized capitalism, labour is structurally separated from the means of production. Now, under neoliberalism, or what Offe (1985) called disorganized capitalism, labour and the means of production are concentrated as commodities and capital in the hands of an opposing class; neoliberalism ignores the idea that the means of production are not only physical but also appear in social relations. Such a model ignores the effects of history, culture, and other social forces. The individual under capitalism can only come to grips with the means of production through selling his or her labour commodity; the struggle to improve life's conditions is mediated then through the social relations of that struggle. Given this explanation, intellectual, human, and social forms of capital are more appropriately defined as abstract forms of labour, that is, commodities, and not capital.

Defining people as units of capital also brings up questions about the relationship between labour and identity. In thinking about the ownership of labour, I am reminded of Donzelot (Burchell, et al., 1991: 171) who describes the neoliberal ideology behind the managerial techniques that are used to modify the relation of individuals to their work. The aim is to breakdown the statutory perception the worker has with the psychological ties he or she establishes with their work. Workers are helped to re-conceptualise the now obsolete idea that work defines the individual and stamps their place on them like a destiny, robbing them of their identity if they lose their jobs, and making any change in the place or content of work potentially threatening. This new approach involves putting the accent instead on the individual's autonomy, that is, their capacity to adapt. It invites them instead to become an agent of change in a world of change. Instead of defining the individual by the work they are assigned to, it regards productive activity as the site of deployment of personal skills. Here there is an elision of skills and capital; skills are defined as a form of capital. Whereas individual freedom previously meant the possibility of either accepting or refusing the assigned status, it is now seen as meaning the possibility of permanently redeploying one's capacities according to the satisfaction one obtains in one's work, one's greater or lesser involvement in it, and its capacity to fulfil one's potential. Thus we have continued retraining of the whole new psychological culture. This approach assumes a change in the status of work and subjectivity - it would in fact be a cultural shift if it were to be adopted. Under neoliberal notions of flexibility, the subjects' adaptability is now their career and not the possession of their labour.

Through the imposition of commercial values into New Zealand, neoliberalism has brought increasing poverty, growth in income differences (cf. Peters, 1996), and the progressive disappearance of the autonomous spheres of cultural production such as in film and the arts, which are increasingly funded on economic rationalist principles. Two other major trends are also discernable. The first is the attempted destruction of the collective institutions capable of counteracting neoliberal effects, primarily those of the state, the repository of the universal values associated with the idea of the public realm. Second is the imposition, in the upper spheres of the economy and the state as at the heart of corporations, of the struggle of all against all and cynicism as the norm of all action and behaviour. In this way, a Darwinian
world emerges. The establishment of this struggle would not succeed without the existence of a reserve army of employees rendered docile by social processes that make their work situations precarious. The ultimate foundation of this neoliberal order placed under the sign of freedom, is, in effect, the structural violence of unemployment and the insecurity of job tenure. The condition of the ‘harmonious’ functioning of the individualist micro-economic model is the existence of a reserve army of the unemployed. This structural violence also weighs on what is called the labour contract rationalised and rendered unreal by the ‘theory of contracts’. Ironically, organisational discourse has never talked as much of trust, co-operation, loyalty, and organisational culture as in an era when adherence to the organisation is obtained at each moment by eliminating all guarantees of employment.

Yeatman (1996: 285) distinguishes the Hobbesian collectivist notion of the social contract from the ‘new contractualism’, which, she says, represents a neoliberal politicization of public management. The old presumed shared political process of the social contract disappears in favour of a disaggregated and individualized relationship to governance. Although contract can be regarded as a source of legitimacy – on the basis of the social contract – the idea of contract as an instrument of government can also be invoked. As Hindess (1997: 18) points out, while contract theory is commonly regarded as addressing questions of the legitimacy of government, it can be seen as the core of an autonomous rationality of government on three counts: first, it specifies the population to be governed as ‘autonomous’ citizens; second, it identifies a rationality of government that depends on no external principles; third, it tells us that individuals are to be governed on the basis of the presumed social contract.

