Economic theory, neoliberalism and the interests of educators

Critical commentary on education policy frequently resorts to the term ‘neoliberal’ to describe the influence of economic theory on the way we understand, measure and reform practices and institutions. This influence reaches a wide range of activities funded by governments such as health care, welfare, and public services in general. The appeal of economic theory to policymakers can be readily appreciated. As Edwards (2007) explains, governments must make a great many decisions and within very tight timeframes about areas in which the decision-makers have little or no domain expertise. True, some government agencies or ‘line departments’ develop high levels of expertise in their fields of operation. But the parts of government which hold the purse-strings, the so-called ‘central agencies’, are not in such close contact with the communities they serve. Rather, such centrality within government entails no specific expertise in groups and their interests. Thus departments of finance and treasury, those who control allocation of resources and broad directions of policy, cannot base their decisions on intimate knowledge of constituencies and human concerns. They rely instead on the knowledge base of economics. The rationale for such dependence is straightforward. Economic theory presents policymakers with tools for comprehending production, consumption and distribution of resources. Not only does the discipline of economics offer methods for identifying and quantifying a wide range of resources and their dynamics, it includes ways of understanding human motives, thinking and action that help to classify the behaviour of populations in relation to resources. With the tools of economic theory at their disposal, policymakers in the executive arms of government can allocate resources and take account of human interests without specific expertise in the areas affected by their decisions.

Recourse to economic theory to make decisions on behalf of groups and populations may be understandable in government decision-making, but becomes problematic when economic assumptions about human interests encroach on everyday practice (Hodge, 2017). In this connexion we consider the assumptions of Public Choice Theory (PCT), a development of economic and political theory concerned with managing people entrusted with public duties such as government bureaucrats. Developed by James Buchanan and colleagues from the mid-1960s, PCT has as an important goal to dispel the ‘romance’ of the notion that public servants can be trusted to serve the public interest. Buchanan explained that PCT is,

a body of analysis that allows us to relate the behavior of individual participants in market activity, as buyers, sellers, investors, producers, entrepreneurs, to the results that are attained for the whole community, results that are not within the purposes or the knowledge of the separate participants themselves. (Buchanan, 1999)

PCT draws on Adam Smith’s argument about the inevitable self-serving activities of merchants whose proclivities are harmonised by the ‘invisible hand’ of the market, a force that is not directly perceived by actors in markets. The merchants themselves pursue their own interests. As Smith famously declared,

It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner but their regard to their own interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. (Smith, 1776–1981, pp. 26-27)
The market, in this argument, curbs the separate interests of actors. The disenchanting principle of PCT is that – public servants being only human – they inevitably engage in ‘rent-seeking’ behaviour just as Smith says individual merchants do. PCT counsels us to be sceptical about those on the government payroll. To protect the public from the predations of public servants, market-like mechanisms need to be introduced into the workings of government to ensure that, just as the interests of merchants are ‘balanced’ by Smith’s benevolent invisible hand, so are the interests of public servants. The introduction of market-like mechanisms into public service is the hallmark of neoliberal policy.

Buchanan’s target was bureaucrats who naturally (as it were) introduce and perpetuate inefficiencies and dysfunction at the cost of the public. However, neoliberal zealots were soon extending theory of PCT into other spheres. Le Grand (2003) describes some of the policy thinking of Margaret Thatcher’s newly elected government in the UK in 1979. He explains that,

The new government viewed the public sector in general, and public-sector professionals in particular, with great suspicion. It considered professionals and other workers in the public sector to be much more in the business of pursuing their own concerns than in pursuing the public interest. (2003, p. 9)

The response of this government to the entrenched interests of public-sector professionals, like the response of governments in Sweden, the Netherlands, Belgium, the US and New Zealand at around the same time, was to introduce ‘quasi-market’ mechanisms such as voucher systems for education and health. Neoliberal theorists who turned their attention to education found that educators were acting just as PCT predicted bureaucrats would act. For example, in their analysis of the ‘failure’ of the vocational education system in the UK, the economists Finegold and Soskice (1988) noted that educators’ interests are not necessarily on the side of the public interest:

Running a complex [education and training] system is a principal-agent problem. However clear the ideas of the Government (the principal) and however effective its own research and development activities, the cooperation of teachers and trainers as agents is essential to efficient course development, assessment, etc. But educators will have their own interests. (Japan is a case in point, where educationalists dominate the development of sixteen-eighteen education, business has no influence, and where rote learning still plays a major role.) A more effective solution is to balance the interests of educators against the interests of employers and those of employees. (1988, p. 47)

An example from the schooling sector is found in a book on techniques for school management. In it, Scheerens (1992) warns about the behaviour of education professionals:

There is little room for interference of the leadership with the work of the professionals, nor is work-related interaction among the professionals common; they operate autonomously and resist rationalization of their skills. Consequently it is hard for educational administrators to control the work of the professionals even when cases of dysfunction are clear. Professionals oppose strict planning and external evaluation of their work. (1992, p. 22)

These examples demonstrate the influence of neoliberal thought, and PCT in particular, on the picture of educators held by policymakers – and relayed by elements of the mass media so that the whole population becomes conditioned by the message. Educators’ work is viewed in the same light as public servants’ in Buchanan’s theory. Educators are believed to be resistant to educational innovation and blind or indifferent to the dysfunction their autonomy produces. Left to pursue their own interests, educators, in neoliberal theory, cannot but disappoint the trust placed in them. They will neglect or undermine the interests of those they are appointed to serve. They cannot do otherwise.

Now, whether or not the general model of human behaviour, promulgated by neoliberal theory, applies to some individuals and groups, for those who work in education there is something disturbing and counterintuitive about it. Indeed, the flaw in the universalisation of the merchants’ mindset is shown powerfully when we observe what takes place when market mechanisms are introduced into education. We witness the influx of business-minded individuals and groups attracted by a new source of wealth and a new market in which to compete and seek domination. A clear example of such a transformation has been experienced in the Australian vocational education sector which saw neoliberal policies open
public funding for education and training to various non-public ‘providers’ including for-profit corporate entities. The effects of these policies have been devastating (Nakar, Bagnall, & Hodge, 2018). Scrambling to grab public money, unscrupulous entrepreneurs, acting in exactly the self-interested way Adam Smith describes, ‘rorted’ the system1 – leaving thousands of students with debts for incomplete or low-quality credentials shunned by employers, and at the same time weakening the erstwhile public providers of vocational education. Vocational educators were themselves a victim of the marketisation of the field, standing out as a group that did not embrace the new spirit of the market. They looked on in dismay at the new practices imposed to reduce the costs of education.

What this example shows us is that educators did not act as Smith and Buchanan would have predicted. While the new actors attracted by the construction of a vocational education ‘market’ appeared to follow Smith’s script with great fidelity, the educators struggled against them to maintain their professional practice. The educators were mired in ethical dilemmas created by the reconfigured field and left conflicted and despondent (Nakar et al., 2018). While we should be wary of romanticising educators – they possess all the complexities of the average human being – it seems that the neoliberal image of these professionals needs to be challenged. Alternative models of human action relevant to educator work certainly exist. Nel Noddings (1992), for example, presents a robust alternative in her theory of ‘care’. This picture of professional work specifically addresses the work of educators and emphasises the layered relational work they do. Noddings argues that ‘care’ is a fundamental feature of human life. In this picture ‘interests’ must be apprehended as complex, not to be reduced to a single primary form. Rather, to use the language of ‘interests’, the interests of educators include being attuned to the interests of learners. The notion of care offers one way to conceptualise the complex nature of interests evident in the work of educators.

In conclusion it is worth remembering that neoliberal theories like PCT are not based on empirical research but rather derive from older philosophies that regarded humans in rather simplistic terms. Although the detailed work of Buchanan and others may be more sophisticated than that of their forerunners, the basic premises remain the same. At a time when neoliberal policies are undermining the social and democratic values of education on a global scale, we need to question the assumption that educators are prone to the rent-seeking behaviour of merchants. We would encourage researchers to explore what it is that drives a person not only to become an educator but to stick it out in the often-hostile environments of contemporary education provision. At the same time, there is scope to explore alternative philosophies of the human, such as that provided by Noddings. We need ways to understand educators’ work that do not reduce it to a model taken from some other sphere of life – e.g. merchants at market – but instead recognise the complex relational work they do.

**Note**


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**References**


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