

A Social Democratic Liberal Perspective on the Development of Education Policy (Reflections from the West)

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Abstract

Every developmental activity has a context, a historical background, enabling factors and political will. No policy develops in vacuum. It is pertinent to understand the economic situation of times in order to trace and contextualize the development of policies that were formed and the intentions of the governments behind formulation of such policies. The economic system is in a crisis for sure when unemployment soars high. Educational policies, with their many positive externalities, have also been developed in response to certain climates that were of urgent nature. This paper discusses the shift of thought related to employment situation from classical liberalism to social democratic liberalism, paving a way for the intervention of state authorities by assuming the role of welfare state and the consequent repercussions on the Education policy. The paper deliberates that such shifts and the proactiveness of government intervention is relevant in the present times of globalization, as well.

1. Introduction

In order to understand the evolution of the economic thought, it is important to start from the start. The Classical liberalism thought had the basic assumptions of liberalism. These were essentially the free market, *laisse faire*, and the minimal interference of state for maximization of self interests. The basis of classical liberalism was the classical economic theory (Name invented by Marx). This theory was pioneered by Ricardo, Mills, Marshal, Edgeworth and Pigou. One would question the name- Why classical? The answer is that this theory comprised of an established body of doctrine which forms the core of analytical material presented in the principles of economics text books prior to 1947. This set of principles became so widely accepted over a period of time (more than a century) that it merits the adjective 'classical'. The Classical economic theory was based on some major assumptions. One was of the natural tendency of the occurrence of an equilibrium situation. It was assumed that full employment of labour and other resources occurred. There may be lapses in full employment, which was thought to be an abnormal situation but the tendency is towards full employment until an equilibrium

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state is reached, which was considered to be the normal situation³. Any sort of disturbance in this equilibrium is attributed to the interference of government/private monopoly with the free play of market. Laissez faire thus was touted to be a policy that guaranteed normal full employment, and the absence of government control over private enterprise.

Thus, Laissez faire (French phrase meaning *leave us alone*) is at the heart of classical economics. Laissez faire propagates the view that government should interfere minimally in the economic affairs of a geographical space and leave the decisions to market forces. Assuming full employment, the classical theory explained the resource allocation in production and income distribution in terms of market forces called supply and demand. Acceptance of full employment as normal conditions of exchange economy were justified by Say's law that *supply creates its own demand*. He considers savings as an investment, consumption and investment both are methods of spending. In such a situation, there was no scope for involuntary unemployment. According to this view, the role of government should be confined to maintenance of law and order, provision of health and sanitation services and the execution of tasks that would not be undertaken by private business firms. We will see through later contents of this paper that education itself was identified to be an instrument to ensure maintenance of law and order.

2. Critique of Classical Liberalism

Though this theory did not recognize any condition of involuntary unemployment, the facts of those times were not consistent with these propositions. A classic example is the 1932 depression of United States. There were approximately 1.5 crore unemployed workers and at the top of the business cycle in 1937, there remained more than 75 lacs of unemployed persons. Almost 30 lacs were frictionally unemployed and it hardly seemed plausible that the remaining lacs were voluntarily unemployed. A similar situation was true for the United Kingdom where the percentage of workers between the first and second world wars ranged upto 22%, which seldom fell below 10%. Accounting for the fact that 2-3% is considered normal frictional employment, it is no wonder that Keynes found this theory unsatisfactory and unaccountable for facts. This led to the development of what is called as the Keynesian economics.

3. Keynesian Welfare Economic Thought

Keynes was dissatisfied with the unaccountability of the classical economics and propounded his version of what came to be known as welfare economics. The basic tenets of this thought started with the repudiation of any presumption of laissez faire.

³Pigou, A.C., (1941) *Equilibrium & Employment*. London: Macmillan and Co., Ltd. (pp. 78)

He propounded that there was no condition of equilibrium state and hence there was some level of unemployment at a given point of time. This theory determined the volume of employment at any given time and thus, came to be known as the *General theory of employment, interest and money*. Keynes explicated this theory by introducing the concept of effective demand which is the point of intersection of the aggregate demand and aggregate supply schedules. Total employment depended on total effective demand and total income depended on the volume of employment. An important element was that Keynes recognized unemployment, voluntary as well as involuntary. Once the occurrence of unemployment was established, he advocated for the state intervention that necessary in the form of welfare measures to remedy the economic situation. Hence, the state assumed importance in the form of welfare interventions.