But relying solely on the market for public policy is problematic. Hogan (1997: Ch.9), for instance, points out that accepting a series of simplifying assumptions about the nature of economic (or social) action and the character of market processes, leads neoliberals to assert that choice and deregulated educational markets would increase ‘exchange efficiency’ and ‘productive efficiency’. These economic exchanges however, represent a “search for universally applicable hypotheses . . . which transcend institutional, systemic and historical variations and . . . are abstracted from social organizations and cultural patterns” (Hogan, 1997: 125). They also ignore endogenous preference formation and social interdependency in several ways (Hogan, 1997: 126-126). A market is simply not an allocative device: it is also a system for creating and measuring value, for producing and ordering preferences that in turn become embedded in culture – it is, therefore, a political device. By virtue of these ambient processes of cultural production they generate and are constituted by, the market, in a kind of circular logic, generates the very standards, including ‘exchange efficiency’, that neoclassical economists employ to evaluate market outcomes. Education is as much an investment in human capital formation, cultural property, social capital and competitive advantage as it is a consumption choice as to which educational institution to attend.

In the New Zealand context, then, an illusion of neutrality has masked the ontological and ethical assumptions underpinning neoliberalism that defines intellectual, human, and social capital. It is an illusion because all four forms of capital discussed above are based on methodological individualism – or what Sen (1978) calls the rational self-interested, utility maximiser. This form of subjectivity has become the only acceptable ontological category on which to ground social and institutional life, and other conceptions of what it means to be human have been rendered invisible. The process of neoliberal restructuring in education has often been portrayed as ‘natural’ and/or ‘inevitable’; what, so the story goes, could be more natural than portraying all resources, including ‘human resources’ – and their intellectual products – as measures of capital? Even the term ‘social’ in the policy epithet, ‘Social Capital’ has been appropriated to explain how trust is at base a methodologically individual
economic value developing in relation with others. Thus the meaning of social has been reversed.

Neoliberal discourse is not just one discourse among many; it has become a 'master discourse', or what Lyotard (1984) calls a 'metanarrative', to which all developments in the policy sphere must adhere. It effectively silences all other voices. Under previous Keynesian welfare economics, policy had often been regarded as oriented towards human rights. It ought, therefore, to have been freely available to all. But such an exercise of rights consumes scarce resources (scarcity is the a priori assumption of neoclassical economics) in preference to other forms of rights. With scarcity as the driver, 'obviously' (it is claimed), choices must be made in terms of efficiency and so economics enters into the politics of choice. However, economists utilise abstract models or so-called 'perfect economies' that obey strict mathematical laws. When these abstractions neglect reality they have negative effects; at best they can be discarded as irrelevant. Ever since Kant's *Critique of Pure Reason*, it has been accepted that reason cannot provide an adequate critique of itself. Clearly an explanation more sophisticated than neoliberal solipsism is called for.

**Acts of resistance**

The educational community has a role to play in bringing alternative discourses to neoliberalism to the fore, and in analyzing some of the flaws in its marketised and scientistic accounts of education. But in the New Zealand context -- as in many others -- cultural activities such as education have been appropriated as economic transactions. This effectively silences other conceptions of education, and reconfigures the educational relation to become an economic contract rather than remain pedagogical. That appropriation defines education, at least as we have known it, out of existence. In the absence of any suitable public policy, I suggest an agenda of resistance and reconstruction that goes beyond educational discourse, is called for.

Bourdieu (1998: 29) argues that the first act of resistance would be to “analyze the production and circulation of this [neoliberal] discourse”. Neoliberals have been very public and explicit about their strategies in spreading their doctrine. He suggests that neoliberalism is a very smart “modern repackaging of the oldest ideas of the oldest capitalists” (Bourdieu, 1998: 34). As such, it is not so much revolution but more of a conservative restoration that “appeals to progress, reason, and science” (Bourdieu, 1998: 35). Enlightenment notions such as progress, reason, and science raise questions about the extent to which they can preserve the unity of the subject in the wake of poststructuralism’s displacement of the Hegelian subject. It would seem that the neoconservative programme is far too narrow to resonate with experience in today’s world of multiple disunities and desires.

