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**An investigation into 'Public Choice' theory and its implications for
education in New Zealand**

Nesta Devine

**A thesis submitted in fulfilment of the requirements for the degree of
Doctor of Philosophy in Education,
The University of Auckland,
2000.**

For my parents, Christine and James Devine, at last.

...one need not read in the history or economics – that is, past economics – to master present economists. ...the young economist will increasingly share the view of the more advanced formal sciences that the history of the discipline is best left to those underendowed for fully professional work at the modern level.

George Stigler: 'Does Economics have a useful Past?' 1965, p.107

Abstract

'Public Choice Theory' is defined by its proponents as 'the application of economics to politics'. This thesis attempts to describe Public Choice Theory in its component parts and as a coherent and potent contemporary factor in the political and educational scene. The methodologies used are Foucauldian 'genealogy' and 'immanent critique', that is, the theory is examined in its historical context and in terms of its own logic. The process by which this theory has affected the educational situation in New Zealand is examined, and set in the context of the wider application of economics to politics in this country generally. Some of the major policy documents concerning Education are read closely in order to identify the extent of the Public Choice Theory influence on them. Whilst Public Choice Theory is commonly associated with the 'New Right' it is also the key element of 'analytic Marxism'. Whether from 'left' or 'right,' Public Choice Theory, as a basis for the content or organisation of education is presented as a historically contingent theory, making dubious claims to scientific validation, and bringing about consistent changes in the nature of education and the construction of persons engaged in it.

Acknowledgments

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Prologue.

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Introduction: Overview

Choosing determines all human decisions. In making his choice man chooses not only between various *material* things and services. *All* human values are offered for option. All ends and means, both material and ideal issues, the sublime and the base, the noble and the ignoble, are ranged in a single row and subjected to a decision which picks out one thing and sets aside another. Nothing that men aim at or want to avoid remains outside of this arrangement into a unique scale of graduation and preference. The modern theory of value widens the scientific horizon and enlarges the field of economic studies. Out of the political economy of the classical school emerges the general theory of human action, *praexology*.

Ludwig von Mises *Human Action* (1949)

The Argument.

Education as a discipline, a field of knowledge, has been largely supplanted in schools, and universities and other institutions of learning by public choice theory. Essentially, this ‘theory’ is a practice, the application of economics to politics and to other areas of human activity where economics has not traditionally been held to be an appropriate form of knowledge.

Under cover of ‘rationality’ and ‘efficiency’ economics has moved into disciplines where it has no traditional authority. Economists, or Public Choice theorists, are not particularly well-informed about education, and the application of their principles to this highly complex social arena is of dubious value. It is based on a belief in the scientific foundation of economic principles which does not stand up to examination.

Users of Public Choice Theory have appropriated the language: changed, attenuated, distorted it without telling us what they are up to. They have ruled educationists’ legitimate considerations irrelevant, or even to be signs of non-legitimate self-interest, and have taken Adam Smith’s notion that the economy is co-extensive with the market to extreme lengths, with the result that, the ‘economy’ is apparently co-extensive with all human activity.