4. Pioneers of the Welfare State and the Role of Education

The increasing role of the state was recommended by certain intellectuals, prominent amongst them are discussed here. Thomas Green, one of the most influential liberal philosophers ever, established the first major foundations for what later became known as positive liberty. In a few years, his ideas became the official policy of the Liberal Party in Great Britain, precipitating the rise of social liberalism and the modern state. Green contributed by theorizing the demise of laissez faire, and advocating for state legislation in the education, employment, health and social issues had been steadily increasing. Green sought to provide a philosophical defense for the extension of the state role through his re-conceptualization of freedom. As opposed to the concept of ‘negative liberty’ where the state should do nothing but ensure that the any individual is not coerced by others, Green added that the state should also ensure ‘positive liberty’ which related to the development of personality. Apart from safeguarding the individual from external obstacles, the state should empower the individual to combat internal obstacles (emotional, cognitive, developmental). This level of empowerment could be brought about by education and the state was supposed to act as a facilitator for the same. Green argued that government interference was necessary to ensure the true aims of liberty, and its central role should be providing the conditions for all people to realize their positive capacities through improved sanitation, education and so on. The government should be able to proactively own this responsibility to help people realize their capabilities.

L.T.Hobhouse was the most sophisticated intellectual exponent of the New Liberalism which emerged in Britain in the closing years of the nineteenth century. Hobhouse is most significant for his attempt to reformulate liberalism to recognize more adequately the claims of community, establish the centrality of basic welfare rights and legitimate an activist democratic state. Hobhouse began as a critique of

‘individualism’, but moved on to the claims of labour, entered into contact with a number of Fabians and began to call himself a ‘collectivist’⁴. To be a collectivist didn’t necessarily repudiate liberalism but it did imply rejection of the individualist bias of traditional liberalism. Hobhouse despised imperialism, was drawn to the ideas of Cobden (because his resistance to imperial aggrandizement remained pertinent) and therefore called himself a new liberal/liberal socialist. In this context, a recurrent theme of Hobhouse’s writing became the need to reconcile what he describes as the two branches of democratic and humanitarian movement- **liberalism and socialism**. He argued that an entirely consistent liberalism would imply considerable dose of **social provision, social regulation and socialownership** while a reasonable workable socialism would attach permanent value to the liberal ideals of freedom and political democracy.

The central unifying concepts which Hobhouse invoked to articulate his vision of liberal theory were those of the organic view of society, and the harmonic understanding of the good and desirable. **Organic imaginary**⁵ intended to counter the claims of individualism and extreme collectivism by establishing the subtle mutualism of the individual/social bond. Against those who endorsed the abstract notion of the individual and an atomistic conception of social constitution. Hobhouse argued that the mental and moral being in the modern individual was largely a social product. With respect to the ethical principle, Hobhouse argued that the organic conception of the relation between individual and society reconcile potentially conflicting appeals to the individual right on one hand, and the requirements of social welfare on the other. An individual right which conflicted with the permanent interests of society-was not a genuine moral right. The harmonic vision postulated that there is a possible ethical harmony which men might attain, through discipline and the general improvements in the conditions of life, and this attainment would be the social ideal. Hobhouse applied these principles to support greatly increased regulatory role of the state. He advocated measures like the introduction of old-age pensions and health insurance, taxation and maintaining a distinction between earned and unearned income closely followed the liberal legislative agenda. Hobhouse argued democracy to be the necessary basis for the liberal idea, because in the absence of democracy, the society suffered a permanent loss of people not jointly assuming responsibility or ordering the conditions of their common life. In other words, the process of collective self government is itself part of a good life. Hobhouse understood democracy to imply the common will, something that is possible when people take an interest in public affairs.