The second thing Bourdieu recommends, is to “understand the mechanisms through which it is produced and imposed . . . there are a certain number of empirical observations that can be brought forward to counter it” (1998: 31). But the knowledge base employed to evaluate the relationship between education and neoliberalism is limited. For example, it has been argued that education is mistakenly focused on the "economy of disciplines' rather than the 'discipline of the economy'" (Peters & Roberts, 1998). Peters & Roberts point out that education has its head in the sand on such issues, and as a counter, they recommend a critical economic and cultural perspective on the relationship between neoliberal globalisation and education. Axford (1995: ix) suggests that the traditional disciplinary parsimony in the university obscures an understanding of neoliberal globalisation. As a corrective, he too appeals to a wide range of discourses; literature, political science, cultural studies, social and cultural anthropology, and management theory, to name a few. Educators, it seems, must move into other discourses.
As a third act of resistance, Bourdieu recommends opposition to neoliberal globalisation because it is the “main weapon in the battles against the gains of the welfare state” (1998: 34). We need therefore to conceive of the state in ways that are productive to welfare gains. We could, following Bourdieu, see the state in two forms: “in objective reality, in the form of a set of institutions such as rules, agencies, offices etc., and also in people’s minds” (1998: 33). If the state has this ambiguous reality, there is room for contestation. Despite its position as the master discourse, neoliberalism has not been able to fix impervious structures; within the state, he suggests, we can find support for our efforts from those responsible for social policies. To fight neoliberal globalisation we need to understand the facts about it and its effects, and critique both of these in the light of neoliberal claims. Neoliberals, for example, almost by default, revert to citing global competition as the reason for structural reforms, efficiencies, flexibility, and lowering of welfare benefits. Bourdieu, however, claims the threat to nation states in Europe is not so much from global competition, but “from the internal competition of other European countries” (1998: 36). Presumably Europe could deal with that regionally although there will be cultural issues arising. The results of neoliberalism can be researched through the evidence of the negative effects of policies that require flexibilities, privatization, lowering of youth employment and welfare benefits, threats to cultural production of the withdrawal of state support, and threats to social science research that is funded directly under corporate and state interest. Clearly, on the data he provides, the results are not good.

There are dangers, however, with resisting financial globalisation because “the policy of a particular state is largely determined by its position in the structure of the financial distribution of financial capital which becomes the structure of the world economic field” (Bourdieu, 1998: 39). Although neoliberal globalisation is quite real, for all corporate and state bureaucracies to not only bow to its necessities, but also to promote it in their own interests, is altogether another matter. Any resistance would need to be informed by the implicit limits which economic theory accepts” (Bourdieu, 1998: 39). Social costs — both short and long term -- of economic decisions need to be calculated into policy costs because “a strictly economic policy is not necessarily economical” (Bourdieu, 1998: 40). There is a need to question the economic view that individualizes everything and subjects itself to a narrow, abstract set of accountabilities that favour certain groups. We could, he suggests, put forward an ‘economics of happiness’, and recognize a law of the conservation of violence, that is, a framework that accommodates the view that all violence must be paid for either sooner or later. Presumably, what is available are real options such as of prevention or vendetta, or prevention or societal breakdown, depending on the cultural context in question. The critical efforts of educators against the withering of the state should be a matter of priority. Dominated groups also need to support such an agenda most of all because they need the state that functions to maintain universal welfare rights. We should also design and set up regional and international structures as an alternative to the ones currently run by financial banks.