⁴ His first book, *The Labour Movement*, was a product of this period

⁵ British political argument in late-nineteenth century

5. Education Policy in the Social democratic liberal period

In the preceding paragraphs, a lot of scope has been generated for the state to become an active player and intervene. Let us come back to Keynes again. The operationalization of the central idea of Keynes, that to ascertain '*what the state ought to take upon itself and what it ought to leave with as little interference as possible to individual exertion*', was the real issue. Intervention in the market, specially related to employment, social services and education, was increasingly designed to influence the quality as well as the quantity of its provision, because in this case the free market proved to be a poor guide to secure the best means of satisfying the real wishes of the customers. The utilitarianists argued that unfettered individual economic activity would in turn maximize social welfare, and the state should limit itself only to the production of such public goods as defense, enforcement of laws and education.

In this debate Keynes, advocated a form of macroeconomic fiscal policy whereby governments actively intervene in the economy to assist its regulation and assure the provision of public goods which the market did not provide adequately. The role of government thus was recognized to supply public goods and services, to regulate failures of the market and to arbitrate between competing social groups/classes. Education was an important focus of intervention. These were the times when the working class of London and adjoining areas lived in misery and squalor. Sanitation situation was so poor that cholera deaths claimed 200-400 deaths daily. The state thought that its intervention was utmost necessary and education was viewed as an instrument of reducing crime, provide basic necessary skills and to help secure social order. The Britain liberalism dominated from the Waterloo to the First World War. Welfare state developed around the twentieth century, after the First World War and the Great depression. Like the negative freedom from intervention espoused by the classicists, positive freedom (intervention) became the philosophic justification for the dominant economic organization of the time. Most liberals accepted that the modern state with its managed corporate economy should be taking the charge of guaranteeing a minimum standard of living and **education for all**. In the twentieth century, Keynesian economy served as the official policy discourse for management of the economy⁶. The lessons learnt from the second world war were akin to that of the first and it was deemed essential that a post-war reconstruction on a more secure basis to free up credit and liberalize trade.

Prior, there were a handful of grammar schools for the children of the elite where they used to do poetry and studied refined arts and humanities. The schools for the children of labour class imparted vocational learning mainly. This used to be in vogue

⁶ Keynes greatly drew from Bentham but differed from him on his rejection of laissez faire.

in order to further the interests of a particular section of society. The labour class were trained to continue to be labourers without scope for occupational mobility. Jean Anyon (1980) observes that the working class youth were were being prepared for arbitrary and demeaning work and in contrast the children of the elite were learning to make rules and control the lives and labour of others. The maxim in Hindi cinema⁷ “*Raja ka beta hi Raja banta hai*” (only the King’s son can be the heir to the throne, not a commoner) was ensured. However, after the industrial revolution and the emergence of the concepts of labor welfare, the state started to intervene in the providence of a minimum basic education to the children of these workers owing to their demands for social justice. Thus, started the concept of ‘collaborative schools’ where the children of both these classes used to attend for the pursuit of knowledge.

6. Emergence of the British and European Welfare state and Commitment towards Education

The process started after the stock market crash in 1929 rendering millions of people jobless. The contraction of credit led to a deflationary spiral that plunged the world into acute depression and led to a resurgence of protectionism and militarism which culminated in the second world war. Keynes came up with his theory of employment in 1936 and the Keynesian economics took Britain by stride. The role of the state was stressed upon. There was essentially an undercurrent of preserving capitalism, but the strategy was different. Increase in productivity was the basis of increasing profits but the laborers were offered a minimum living wage for a decent standard of life. The focus of the social system was shifted less towards socialism (over throwing the power of the proletariat) but more on negotiation and welfare. The amelioration of the conditions of labor in the form of a welfare state, for increased productivity became the historic accord between the labor and capital. In education too, the belief in access and equality of opportunity for all constituted part of the democratic belief in the state’s provision of education.