A fourth act of resistance would be to make other resistances potent. For this, educators need to become technologically literate: it hardly seems possible any more to base a theory and defense of intellectual autonomy on the institutions and practices of print. Under electronic technology, the material and economic conditions of symbolic production in many spheres are simply becoming less and less compatible with those under which education functions. If the print-era intellectual succeeded in no small measure by effectively using print as a medium of mass communication, then the corresponding model of intellectual authority may lose much of its persuasional power in a world of post-print communications. The relation between economic power and the mastery of symbolic systems is vastly different today, in a largely 'knowledge-
based' economy where advertising and the media themselves generate enormous wealth, than in the nineteenth century. The relation between economic and symbolic capital involves as much complicity as opposition and is harder than ever to untangle. Many contemporary media theorists argue that the critical distance and tendency toward autonomy that characterized the intellectual operations of print culture are simply unsustainable in an environment dominated by television and electronic networks, where hierarchization and the word have given way to infinite and transitory juxtaposition and images. Enlightenment theory no longer automatically sells. Neither does critical thought. To sell your product, you must get down to business and take advertising and marketing seriously. The discourses of scholarly achievement not only define the wrong agenda but have no promotional strategy. Deplorable as some may find this prospect, it is hard to see how the intellectual authority conferred by a sphere of cultural production that holds itself aloof from the messiness of the economic world can form the basis for relevant intervention in that world. What needs to be thought through is that an increasing rate of technological change sets up conditions of symbolic production that admit social and conceptual innovation but inevitably extinguish familiar and worthwhile practices.

In conclusion we might do well to consider the thoughts of the previous chief economist of the World Bank, Joseph Stiglitz, whose sentiments regarding the public value rather than the private appropriation of knowledge, are echoed in the words of Michael Peters, and which because of its relevance for the topic in hand, I quote at some length:

> It is of fundamental importance that economists of information and knowledge consider the wider societal and cultural parameters of knowledge. In this context, it is also important to draw the distinction between "knowledge economy" and "knowledge society". Both locally (or nationally) and globally, I want to argue, governments and world institutions, have a joint role and responsibility: to provide the public goods of knowledge and education and to support the right to education. In the transformed global context of the "knowledge economy" education must be considered as a universal welfare right, perhaps, the global welfare right that has the power to determine individual citizenship, employment status, and income. Indeed, we might say that within the global knowledge economy/society a new sets of rights are beginning to emerge: the set of rights to knowledge and education that will determine individual, cultural, national and global development well into the third millennium. This set of rights, I would argue, should be central to the future concerns of the Left, which should define and prosecute the struggle for equality in the related realms of knowledge and education, as never before (2000/forthcoming).

If education is to contribute to the social world it must move beyond critique: it must go beyond the task of simply contesting meanings to providing a credible programme of resistance and reconstruction. This is not a call for nostalgic return to the past, but a plea to understand what has actually happened and its consequences and to employ these consequences to explore the possibilities they present for action. The programme would initially be devoted to critique of complicity in the definition of subjects as units of capital. This paper is but one contribution to that task.
Bibliography


1 See e.g., http://www.dti.gov.uk/comp/competitive/an_reprt.htm
http://www.morst.govt.nz/foresight/front.html

2 http://www.tbroker.co.uk/intellectual_capital/
http://www.efs.dk/publikationer/rapporter/engvidenregn/kap03001.html
See also http://www.dti.gov.uk/comp/competitive/an_reprt.htm
3 http://www.morst.govt.nz/foresight/front.html

4 For OECD on "Information Economy" http://www.oecd.org/dsti/sti/it infosoc/prod/online.htm
5 Author's insertion
6 A comparison between four forms of capital following Fitzsimons (1997a. See also Romer (1990).

<table>
<thead>
<tr>
<th>Intellectual and social capital</th>
<th>Human and cultural capital</th>
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<tr>
<td>non-rivalrous</td>
<td>rivalrous</td>
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<tr>
<td>disembodied</td>
<td>embodied</td>
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<td>used in many locations</td>
<td>one location at a time</td>
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<td>non-excludable</td>
<td>partially excludable</td>
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<td>used in many activities</td>
<td>traded in competitive markets</td>
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<td>cheap to replicate</td>
<td>costly to replicate</td>
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<tr>
<td>accumulated without bound</td>
<td>finite to each person</td>
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7 Winter (2000: 18-23) provides a genealogy of social capital.
8 This section was stimulated by Bourdieu’s book of the same name.
9 Author’s insertion