New Zealand offered an exemplary case of Keynesian welfarism from 1930s to its dramatic collapse in the 1980s. Two decades before 1930s, New Zealand could be described as a classic example of the British nineteenth century laissez faire economic policies and actions. While supporting these interests, New Zealand gradually assumed a minimal role in the provision of welfare social security. The positive role of the state came to be accepted. A successful pattern of state intervention forged at both a theoretical and practical level a viable role of the state in civilizing rather than abolishing capitalism. The first Labour Party in 1936, restored cuts in wages and salaries and pensions were increased. Educational training programs were restarted. Central to New Zealand’s version of social democratic

⁷The dialogue of a popular Indian hindi movie of 2019 called ‘Super 30’

liberalism has been a strong political alliance to egalitarianism, a view of society in which all are equally eligible to compete for society's rewards, irrespective of their birth or social position. **Equality of educational opportunity** through schooling was considered the major avenue in an egalitarian society. However, the lessened returns on exports during the 1957-58 crisis coupled with the oil shocks of 1970s increased overseas borrowing and debts and Keynesian solutions seemed to be no longer working. In 1984, a newly elected Labour government commenced a systematic dismantling of the New Zealand welfare state under the banner of neo-liberalism.

7. Discussion and Summary

Liberalism is the product of a climate of opinion and social environment that emerged with the renaissance and reformation. As an ideology born of a specific sociological and economic environment with a particular historical period, it is subject, like all ideologies to development, decline and death. Elements of its doctrine may survive its demise as an ideology, but as a dominant system of ideas it is necessarily subject to change as a mode of thought⁸. Liberalism did not die. It survived in the form of social democratic liberalism. Since the society is dynamic, the consequent transformation of the reigning doctrines become inevitable. Infact it is cyclical in nature. Either a particular doctrine is reigning and people are busy tracing its causes or the particular doctrine is not satisfactory and people are looking for alternate ways. The *isms* have been devised to explicate the position of the state's policies and thus keep changing with changing governments. It is the dissatisfaction, incompliance of theory with facts and the need to explicate better that *liberalism* survived into the *New Liberalism*, and its consequent change into *neo-liberalism*. What needs emphasis is that the periods of individualism are subject to a periodical subsuming and surfacing. Nothing can be said with certainty except the fact that in the current face of globalization, the effects of the any movement in the economy are more wide spread and pronounced than ever before. In all this, the problem of unemployment still exists and has assumed the form of layoffs, mergers and acquisitions and franchises. In the globalization phase, we have witnessed the effects of cyclical recession periods. The markets are becoming more open by the day, and more and more services have been brought under the banner of free trade/ privatization (including higher education). The governments are also committed toward welfare provisions and play their role accordingly, leading to subsequent policy measures like Educational policy and unemployment benefits thereby subsidizing leisure.

The economic upheaval in the west had ramifications in the places they controlled (their colonies/British common wealth). The administrative needs were such that it

⁸ Hallowell, J.H. (1942). The decline of liberalism. *Chicago journals*, 52(3), 323-349.

became necessary to impart a basic level of education/ training to the people who served them in these colonies. They were trained in basic numeracy, language, basic sciences and even etiquette. But this education was imparted to a certain lot of the people and not the masses. Many freedom thinkers were themselves products of western education. A reason could be that the climate in these places where conducive to critical thinking and dissent, things that were hitherto unheard of in the parent countries. After independence, the education campaign was launched rigorously and the need to develop such attributes in the masses was felt.

In all this, one can deduce the fact that the reigning educational policies in vogue now a days, with emphasis on universal access, increased pupil participation rates, inclusivity, equity and quality assurances have had a long history that had its roots in the socio-economic scenario of those times. Education earlier that was a means of maintaining status quo in society and furthering the needs of the capitalist class, subsequently has assumed the role of rejuvenation, renaissance, meritocracy, and the development of critical thinkers. Educational access became a matter of right leading to landmark welfare provisions like the right to compulsory education till elementary grades. Ensuring access and inclusivity follow. Quality education is a focus now – for a major part of the world, and not only the West. And at the loop now, we again are facing the issues educated unemployment. The outcome of one problem, has now itself become a feeder for another. But can we afford to have the myopic view that education, with its myriad positive externalities, is becoming a problem for us? We surely cannot. Yet, we remain to continue to deal with the problems of quality and employability in education, which direct us to devise comprehensive educational policies addressing these concerns.

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